



# 2025

## ANNUAL REPORT



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# About

# BCP BANK (MAURITIUS) LTD

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BCP Bank (Mauritius) Ltd (the 'Bank') is a wholly owned subsidiary of Groupe Banque Centrale Populaire (BCP).

BCP is one of the major banking groups in Africa, headquartered in Morocco with an extensive presence in Africa and globally.

BCP Bank (Mauritius) has a business model comprising of international banking, focused on global business, trade finance and specialised lending supported by a dynamic Financial Institutions segment. A boutique Consumer banking approach for a niche Retail and Private Banking clientele.

## **Corporate & Institutional Banking**

The Bank serves a diverse clientele of domestic, regional, and multinational corporates, alongside leading financial institutions. By combining Groupe BCP's continental network with Mauritius' International Financial Centre capabilities, it facilitates cross-border trade, structured finance, and investment flows between Africa and global markets.

## **Private Banking**

Through a personalized approach, the Private Banking segment 'Signature' provides, under the Signature brand, a boutique banking approach tailored to the exclusive needs of high-net-worth clients, both locally and internationally. The focus is on understanding each client's personal and business objectives and crafting strategies to help them achieve long-term goals.

## **Retail Banking**

The Bank's Retail Premium segment offers a comprehensive suite of products and services designed to meet the everyday financial needs of premium clients. This includes tailored cash management solutions, financing options, and dedicated support for the SME segment, recognizing the vital role small and medium enterprises play in economic development.

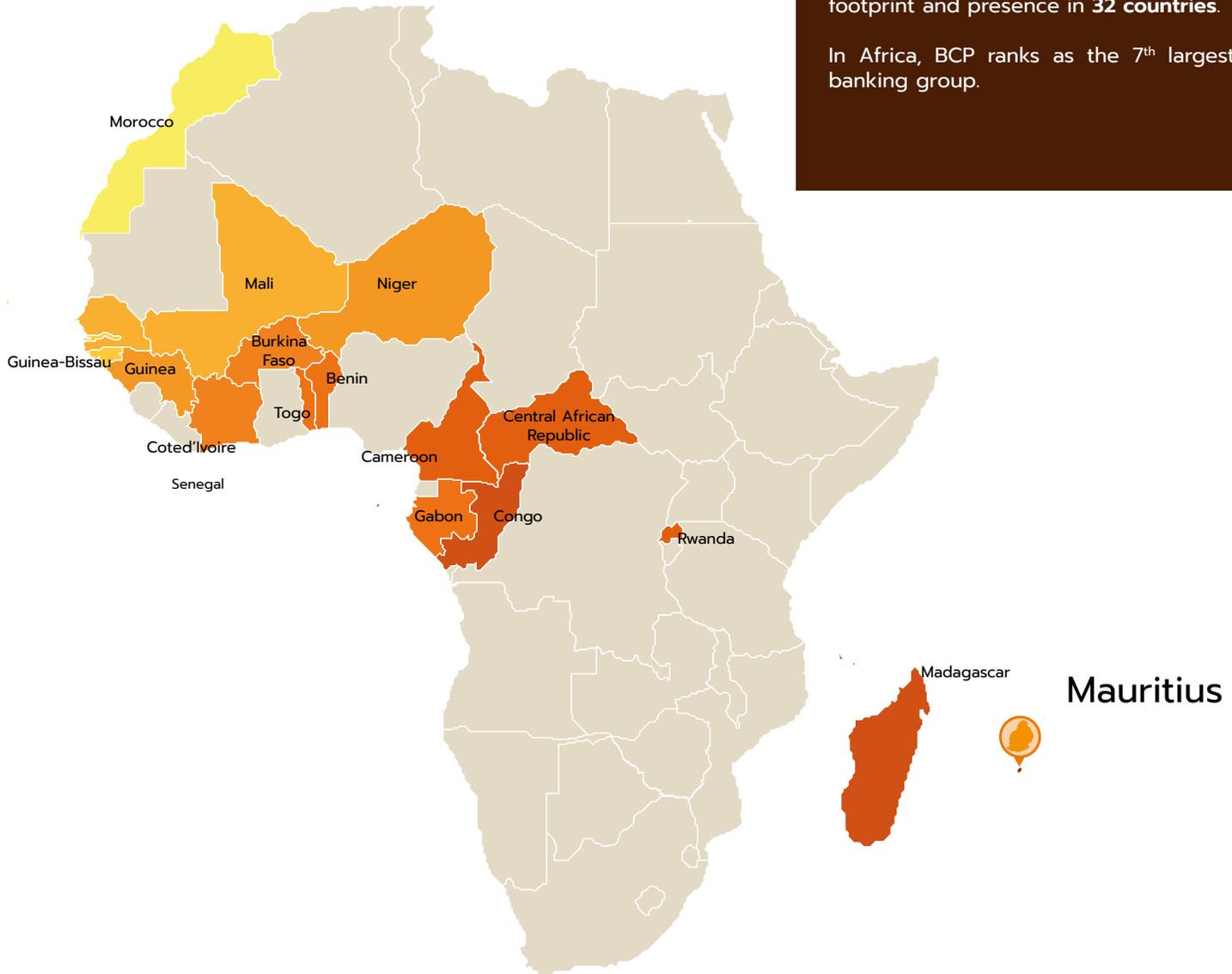
# BCP GROUP

at a glance

## A ROBUST AFRICAN AMBITION

Founded in the 1920's and as a leading institution in Morocco, enjoying financial strength and dynamic growth, the Group is a Panafrikan Group listed on the Casablanca Stock Exchange with a global footprint and presence in **32 countries**.

In Africa, BCP ranks as the 7<sup>th</sup> largest banking group.





- Market capitalization of **USD 6.5 Billion**  
(as of 30/06/25)
- Consolidated total assets of **USD 49 Billion**  
(as of 30/06/25)



- **6.7 million** clients in Morocco
- Approx. **1.9 million** clients in Sub-Saharan Africa



Listed on Casablanca Stock Exchange



- Presence in over **30** countries, with over **18,000** employees

## RATINGS

### BCP GROUP'S RATING

**STANDARD  
& POOR'S**

**BB / stable**

**MOODY'S**

**Ba1 / stable**

### MOROCCO'S COUNTRY RATING

**STANDARD  
& POOR'S**

**BBB- / A-3 / stable**

**MOODY'S**

**Ba1 / stable**

**CHAIRMAN'S MESSAGE**



The year 2025 marks a defining moment for Groupe Banque Centrale Populaire (BCP) altogether, one shaped by the launch of ACT2030, a strategic framework that embodies a collective ambition to reinforce our position as a leading pan-African financial institution and strengthening the coherence of our international footprint.

ACT2030 calls us to work as "One BCP"—moving beyond silos and organizational boundaries to deepen synergies across our network. It places the client at the center of every decision and every action, vows to advance digital transformation. And critically, it puts people at the heart of transformation, fostering a more collaborative and inspiring environment where talent thrives and innovation flourishes.

As this strategy takes shape across our geographies, I am confident it will strengthen the coherence of our Group, serve as the foundation for a more agile, resilient, and interconnected organization; one equipped to navigate complexity while delivering sustained value to all our stakeholders.

Within this architecture, BCP Bank (Mauritius) Ltd plays a vital and valued role. As a connector between Africa and Asian markets, the Bank leverages Mauritius' position as an International Financial Centre to facilitate trade, investment flows, structured finance solutions, and cross-border investments that drive economic progress and reinforce the Group's broader international connectivity. Each subsidiary in our

network strengthens the collective, and Mauritius' contribution to our pan-African ambitions has been both strategic and significant.

Despite this challenging global environment marked by geopolitical turbulence and economic slowdown, BCP Bank (Mauritius) Ltd delivered a solid performance. These results reflect sound execution, strong client relationships, and disciplined leadership, qualities that matter most when conditions are challenging.

The Board acknowledges the leadership of the Management Team of BCP Bank (Mauritius) during the year under review. Management has demonstrated strategic focus and sound execution, ensuring continued alignment with the Group's direction while sustaining the Bank's performance trajectory. Their collective leadership underscores the importance of diverse expertise and robust governance in navigating today's financial landscape.



**THESE RESULTS REFLECT SOUND EXECUTION, STRONG CLIENT RELATIONSHIPS, AND DISCIPLINED LEADERSHIP, QUALITIES THAT MATTER MOST WHEN CONDITIONS ARE CHALLENGING."**

As we look toward 2026, our focus remains steady: consolidation of our international platforms, deeper collaboration across the Group, and disciplined value creation. The Bank's relocation to Telfair within Moka Smart City will serve as a catalyst for innovation and operational excellence, positioning it as a modern, forward-looking regional platform well-equipped for the future.

Through ACT2030, we are building a stronger, more unified, and future-ready Groupe BCP. I extend my appreciation to the Board of Directors, Management, team members and stakeholders for their continued commitment to this shared vision.

**Mr. Othmane Tajeddine**  
Chairperson of the Board

**CHIEF EXECUTIVE OFFICER'S MESSAGE**



2025 marks my first year as Chief Executive Officer of BCP Bank (Mauritius) – a year defined by focus, momentum, and disciplined execution in an increasingly complex global environment.

From the outset, my priority has been clear: to build on the Bank's strong foundations while sharpening our strategic direction and accelerating our transformation. Guided by ACT2030 strategy, we have moved with purpose, reinforcing our client-centric model and strengthening our role within Groupe BCP's pan-African platform.

Despite a challenging external backdrop, the Bank has delivered a resilient performance. This reflects not only the strength of our business model, but also on quality growth, deepening client relationships, maintaining rigorous risk discipline, and driving sustainable value creation.

The financial results reflect this commitment and discipline, as well as the soundness of our strategy.

- Total assets grew by 12%, while deposits surged by 16%, a significant indicator of deepening client confidence and the strength of our franchise. This deposit growth underscores the trust clients place in our institution and provides a solid foundation for future lending capacity.

- Our Net Banking Income exceeded MUR 1 billion for the second consecutive year, demonstrating the beginning of a sustainable trajectory. Revenue performance was supported by continued momentum in our core growth segments.

- Profit before tax improved by more than 17%, driven by disciplined cost management, enhanced operational efficiency, and prudent risk oversight.

- Net profit reached MUR 466 million, representing growth of over 6.95% compared to the prior year.

As an International Financial Centre connecting Africa with the other regions, Mauritius provides a unique platform from which we continue to expand our capabilities in cross-border trade, structured finance, and investment solutions. Our role as a connector within the Group's ecosystem has never been more relevant.

We have taken decisive steps to enhance our digital infrastructure, streamline processes, and improve the client experience. At the same time, we are embedding a culture of agility, accountability, and performance across the organisation, ensuring that execution remains at the heart of everything we do.

Our people have been instrumental in this journey. Their commitment, adaptability, and professionalism have enabled the Bank to navigate uncertainty while continuing to deliver with consistency and impact. Building a high-performance culture, anchored in collaboration and leadership at all levels, remains a top priority.

Looking ahead, we are entering our next phase with clarity and confidence but also bearing in mind the challenges that await us around the interest rate environment, geopolitical tensions, etc. Our focus is on scaling our strengths and deepening synergies across Groupe

BCP. The move of our Head Office to Telfair, Moka Smart City, represents an important milestone, supporting innovation, sustainability, enhancing collaboration, and positioning us for the future.

As I reflect on this first year, I am encouraged by the progress made.



**WE ARE NOT SIMPLY  
PREPARING FOR THE  
FUTURE – WE ARE  
ACTIVELY SHAPING IT.”**

I would like to express my sincere appreciation to the Board for their trust and guidance, to our teams for their dedication, and to our clients and partners for their continued confidence.

**Sangeetha RAMKELAWON**  
Chief Executive Officer  
& Executive Director

# FINANCIAL HIGHLIGHTS



Financial Performance



↑ REVENUE (M)



↑ PROFIT OF THE YEAR (M)

Capital



↑ CAPITAL ADEQUACY RATIO

Efficiency & Return Ratio



COST-TO-INCOME RATIO



RETURN ON AVERAGE EQUITY

## OUR CORRESPONDENT BANKING NETWORK

NATIXIS SA, Paris

NATIONAL BANK OF CANADA, Montréal

BANK OF CHINA (MAURITIUS) LIMITED, Mauritius

CAIXABANK SA, Barcelona

IDFC FIRST BANK LIMITED, India

SUMITOMO MITSUI BANKING CORPORATION, Tokyo

BANQUE CENTRALE POPULAIRE (BCP), Morocco

WELLS FARGO BANK NATIONAL ASSOCIATION, New York

CHAABI INTERNATIONAL BANK OFFSHORE, Morocco

BANQUE ATLANTIQUE COTE D'IVOIRE, Ivory Coast

STANDARD BANK OF SOUTH AFRICA LTD, Johannesburg

FIRST ABU DHABI BANK, Abu Dhabi, United Arab Emirates

SBM BANK (INDIA) LIMITED, India

As a subsidiary of Groupe Banque Centrale Populaire, BCP Bank (Mauritius) Ltd has access to **over 1000** correspondent banking partners.

**Company Secretary**

Mr. Desigan PONNAN

**Registered Office**

3<sup>rd</sup> Floor, The Workplace,  
461 La Promenade,  
Telfair 80829, Moka  
Mauritius

**Auditors**

KPMG  
KPMG Centre  
31, Cybercity Ebène Mauritius

**Nature of business**

BCP Bank (Mauritius) Ltd - incorporated as a private company on 27 June 2003 in the Republic of Mauritius. It is also regulated and licensed by the Bank of Mauritius and the Financial Services Commission for its banking activities.

BCP BANK  
(MAURITIUS)



## WORKPLACE & EMPLOYEE VALUE PROPOSITION

BCP Bank Mauritius Ltd is committed to nurturing a workplace where our employees are empowered to thrive, grow and perform at their very best. Working towards the relocation to our new offices in Telfair in January 2026 has been testament to our dedication to providing an exceptional environment specifically designed to enhance performance, spark innovation, and support work-life balance.

Beyond infrastructure, our employee value proposition is built on several foundational pillars:

**Growth & Development:** We believe in investing in our people's potential. Our employees benefit from professional development programmes, continuous learning opportunities, and clear pathways for career progression. Whether through formal training, or cross-functional projects, we empower our teams to expand their skills and advance their careers.

**Competitive Financial, Health & Pension Benefits:** We offer competitive remuneration, staff loans at preferential rates and comprehensive medical and pension coverage.

**Flexibility & Wellbeing:** Recognizing the importance of work-life balance, we provide flexible working hours and maintain an established calendar of health and wellness initiatives.



# 172

No of staff\*

52%

MALE - 89

48%

FEMALE - 83

\* as of 31 December 2025 (FTE excluding fixed duration contracts)

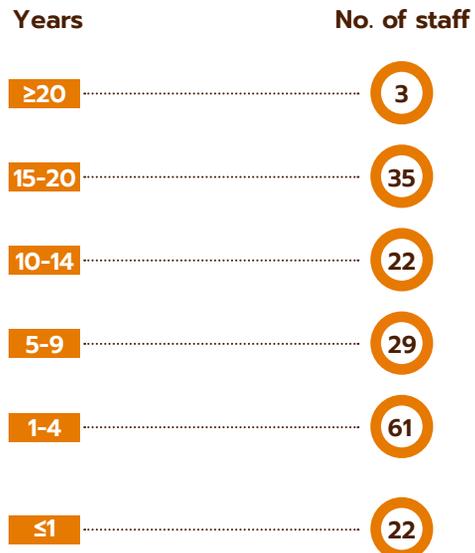
## KEY PERFORMANCE INDICATORS - 2025

**Staff Retention:** Turnover significantly dropped from 14.1% in 2024 to 9.48% in 2025. The goal for 2026 is to stabilize this rate below 10%.

**Gender Parity:** The Bank remains committed towards gender parity at all levels.

**Training:** The 2025-2026 training plan is currently ongoing, focusing on technical competencies and grooming a new generation of future-fit inspiring leaders.

## LOYALTY



## STRATEGIC HR PRIORITIES FOR 2026

Building on the momentum of 2025, we have identified four strategic priorities that will guide our human capital agenda in the year ahead:

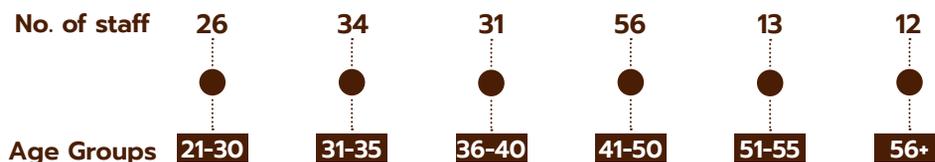
**Brand Visibility:** Leveraging on the visibility achieved through the bank's social media presence and on our CEO's active participation in national and global forums, the bank aims to further strengthen its reputation as an employer of choice in the financial services sector.

**Talent Retention:** Maintaining the downward trend in turnover through consistent employee engagement efforts, based on our employee value proposition.

**Talent Development:** Full deployment of the internal and external training calendar towards continuous staff growth.

**Employee Engagement & Culture:** Strengthening the Bank's Culture & Brand through sustainable two-way communication and company sponsored or facilitated activities and events.

## AGE DISTRIBUTION



**BOARD OF DIRECTORS**



## MEMBERS OF THE BOARD

The Board consists of 7 members who are experienced professionals with expertise in a variety of fields and most of which hold strategic positions within BCP Group.

NAME	ROLE
Mr. Othmane TAJEDDINE	Chairperson & Non Executive Director
Mr. Abdeslam BENNANI	Non Executive Director
Mrs. Hanane EL BOURY	Non Executive Director
Mrs. Soumia FATHALLAH	Non Executive Director
Mr. Si Mohammed HAJJAM	Non Executive Director
Mr. Mathieu MANDENG	Independent Director
Mrs. Sangeetha RAMKELAWON	Executive Director

### AUDIT COMMITTEE

Chairperson:

- Mr. Mathieu MANDENG

Members:

- Mr. Si Mohammed HAJJAM
- Mrs. Soumia FATHALLAH

### RISK MANAGEMENT COMMITTEE

Chairperson:

- Mr. Si Mohammed HAJJAM

Members:

- Mrs. Hanane EL BOURY
- Mrs. Soumia FATHALLAH

### CORPORATE GOVERNANCE COMMITTEE

Chairperson:

- Mr. Othmane TAJEDDINE

Members:

- Mr. Mathieu MANDENG
- Mrs. Soumia FATHALLAH

### NOMINATION AND REMUNERATION COMMITTEE

Chairperson:

- Mr. Othmane TAJEDDINE

Members:

- Mr. Abdeslam BENNANI
- Mr. Si Mohammed HAJJAM

### CREDIT COMMITTEE

Chairperson:

- Mr. Othmane TAJEDDINE

Member:

- Mrs. Hanane EL BOURY

## BOARD OF DIRECTORS DIRECTORS' PROFILES



**OTHMANE TAJEDDINE**  
Chairperson & Non Executive Director

Othmane Tajeddine is the 'Directeur Général en charge de la Banque de l'International et Filiales spécialisées' at Banque Centrale Populaire. With over 23 years' experience at Banque Centrale Populaire, Othmane Tajeddine has specialised expertise in Finance, Capital Markets and Corporate Banking. Othmane Tajeddine holds a 'Diplôme d'Etudes Supérieures Spécialisées (DESS) en Gestion financière et patrimoniale' from the University of Montpellier, France.

**Country of residence: Morocco**



**ABDESLAM BENNANI**  
Non Executive Director

Abdeslam Bennani is the 'Directeur Général en charge de la Banque de Financement et d'Investissement' at Banque Centrale Populaire. He has 28 years' experience in the financial services sector, including 15 years at Banque Centrale Populaire. Abdeslam Bennani has proven expertise in Corporate & Investment Banking in Sub-Saharan Africa. Abdeslam Bennani holds a Bachelor in Finance from 'Institut Supérieur de Commerce et d'Administration des Entreprises' and a 'Diplôme d'Etudes Supérieures Spécialisées (DESS)' in Audit & Finance from the University of Bordeaux IV, France.

**Country of residence: Morocco**



**HANANE EL BOURY**  
Non Executive Director

Hanane El Boury is the 'Directeur exécutif du Financial Institution Group' at Banque Centrale Populaire. With 25 years' in the financial services sector, she sits as Non-Executive Director on the Boards of different entities of the BCP Group. Hanane holds an Executive MBA from ESC Toulouse, France.

**Country of residence: Morocco**



**SOUMIA FATHALLAH**  
Non Executive Director

Soumia Fathallah is currently the 'Directeur exécutif de Stratégie & Transformation Groupe' at Banque Centrale Populaire and has 25 years of experience in the financial services sector. She holds a Master 'Systèmes d'Information et Contrôle de Gestion' from the University of Rennes, France, and a Bachelor's in Business Administration from the University of Al Akhawayn, Morocco.

**Country of residence: Morocco**



**MATHIEU MANDENG**  
Independent Director &  
Non Executive Director

Mathieu Mandeng is a seasoned banker and has been the CEO of various large banking institutions across Africa, including Mauritius. He holds a MBA 'Gestion d'Entreprise' from the University of Bordeaux IV, France, and a 'Diplôme d'Etudes Supérieures Spécialisées (DESS) en Finances et Contrôle de Gestion' from the University of Orleans, France.

**Country of residence: Cameroun**



**SI MOHAMMED HAJJAM**  
Non Executive Director

Si Mohammed Hajjam is the 'Directeur Exécutif Engagements Groupe' at Banque Centrale Populaire and has 25 years of experience in the financial services sector. He holds a M.B.A in Finance from Oklahoma City University, USA.

**Country of residence: Morocco**



**SANGEETHA RAMKELAWON**  
Executive Director

Chief Executive Officer since January 2025.

**Country of residence: Mauritius**

**SENIOR MANAGEMENT TEAM**



## ROLE AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, with the active involvement and overview of the Board, is responsible for the strategic direction of the Bank and must, therefore, take the initiative of setting the vision and long and short-term goals. They ensure that an appropriate strategic planning process is in place and take the lead in coming up with a proposed strategic plan, including the objectives to be achieved. The Board will examine the plan and provide an objective assessment thereof. In addition, the conduct of business is entrusted to the Chief Executive Officer, who has the responsibility to operate within the risk appetites and policies set by the Board while adhering to regulatory requirements. To this end, various committees involving the Bank's senior officers are in place to support the Chief Executive Officer to deliberate on key issues for informed decision-making.

### **SANGEETHA RAMKELAWON**

Chief Executive Officer & Executive Director

Sangeetha Ramkelawon is the Chief Executive Officer at BCP Bank (Mauritius) Ltd. She has more than 20 years of experience in the financial services sector, with extensive experience in the Global Business sector. She held senior positions at Deutsche Bank for 13 years where she led the cash management and trade finance business with continuous international exposure in Asia and Europe. In 2016, she joined Banque des Mascareignes Ltee (Groupe BPCE) as Directrice des Grands Comptes. In 2018, she was

the Interim CEO during the phase of the acquisition of the Bank by Groupe Banque Centrale Populaire. In November 2018, she was appointed Deputy Chief Executive Officer by the Board of Directors of the Bank. Sangeetha Ramkelawon holds the position of Deputy Chairperson of the Mauritius Bankers Association. She has also served as Vice Chairperson of Mauritius Finance and is currently a director on its Board. Sangeetha Ramkelawon is a member of Mauritius Institute of Directors and Women Directors Forum.

**Country of residence: Mauritius**

### **NADIA DANDJEE**

Directeur Executif-Moyens & Support

Nadia Dandjee holds a Master's degree in Business Administration with a specialisation in Accounting, from HEC Business School in France. She started her career in 1995 as auditor with Deloitte Touche Tohmatsu. She joined BNP Paribas in 1997, where she occupied several management positions in Finance and IT over 14 years. From 2010 to 2012, she was successively promoted to Operations Manager and Product and Business Development Manager in the Outsourcing business unit of the Harel Mallac Group. In 2012, she joined BCP Bank (Mauritius) Ltd as "Responsable – Organisation et Maitrise d'Ouvrage". In 2016, she was promoted to Finance Director. In 2017, she successfully followed the ESSEC General Management Program and was appointed as Director Finance and Operations.

**Country of residence: Mauritius**

### **RAVIND KUMAR (ASHLAY) BHOJUN**

Directeur des Risques

Ravind has more than 16 years of experience in banking with specialisation in credit risk underwriting, risk management and commercial banking. He joined BCP Bank (Mauritius) Ltd as Chief Risk Officer on 01 September 2023. Since then, he has been instrumental in revamping the risk management framework, leading on several critical risk projects and setting a well-balanced risk culture throughout the Bank. Prior joining BCP Bank (Mauritius) Ltd, he has worked at SBM Bank (Mauritius) and Bank One Ltd where he occupied the key role of the Head of Credit Risk Management. He is a holder of a BSc (Hons) in Economics and Finance from the University of Mauritius and a M.A. in Economics from University of Pune, India.

**Country of residence: Mauritius**

### **SHAKIL DABY**

Directeur Executif-Business Development (until 23/12/2025)

**Country of residence: Mauritius**

### **BRUNO AMIC**

Directeur Financier

Bruno joined BCP Bank (Mauritius) Ltd as Head of Finance in September 2024 and was appointed Chief Financial Officer in May 2025. He brings over 25 years of experience in the financial services and banking sector, with strong expertise gained across both local and international markets. Prior to joining the Bank, Bruno held senior finance roles within leading international institutions. His career includes experience in administration and finance at Standard Bank Trust, as well as serving as Financial Controller at Standard Chartered Bank (Mauritius), where he developed a solid track record in financial management, governance, and reporting. Bruno is a Fellow of the Association of Chartered Certified Accountants (ACCA), UK. He also holds a Diploma in Offshore Finance and is a member of both the Mauritius Institute of Professional Accountants and the Mauritius Institute of Directors.

**Country of residence: Mauritius**

# PERFORMANCE



LIVING OUR VALUES



# INNOVATION

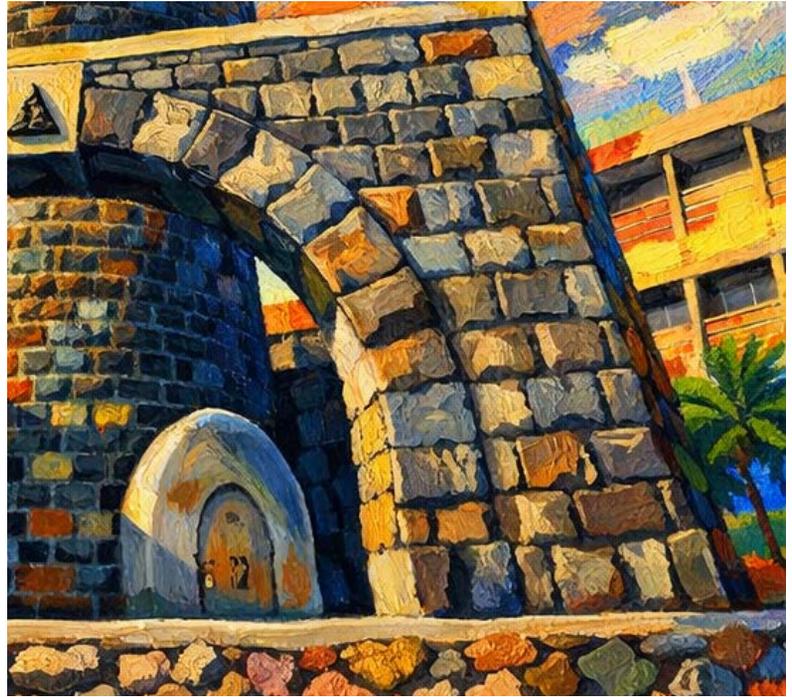
# PROXIMITY



LIVING OUR VALUES



# CITIZENSHIP



**01**

# **MANAGEMENT DISCUSSION & ANALYSIS**

**CAUTIONARY NOTE**

The Management Discussion Analysis (MDA) includes forward-looking statements and there are risks that forecasts, projections and assumptions contained therein may not materialise, and actual results may vary from the plans and expectations. BCP Bank (Mauritius) Ltd (the Bank) does not plan to update any forward-looking statements periodically and the reader should stand cautioned not to place any undue reliance on such forecasts.

**FINANCIAL HIGHLIGHTS**

	2025	2024	2023
<b>Income Statement (Rs' million)</b>			
Net interest income	882	844	672
Revenue	1,062	1,034	809
Profit before Tax	541	451	295
Profit for the year	466	434	274
<b>Statement of Financial Position (Rs' million)</b>			
Total assets	39,208	34,871	31,961
Total loans (net)	22,266	21,424	18,737
Total deposits	29,224	25,244	20,474
Shareholder's fund	3,632	3,157	2,711
Risk weighted assets	24,747	22,748	21,677
<b>Performance Ratios (%)</b>			
Return on average assets	13	1.3	0.9
Return on average equity	13.7	14.8	10.7
Non-interest income / Revenue	16.9	18.3	16.9
Loans (net) to deposits ratio	76.2	84.9	91.5
Cost-to-income ratio	54.4	48.4	55.0
<b>Asset Quality (%)</b>			
Non-performing asset ratio	3.3	3.6	5.2
Provision Coverage ratio	81.5	83.2	76.0

## PERFORMANCE AGAINST OBJECTIVES 2025 AND FORECAST FOR 2026

Objectives for FY 2025	Performance in FY 2025	Objectives for FY 2026
<b>Revenue</b>		
The Bank forecasted a total revenue of MUR 1.2 bn on the back of higher average volume of loans which would mitigate the decreasing interest rates on the international market.	Total revenue rose by 3% year-on-year, propelled by robust contributions from cross-border operations, however, the 2025 objectives were mainly impacted by a subdued international interest rate environment.	Revenue is projected to increase by 25%, underpinned by elevated average loan volumes and higher non-interest income.
<b>Operating expenses</b>		
In line with further investments in technology and human capital, operating expenses were expected to increase by 24%.	Operating expenses grew by 15% year-on-year, primarily on account of property related costs, legal costs and annual staff costs increase. Costs were contained within budget.	Operating expenses are projected to increase by 21% principally on IT related costs to cater for obsolescence and provide a modern IT infrastructure to enhance the Bank's digital proposition.
<b>Cost-to-income ratio</b>		
The cost-to income ratio was targeted to be around 50%.	The cost-to-income ratio stood at 54.4% slightly higher than planned.	A cost-to-income ratio within the 53% to 54% range on the back of driving income growth and maintained discipline in cost management.
<b>Return on equity (ROE)</b>		
The Bank aimed to attain a minimum return on average equity of 10%.	Return on average equity reached 13.7% above the 10% threshold.	The Bank will aim to achieve a 10% growth on the average equity of 2025.
<b>Return on average assets (ROAA)</b>		
ROAA was expected to improve further, above the minimum threshold of 1%.	ROAA stood at 1.3%.	The bank will still pursue to maintain a minimum ROAA of 1%.

### Asset quality

Strong monitoring of the existing credit portfolio and disciplined credit risk appetite was expected to keep the NPL below industry norms.

The gross NPL ratio improved to 3.3%, reflecting the quality of the credit portfolio.

Enhanced monitoring of the credit portfolio and disciplined risk appetite will minimise exposures, maintaining NPL below 5%.

### Capital Adequacy Ratio (CAR)

The CAR was expected to be well above the regulatory threshold.

CAR stood at 18.07%.

The CAR is expected to remain above the internal threshold of 16%.

### Loans and advances (net)

International banking was expected to remain the key pillar of the bank's development strategy, and the loans and advances book was anticipated to show a solid expansion of 23% on average balances.

The Corporate and Institutional Banking ('CIB') international portfolio increased by 17% year on year with strong performances from Trade finance and cross border lending.

The Bank will continue Cross-border expansion, projecting a substantial 40% uplift in the CIB International loans and advances average book.

### Deposits

Deposits were expected to demonstrate an average growth rate of 19%.

Deposits expanded 18% on year-on-year average growth in line with the Bank's target.

Deposits will continue be the primary funding pillar, targeting a 19% average growth in 2026.

## INTERNATIONAL ECONOMIC PERFORMANCE AND OUTLOOK 2025-2026

As per the IMF report of October 2025 global growth is projected to slow down to 3.2% from 3.3% in 2024. Headline inflation fell to 4.2% on average, aligning with targets in advanced and emerging economies, driven by lower energy/food prices, improved supply chains, and prior monetary tightening. However modest growth prospects are expected given headwinds from policy uncertainties, protectionism, trade shifts, geopolitics, inflation persistence and climate risks.

### Regional Prospects

Emerging Markets and Development Economies regions saw varied outcomes in 2025 amid trade restrictions and subdued growth. East Asia-Pacific and Europe-Central Asia growth was moderated due to weak Chinese demand and large-economy slowdowns. Latin America-Caribbean, Middle East-North Africa, South Asia, and Sub-Saharan Africa accelerated on robust domestic demand. Growth is projected to strengthen across most regions in 2026.

## MAURITIUS ECONOMIC PERFORMANCE IN 2025

Mauritius' economy in 2025 demonstrated resilience with real GDP growth moderating to 3.1% from 4.9% in 2024, according to Bank of Mauritius estimates, supported by robust tourism performance and services activity. The tourism sector shone brightly, recording 1.45 million arrivals for the year and gross earnings of MUR 103 billion (up 10.4% YoY), driven by improved air connectivity and diversification toward key markets like India.

Headline inflation eased to an average of 4.5% in December 2025, with disinflation moderating to 3.9% YoY in January 2026 amid softer services and imported goods prices.

The balance of risks remains tilted to the downside. Increased instability in the Middle East and related travel disruptions could impact tourism and external demand, thereby slowing growth momentum. Overall, Mauritius' growth prospects will remain vulnerable to external factors shocks.

Looking at 2026, GDP growth is projected at 3.3%, with upside potential to 3.5% from accelerated capital projects and AGOA renewal.

### Tourism

Mauritius' tourism sector began the year with a strong performance, continuing the positive momentum seen throughout 2025. In January 2026, tourist arrivals rose by 8% YoY to 125,871. Tourist arrivals in 2025 remain largely concentrated from Europe, with France and the United Kingdom experiencing slight YoY declines compared to 2024. Meanwhile, India saw a significant YoY increase in 2025 underscoring ongoing diversification of source markets and increasing traction in Asia, even as Europe continues to underpin Mauritius' tourism base. Tourism earnings also remained strong. Gross receipts stood at MUR 12.1 billion in December 2025, 18% higher than in December 2024.

Looking ahead, the outlook has become more uncertain amid escalating geopolitical tensions in the Middle East. Although the scale and duration of the impact remain uncertain, increased geopolitical instability presents emerging downside risks to tourism activity in the coming months ahead

### Financial Services

The sector grew 10% YoY, with banking assets expanding amid rising FinTech adoption. Regulatory enhancements by the Bank of Mauritius includes cybersecurity protocols.

### Foreign Direct Investments (FDIs)

Inflows climbed 15% YoY to MUR 45 billion, with standout sectors including real estate, renewables (solar/wind projects), and technology/FinTech (new sandbox entrants). Political stability, tax incentives, and the Economic Development Board's streamlined approvals were pivotal attractions.

## Trade deficit

In December 2025, Mauritius recorded a narrower merchandise trade deficit compared to December 2024. This improvement reflects a 5.5% YoY increase in exports alongside a 4.1% contraction in imports.

The government projects Mauritius' trade position to remain broadly stable in 2026. Total exports are forecast to increase modestly by 1.9% increase and Imports are expected to edge up marginally by 0.3%. As a result, the merchandise trade deficit is projected to narrow slightly reflect moderate export growth alongside largely contained import growth.

## MAURITIUS OUTLOOK 2026

Economic momentum will persist in 2026, with GDP growth forecast at 3.3%, supported by construction, tourism, financial services, and digital initiatives.

- **Tourism:** Further expansion via eco-tourism, medical tourism, and luxury niches; target 1.6 million arrivals.
- **Renewables:** Progress toward 2050 carbon neutrality with incentives for solar, wind, and green hydrogen; aim for 20% renewable energy share.
- **FinTech & Digital:** Regional hub ambitions via regulatory sandboxes, fostering digital banking, AI analytics, and cybersecurity; projected 25% sector growth.

## INCOME STATEMENT ANALYSIS

The Bank posted yet another set of solid performance in 2025, marked by a 3%, year-on-year increase in operating income reaching Rs 1,062 million and a 7.5% rise in net profit after tax to Rs 466 million.

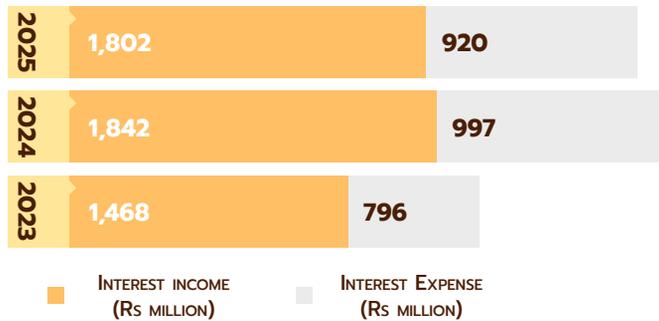
Revenue earned from cross-border activities continue to add to this year’s performance, underscoring the Bank’s strategy to strengthen its cross-border footprint yet amid a challenging interest rate environment.

Continued discipline on cost and liquidity management and focus to maintain the quality of the assets portfolio sets a strong base for the Bank to aspire to further growth.

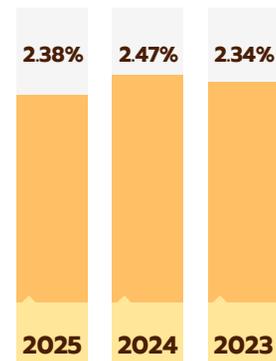
### Net Interest Income

Net interest income rose to Rs 882 million, up 5% year-on-year, and this was mainly driven by higher volume of interest-earning assets which helped to contain the fall in non-domestic interest rates primarily impacting the foreign assets interest-bearing portfolio.

Net interest margin consequently contracted by 9 basis points compared to 2024

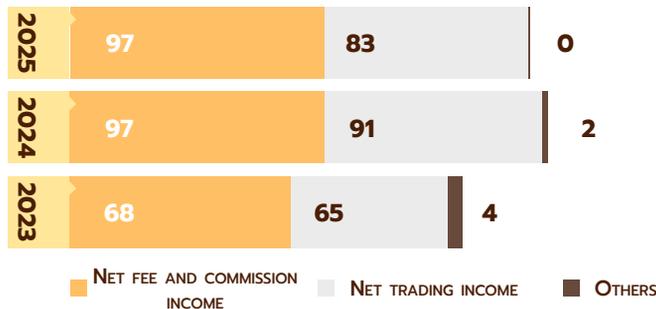


NET INTEREST INCOME TO AVERAGE EARNING ASSETS

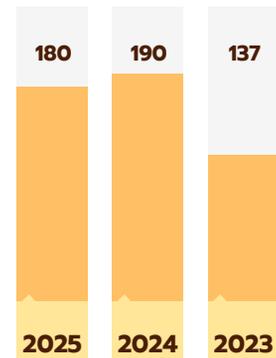


### Non-Interest Income

Total non-interest income experienced a 5% drop to Rs 180 million for the year ended 31 December 2025. Net fee and commission income ended at Rs 97 million and continued to be supported by a strong base of trade finance commissions. Net trading income fell by 10% to Rs 83 million amid challenges facing the foreign exchange market.



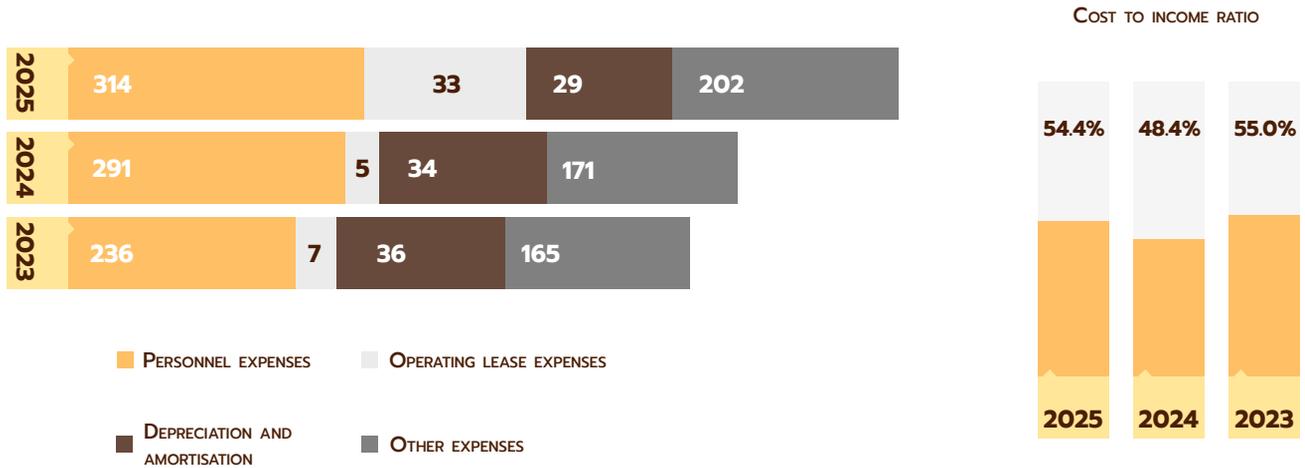
NET INTEREST INCOME TO AVERAGE EARNING ASSETS



## Operating Expenses

Operating expenses rose by 15% to Rs 578 million, with staff costs increasing by 8% on account of annual reviews and other local benefit arrangements. Operating lease expenses increased to Rs 33 million following the relocation and finalisation of a new lease agreement for the Head office. Other expenses are primarily related to IT-related costs and legal costs.

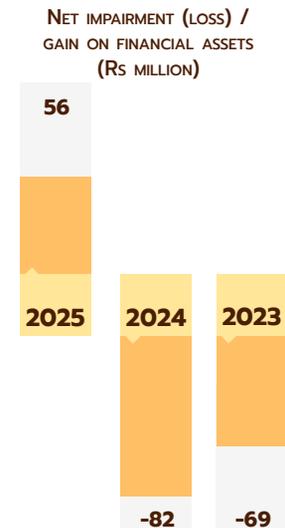
The resulted cost-to-income ratio contracted to 54.4% against 48.4% for FY 2024.



## Impairment Charges

The IFRS 9 expected credit loss (ECL) optimised model resulted in lower provisions across most of the Bank's portfolio for the year ended 31 December 2025, leading to a release of ECL Stage 1 and Stage 2 allowances of around Rs 43 million. The Bank also recognised Rs 13 million recoveries during the year on the Stage 3 portfolio.

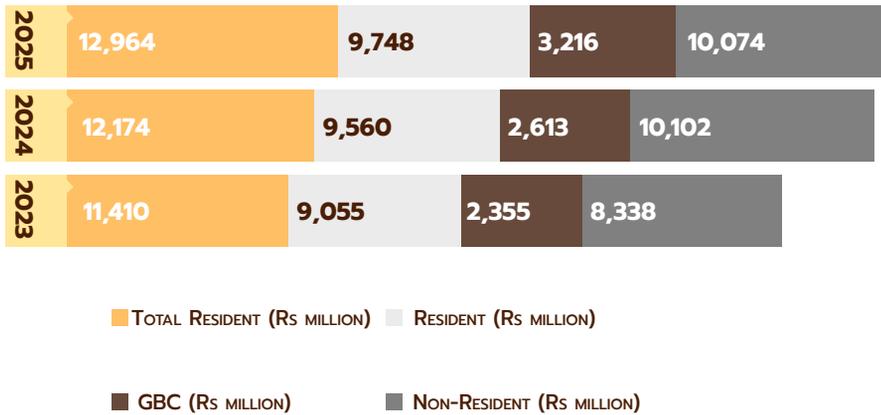
A total net impairment release of Rs 56 million was therefore recognized in 2025.



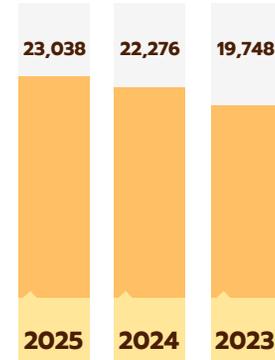
## FINANCIAL POSITION STATEMENT ANALYSIS

### Loans and Advances (Gross)

Period end gross loans and advances increased by 3% to Rs 22.2 billion, mainly driven by corporate and institutional lending. The loan book to GBC's corporate increased by 23% year-on-year. The average book of the retail segment grew by 4% compared to 2024.

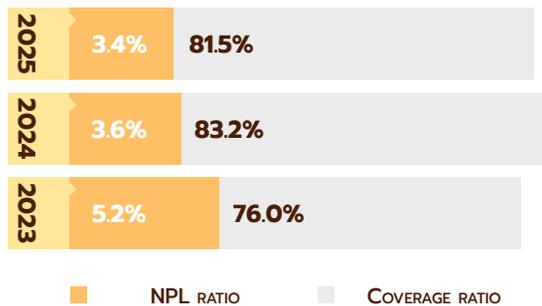


TOTAL  
(RS MILLION)

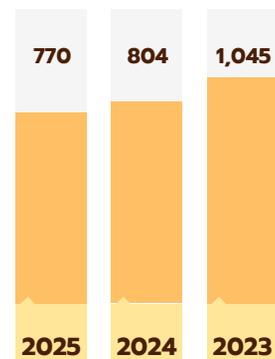


### Asset Quality

The quality of the asset's portfolio continues to improve in 2025. Non-performing loan (NPL) ratio improved to 3.4% from 3.6% in 2024 following write-offs as per local prudential regulations. The coverage ratio remained solid closing at 81.5% reflecting the bank's prudent credit risk management and proactive strategies to mitigate credit losses.

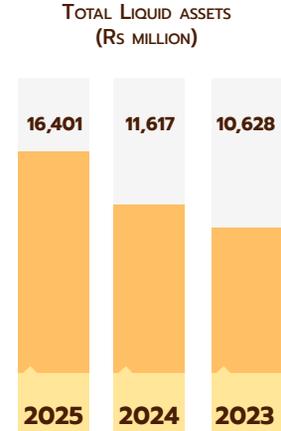
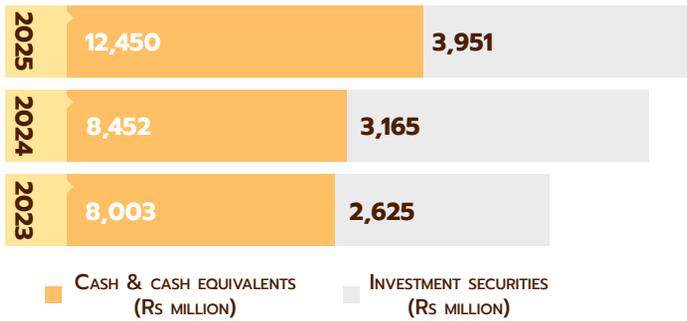


IMPAIRED ASSETS  
(RS MILLION)

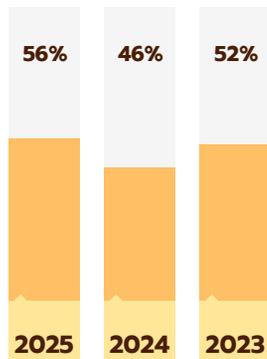


## Liquid Assets

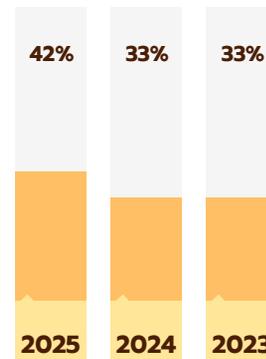
The bank's liquid assets, which include cash and cash equivalents plus investment securities, totalled Rs 16.4 billion as at end of 31 December 2025, marking a 41% increase from 2024. This substantial growth highlights the bank's steady commitment to have a strong liquidity position, ensuring compliance with prudential requirements and readiness for both normal and stressed conditions. Liquidity metrics strengthened notably, with liquid assets representing 56% of total deposits (up from 46%) and 42% of total assets (up from 33%).



% LIQUID ASSETS / TOTAL DEPOSITS



% LIQUID ASSETS / TOTAL ASSETS

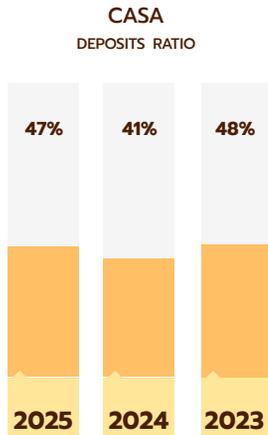
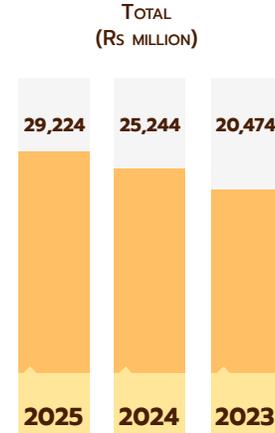


## FINANCIAL POSITION STATEMENT ANALYSIS

### Deposits

Total deposits from banks and customers reached Rs 29.2 billion as at 31 December 2025, reflecting a robust 16% year-on-year growth from 2024 levels. Despite competitive market dynamics, the Bank sustained its focus on a diversified deposit franchise and at the same time securing enhanced confidence from its depositors.

The CASA ratio strengthened to 47% (up from 41% in 2024), signaling an optimized and efficient funding structure.



### **Borrowed Funds**

Borrowings expanded by 30% to Rs 4.7 billion as at 31 December 2025.

These borrowings are primarily in foreign currencies from group affiliates and reputable development financial institutions. These resources strategically support the Bank's cross-border activities, complementing core deposit funding while maintaining cost efficiency.

### **Capital Management**

The Bank closed the financial year 2025 with a comfortable capital adequacy ratio of 18.07%, well above the minimum regulatory requirement of 12.50%.

## **BUSINESS SEGMENT REVIEW**

### **CORPORATE & INSTITUTIONAL BANKING 2025 REVIEW**

In line with the Bank's strategic ambition to deepen its cross-border footprint across Africa while continuing to support Mauritian corporates domestically, Corporate & Institutional Banking (CIB) delivered sustained growth across both assets and liabilities. This performance builds on the positive momentum established over recent years and reflects disciplined execution of our Group's strategic priorities and long-term vision.

#### **Highlights of 2025:**

The 2025 financial year was characterized by heightened global volatility, with political and economic instability affecting parts of West Africa, notably Guinea-Bissau, Niger, Mali and Burkina Faso. Elevated uncertainty in these jurisdictions constrained investment activity and moderated business expansion across certain corridors.

Encouragingly, the broader African credit landscape showed signs of resilience. During the year, sovereign rating upgrades across several markets including Ghana, South Africa, Côte d'Ivoire and Egypt surpassed downgrades in Botswana, Senegal and Mozambique. The restoration of Morocco's investment-grade rating to BBB- by S&P further underscored renewed confidence in selected regional economies.

Notwithstanding persistent regional uncertainties and spillover effects on corporate sentiment, BCP Bank (Mauritius) Ltd. demonstrated resilience and prudent risk management, delivering a solid financial performance in 2025. Our diversified portfolio, disciplined underwriting standards, risk-mitigating measures and proactive client engagement enabled us to navigate a complex operating environment effectively. We continued to originate and structure transactions across targeted markets, leveraging Groupe BCP's pan-African footprint and deep sector expertise to support our clients' goals. Domestically, the Mauritian economy maintained a growth trajectory, albeit at a moderated pace following the December 2024 general elections. Key sectors including financial services, ICT, real estate and tourism remained broadly resilient. Tourism continued to serve as a principal driver of economic activity and foreign exchange earnings, with arrivals in 2025 surpassing the previous year and consolidating the sector's post-pandemic recovery.

#### **Commitment for 2026:**

Looking ahead, CIB will continue to accompany Mauritian corporates in their domestic growth initiatives and cross-border expansion across Africa. We will further develop this segment by focusing on high-growth sectors aligned with national development priorities and global sustainability trends, including renewable energy, the green economy, energy efficiency and the blue economy.

We are confident in our ability to navigate evolving market dynamics. Ongoing investments in our core banking system, the development of integrated financing solutions and the expansion of our trade capabilities will further strengthen our competitive positioning. Through disciplined execution and a client-centric approach, we remain committed to delivering sustainable, long-term value to our clients.

## CONSUMER BANKING (RETAIL, SME, & PRIVATE BANKING)

In 2025, the Consumer Banking segment—encompassing both our Business Centre and Private Banking divisions—delivered a resilient performance characterized by consolidation and targeted expansion. Despite a global backdrop of market volatility and shifting geopolitical dynamics, we maintained a balanced growth trajectory by harmonizing personalized relationship management with a disciplined pursuit of new opportunities.

Amidst the challenges represented by markets being shaped by volatility, shifting wealth flows and quickly changing geopolitical backdrop, 2025 has been a year of consolidation for the Private Banking team.

Private Banking continued to deliver strong progress this year, driven by our focus on international clients acquisition and disciplined deposit growth, whilst remaining relationship-centric and driven by quality and value creation both for our clients and the Bank. We have successfully transformed our clientele into a truly international book by working with carefully selected partners and in synergism with other segments of the Bank and leveraged on our strengths as a pan-African Group.

### Highlights of 2025:

- Growth & Diversification: We successfully expanded our deposit and asset book by onboarding a diverse range of individual and SME prospects. Our Private Banking team has been able to diversify their clientele into a truly international book, leveraging our pan-African Group synergies and key strategic partnerships.
- Relationship-Driven Value: At the core of our success was a commitment to transparency and sustainable value creation. By remaining relationship-centric, we reinforced client trust and ensured that our growth was built on high-quality, long-term foundations.
- Digital Transformation: 2025 marked a definitive step forward in our digital roadmap. We are making progress on our upcoming new mobile banking app, focusing on enhanced security and user experience.

### Commitment for 2026:

Moving into 2026, Consumer Banking remains dedicated to elevating the client experience. Our focus will be on deepening relationships through the integration of seamless in-person and digital interactions. By continuously enhancing our product suite, we aim to provide agile, forward-looking solutions that empower our clients to navigate an ever-evolving financial landscape.

In 2026, we will focus on deepening our client relationships by elevating their banking experience through seamless in-person and online interactions and by enhancing our product offering to better suit their needs in an ever-evolving environment.

## COMPLIANCE FUNCTION

The year 2025 marks a significant milestone for the Compliance Function in the banking industry with the introduction of the Bank of Mauritius Guideline on Compliance Risk Management and Governance Framework, effective since 12 November 2024 with a transitional implementation period by end of May 2025.

The Guideline on Compliance Risk Management and Governance Framework draws on the guiding principles of the Basel Committee on Banking Supervision (BCBS) publication 'Compliance and the compliance function in Banks' and eventually on international best practices.

At BCP Bank (Mauritius), Compliance has adopted the principles and standards of the aforesaid guideline, aligned with the BCP Group Compliance Charter and standards. It has maintained its independence, with a direct line of reporting to the Board Risk Management Committee and the Board of Directors.

Being in the second line of defence, Compliance remains an essential cog in the Bank's risk management wheel. It operates in the center connecting business and operations functions with the upper echelons of the risk defence model. It holds a central balanced position, which empowers it to assess, monitor and report on compliance risks covering regulatory, internal policies, code of conduct & standards and good governance practices.

The general approach adopted to managing the compliance risk is to promote a compliance-oriented culture across the Bank by adhering to the applicable laws, regulations, guidelines and business standards, to safeguard the Bank's reputation and that of its customers and stakeholders and at the same time ensure a sustainable growth.

The focus areas of the board-approved Compliance programme include

- Testing and monitoring regulatory and policy driven activities
- Ensuring regulatory Coordination with the regulators and other supervisory bodies.
- Governance, Policy Management & Advisory
- Maintaining the required compliance standards in the relationship with Correspondent Banks & Other Financial Institutions
- Undertaking the Enterprise- Wide AML Risk Assessment (EWRA) in collaboration with the first line of defence and support functions
- Training and awareness on AML-CFT&P and compliance-related rules and regulations

### CODE DE DÉONTOLOGIE & ETHIQUE

The Bank has set up its own Code, aligned with the Groupe BCP's philosophy and expectations as well as the local regulations in force. The Bank has adopted the values integrity, loyalty, professionalism, quality, confidentiality, transparency and solidarity as benchmarks. These core principles and values are clearly articulated in the Bank's Code de Déontologie & Ethique, in order to instill a culture of integrity throughout the Bank and further strengthen the relationship of trust with its customers and external partners.

### SYSTÈME DE MANAGEMENT ANTI-CORRUPTION (SMAC)

The BCP Group has obtained the ISO 37001 version 2025 certification, which is the international standard for 'Système de Management Anti-Corruption' (SMAC), demonstrating its strong commitment to transparency and ethics by implementing rigorous policies and controls to prevent corruption in its activities. By formalising its anti-corruption measures in accordance with ISO 37001, the group reinforces its credibility and commitment towards ethical and sustainable practices.

In line with this initiative, an implementation roadmap has been established at the level of each subsidiary to fully align to the requirements and implement all actions by end of September 2026.

The Board of Directors has a direct oversight on the implementation of the Code and any breach thereof as well as on the implementation of the SMAC roadmap locally.

## INTERNAL AUDIT FUNCTION

The Internal Audit function provides independent, objective assurance and advisory service designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### INDEPENDENCE OF THE INTERNAL AUDIT TEAM

The Internal Audit's independence is secured through its direct reporting line to the Audit Committee. The Director of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Executive Officer. The Director of Internal Audit has access to the Chairperson of the Audit Committee and is an invitee to the Audit committee meetings, thereby establishing its independence.

Moreover, in order to maintain objectivity, the Director of Internal Audit is not involved or responsible for any other function in the Bank.

The Internal Audit department is governed by an Internal Audit charter. The charter was updated in 2025 and approved by the Audit Committee and the Board of Directors. The charter mainly aims to define and establish the objective, scope, authority, responsibilities, and position of the Internal Audit function within BCP Bank (Mauritius) Ltd, in line with good governance principles. It also sets the professional and moral terms required of the auditors.

The charter guarantees the Internal Audit team, unrestricted access to the Chairperson of the Board and the Audit Committee as well as all personnel, documents, records and explanations required in the performance of its duties. In this context, no professional secrecy or reserved area can be opposed to it except for regulated sectors.

### AUDIT PLAN

The Internal Audit's plan is subject to review by the BCP Group Internal Audit department in Morocco, through analysis of the risk assessment and methodology applied for the conception of the plan. The latter has a broad oversight on the local audit plan to ensure coverage of key risk areas and alignment of the audit methodology across the Group in line with the Global Internal Audit Standards, as prescribed by the Institute of Internal Auditors (IIA).

Thereafter, the Internal Audit plan is approved annually by the Audit Committee. The plan is conceptualised using a dynamic, risk-based methodology to ensure the plan remains aligned with the Bank's evolving risk profile and strategic objectives. The Audit plan also caters for ad-hoc and investigation requests from the Board and Management.

The progress of the audit plan is reviewed on a quarterly basis by the Audit Committee. The latter is apprised of the Internal Audit findings, the identified control deficiencies, remedial measures / recommendations as well as any other emerging matters related to the Internal Audit department, during each committee. Internal Audit tracks and reports to the Audit Committee on the timelines and effectiveness of the implementation of audit recommendations.

### QUALIFICATION AND EXPERIENCES

The Internal audit department comprises of multi-skilled staff, having an average of over 20 years of banking experience. The audit staff hold diverse qualifications related to banking, accounting & auditing

**RISK MANAGEMENT REPORT**



## CRO STATEMENT



**RISK MANAGEMENT IS CENTRAL TO ALL FUNCTIONS ACROSS THE BANK, AND WE AIM TO FOSTER A STRONG RISK CULTURE BY PROMOTING RISK AWARENESS.”**

The global economy has reached a critical crossroad in 2025 after having shown considerable resilience over the past years, navigating the series of shocks including the COVID-19 pandemic and the spillovers from the Russia-Ukraine war. Inflation rates globally have moderated and now, hover closer to central bank targets. However, despite the notable resilience and recovery, the outlook to global economic growth remains tilted to the downside due to increasing policy uncertainties and deteriorating financial market sentiment with escalated trade and geopolitical tensions.

Our growth strategy continues to aim at strengthening the Bank’s international and trade finance business mainly across the African market, while maintaining a niche positioning in the domestic market. However, prevailing global market conditions have been introducing new layers of uncertainty with knock-on effects across our target markets, and this has prompted business strategies to be redefined to adapt and effectively steer these challenging times.

Investment opportunities continue to be subject to rigorous evaluation through our disciplined process aligned with our risk appetite, strategic and financial objectives. Moreover, the Bank made significant strides to further reinforce risk management capabilities

through enhanced governance, controls, systems, and processes. Focus made during 2025 on the Enterprise Risk Management Framework, Climate Risk, ECL framework, and Cyber and Technology Risk. Our robust Risk Management Framework streamlines the identification, assessment, and mitigation of risks, ensuring the Bank’s resilience and sustainability. The risk-based assessment approach remains integral to all our decision-making process, guiding us to strike a balance between risk and opportunity. This ensures that we capitalise on growth opportunities while maintaining a prudent risk profile.

The Bank’s Risk Management Framework operates on an integrated approach, considering all relevant critical Financial and Non-Financial risks. The Bank’s Key Risk Indicators have performed satisfactorily during 2025 and hovered within our risk appetite thresholds. Asset quality remained sound amidst headwinds, with a low NPL ratio and healthy coverage ratio. The Bank’s ECL models have also undergone reviews and refinements during 2025 as the models and framework gained in maturity. ECL provisioning have also been trending positively at acceptable levels. Capital risk has been well managed, with the Bank maintaining a strong Capital Adequacy Ratio, well above regulatory requirements. This solid capital position provides adequate capital buffers to support business growth and absorb potential shocks. Liquidity risk remains one of our priorities and is pro-actively managed, with all regulatory liquidity ratios respected.

With ongoing digital transformation, cyber and technology risks remain a central focus of our risk management framework. The Bank leverages on robust controls, monitoring, and

proactive response mechanisms to manage these risks, ensuring operational resilience and safeguarding stakeholder interests. Operational risk management is also integral to our strategy. The Bank continuously manages these risks through RCSA exercises, effective controls, and a culture of risk accountability, which supports sustainable business operations.



**RISK-BASED ASSESSMENT APPROACH REMAINS INTEGRAL TO ALL OUR DECISION-MAKING PROCESS, GUIDING US TO STRIKE A BALANCE BETWEEN RISK AND OPPORTUNITY”**

BCP Bank (Mauritius) Ltd remains committed to the objectives of effectively managing risks. The Bank adopts a forward-looking risk management philosophy to anticipate emerging risks, strengthen controls, and re-evaluate targets. Advanced risk analytics are leveraged for scenario analysis and to enhance stress-testing capabilities, enabling the Bank to assess its capacity to withstand shocks and design robust contingency plans. The Risk Management Framework and relevant Key Risk Indicators continue to be regularly updated to remain aligned with the evolving macroeconomic landscape. Emerging risks shall be promptly identified and addressed to support our strategic objectives, protect stakeholders’ interests and deliver sustainable long-term value.

## RISK GOVERNANCE STRUCTURE

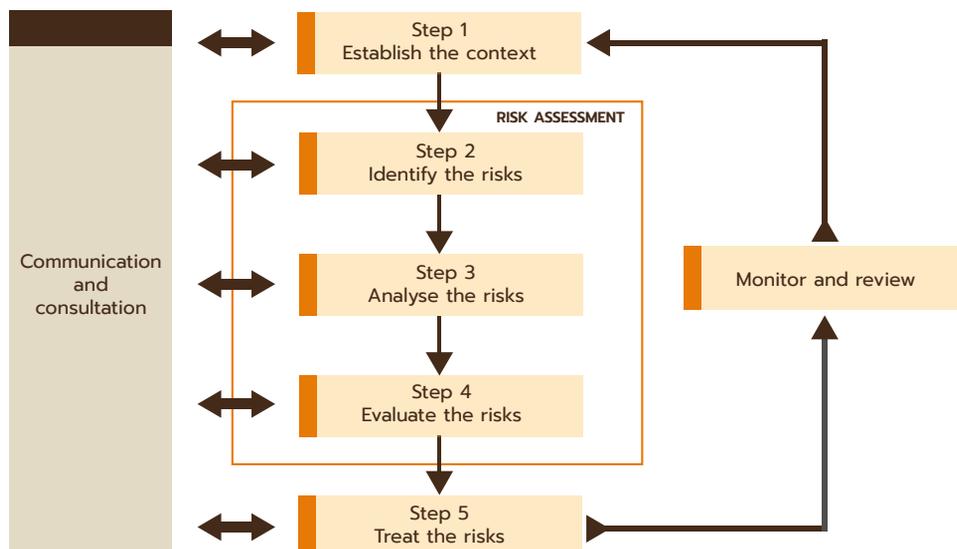
The Risk and Compliance framework and policies, as approved by the Risk Management Committee and the Board, outlines the approach to manage risk at the Bank.

Governance committees are held at both the Board and Management level which have clearly stipulated directives and delegated authorities that are reviewed regularly. The Board oversees and ensures adequate risk management across the Bank and delegates specific duties to sub committees for a scrutiny of the risk management process. The composition and function of these committees, at Board and Management level, are described in the Corporate Governance Report. The Committees with oversight on Risk management are:

At Board Level	At Management Level
<ul style="list-style-type: none"> <li>• Risk Management Committee (RMC)</li> <li>• Audit Committee (AC)</li> <li>• Credit Committee (CC)</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Committee (RC)</li> <li>• Credit Committee (CC)</li> <li>• Provision, Watchlist and Arrears Committee</li> <li>• Treasury Committee</li> <li>• Assets and Liability Committee (ALCO)</li> <li>• Compliance Committee</li> <li>• Organizational &amp; Information System Committee</li> </ul>

## RISK MANAGEMENT FRAMEWORK

The Risk Management framework and policies set out the requirements for effective surveillance of risks, including the identification, assessment, measurement, monitoring, managing, and reporting of risks, and requirements for the effective management of capital.



The risk management function adopts a consistent and integrated approach to identify and assess the potential risks arising from its banking activities. All material risks are treated, based on the Bank's strategic objectives and regular monitoring is performed based on the internal control mechanisms in line with risk policies and related procedures, and compliance to legal and regulatory requirements.

The Bank adopts the 3-lines of defence governance model, and it aims at promoting transparency, accountability and consistency through the clear identification and segregation of risks.



Retaining a top-down approach, the Board of Directors ensures the risk appetite of the Bank is in adequation with the strategic objectives of the organisation and the projected risk appetite is cascaded to business lines that helps in the decision-taking process to promote soundness of activities.

The Board is ultimately responsible for assuring a proper identification, measurement, mitigation, monitoring, and management of risks. In addition, the Board ensures that the Bank abides to internal policies and prudential norms, regulatory and legal requirements.

The key risk types faced and managed by the Bank include:

RISKS	DESCRIPTION
Credit Risk	<p>Credit risk, also known as counterparty risk, is the risk of default of a debt that may arise from a borrower failing to honour its contractual obligations of any financial contract.</p> <p>In line with all the relevant BoM Guidelines, the Bank adopts internationally proven best practices in respect to its credit risk evaluation process/approval.</p> <p>Despite the global uncertainties and increased credit risk, the Bank has been resilient with a very stable asset quality. Moreover, a few watchlist accounts were also successfully accompanied, cured and reclassified as Stage 1 assets.</p>
Country Risk	<p>Country risk, also referred to as cross-border risk is the uncertainty arising when economic, social, and political conditions and events in a particular country adversely affect counterparty's ability to fulfil its financial obligations.</p> <p>As part of its risk strategy and appetite, the Bank undergoes a proper country risk assessment prior to onboarding any cross-border transaction. The Bank has a pre-defined country risk assessment matrix that is used to evaluate whether the credit exposure and sources of income to service debt facilities are considered as an acceptable risk and falling within the Bank's appetite.</p> <p>Avoiding any concentration to specific countries, the Bank has a pre-approved country limit methodology which is mainly dependent on the sovereign external credit rating (by Moody's, S&amp;P, Fitch) and the Bank's Tier 1.</p>
Market Risk	<p>Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices.</p> <p>In addition, to adherence to the regulatory norms, the Bank has set internal limits for the monitoring of market risk, based on the market environment and business objectives. Several factors, such as market volatility, product liquidity and accommodation of client business and management experiences are taken into consideration while setting the limits.</p>
Liquidity Risk	<p>Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost.</p> <p>Preventing any significant gap between the maturity profile of assets and liabilities, the Bank ensures that it holds a liquidity reserve composed of high-quality liquid assets whose market value and liquidity would be preserved during adverse market conditions. The Bank's liquidity risk tolerance is transposed into comprehensive risk indicators and supported by adequate limits, both internal and regulatory.</p>

RISKS	DESCRIPTION
Operational Risk	Operational risk is a key focus area for the Bank and range from potential loss resulting from inadequate or failed internal processes, people, and information systems or from external events that can disrupt the flow of business operations. In view to enhance and strengthen the Bank’s capability in all areas of operational risk, the implementation of an enhanced Risk Control Self-Assessment (RCSA) framework has been the core focus.
Information Risk	The risk relating to potential adverse effect on the confidentiality, availability, or integrity of information or information systems due to unauthorised access, use, modification, disclosure, destruction of digital information, or breach of information systems.
Cyber & Technology Risk	Cyber & Technology risk relates to the risk that the Bank’s digital infrastructure and technologies could be compromised, leading to financial losses, reputational harm, legal consequences, or disruptions in services. Hence, effective risk management strategies, including robust cybersecurity measures, continuous monitoring and technology upgrades are critical for the Bank to safeguard against the potential threats, vulnerabilities and challenges as the financial sector worldwide accelerates digital transformation.
Climate-related financial risks	Climate-related financial risks refer to the set of potential risks that may result from climate change that could potentially impact the safety and soundness of individual financial institutions and have broader financial stability implications for the banking system. A bank’s most material climate-related risks result from its lending to customers, with the latter being unable to repay its debt due to credit-related losses incurred because of climate-related changes.
Compliance Risk	<p>Compliance risk refers to the risk of legal or regulatory sanctions and other action, financial loss, damage to reputation or impairment of integrity or any other financial or non-financial impact that may arise due to non-compliance with legal, regulatory and other compliance obligations.</p> <p>The Bank is fully committed to ensure compliance with the prudential regulations and guidelines and will continue to further enhance its compliance risk management framework in line with the international best practices.</p>
Reputational Risk	BCP Bank (Mauritius) Ltd being part of the BCP pan-African Group has the responsibility to preserve the Group’s established market reputation. As such, the Bank ensures that proper and extensive due diligence is carried out prior to being involved in any activity, event, or transaction. The Bank has not been involved or hit in by any adverse events during the year 2025.

## ENTERPRISE-WIDE RISK POLICY

The Bank is directly regulated by the Bank of Mauritius and falls under the consolidated supervision of its Moroccan parent bank, Banque Centrale Populaire Group.

The Bank's risk policy, as approved by the Risk Management Committee and the Board of Directors incorporates all the requirements of the BCP Group International's risk policy as well as requirements of the Bank of Mauritius legislations and guidelines. The risk policy covers, inter alia:

- The Risk Management Framework and Structure, detailing the main functions of risk division;
- The credit risk policy, detailing:
  - The credit initiation, evaluation and approval process;
  - The delegated authorities in terms of credit approval;
  - The limit of exposures by types of facilities, by sector, by country, by rating, by counterparty, by Group and by currency;
  - The main guidelines in respect of credit impairment monitoring, management, and recovery; and Cross-border lending and exposures.
- The Governance Structure and terms of reference for the various risk management committee;
- The operational risk; and
- The market risk (liquidity, currency, and interest rate risk).

### A. CREDIT RISK

Credit risk also known as counterparty risk, is the risk of default of a debt that may arise from a borrower failing to honour their contractual obligations of any financial contract. Concentration risk, which is also a component of credit risk, is described as the level of risk in a Bank's portfolio arising from concentration to a single counterparty, group, sector, or country. The major capital requirement arises from credit exposures and banks are required to maintain sufficient capital to remain within regulatory norms.

The Board has ultimate control and oversight of the credit risk policies, which are subject to review on an annual basis. The policies are designed to provide effective internal control within the Bank.

Any developments in the customers' financial situation are closely monitored by the Bank, thus enabling it to assess whether the basis for granting the credit facility has changed. Credit facilities are generally granted on the basis of an understanding of customers' individual financial circumstances, cash flows, assessments of market conditions and collaterals. The facilities should match the customers' credit worthiness, financial position and assets to a reasonable degree and customers should be able to substantiate their repayment capacity. In order to reduce credit risk, the Bank generally requires collateral that corresponds to the risk with regards to the product segment.

## CREDIT RISK MANAGEMENT

The enterprise-wide credit risk policy, approved and reviewed by the Risk Management Committee and the Board, sets forth the principles by which the Bank conducts its credit risk management activities. The credit processes are designed with the aim of combining an appropriate level of authority in its credit approval processes with timely, responsive decision-making and customer-oriented services.

The process for each department is tailored to the risk profile and service requirements of its customers and product portfolio. Key parameters, associated with credit structuring and approval, are periodically reviewed to ensure their continued relevance. The credit appraisal and measurement process, leading to approval/rejection, is segregated from loan origination in order to maintain the independence and integrity of credit decision making.

## CREDIT RISK MANAGEMENT PROCESS

Effective management of credit risk requires the establishment of an appropriate credit risk process in line with the Bank's risk appetite and in compliance with Bank of Mauritius guidelines.

## CREDIT ORIGINATION

Credit Origination is a core pillar of the Bank's risk management and client-facing framework. It is undertaken by a specialised front-office team with a dual mandate to:

- (1) assess and structure financing requests, and
- (2) act as the primary interface with clients and Relationship Managers to ensure that financing needs are clearly understood, properly documented and aligned with the Bank's risk appetite.

In this context, the team guides clients and internal stakeholders on the information, documentation and structuring elements required for a sound credit request – thereby contributing to a smoother and more efficient downstream evaluation process.

Beyond this coordination role, Credit Origination performs a comprehensive analytical and structuring exercise, including:

- Due diligence on client business model and competitive positioning;
- Detailed multi-year financial analysis and cash-flow assessment;
- Independent verification of external information (MCIB, search reports, regulatory filings, third-party data);
- Sector, market and country risk assessment, particularly for cross-border and trade-related transactions;
- Structuring of facilities in terms of purpose, tenor, covenants, security and mitigants;
- Identification and articulation of key credit, business, ESG and reputational risks.

The output is a clear, well-structured credit proposal (DAP) that consolidates all relevant information and analysis, enabling Credit Evaluation, Senior Management and the Credit Committee to perform an informed assessment in a timely and efficient manner. Through this combination of client-facing coordination and rigorous first-line analysis, Credit Origination plays a key role in maintaining the quality, clarity and consistency of the Bank's credit submissions and supports the sustainable development of the lending portfolio.

## CREDIT EVALUATION

The credit evaluation decision is independent of the front office functions. Credit evaluation involves:

- Credit Risk rating of the underlying prospective borrower. The Bank has onboarded a new credit risk scoring model, Moody's EDF-X, for the risk grading of SMEs, Corporate and Financial Institutions clients. With regards to retail clients, an internally developed probability of default model had been developed.
- Evaluation of the credit request taking into consideration the quantitative and qualitative information on the counterparty and analysing the inherent risks. The evaluation exercise also looks at the resulting risks, after mitigating factors, for example security taking;
- Assessing the risk-return relationship, through the use of an internally developed tool; and
- Review and analysis of compliance with limits as set by the Bank and/or regulators.

## CREDIT APPROVAL

Credit management is required to review and approve credit applications up to their level of delegated authority. Credit approval authority is delegated within a structure that is tiered according to the counterparty rating, exposure and credit risk type based on either a positive or negative recommendation for submissions to the next higher sanctioning level. The local Credit Committee has comprehensive mandates and delegated authorities, as delegated by the Board, and set out in our risk policy. Requests outside the delegation of the local Credit Committee are submitted for approval to the parent's Credit Committee.

## CREDIT RISK CONTROL AND MONITORING

The role of the Risk Control and Monitoring functions, independent from the credit risk evaluation process include the following:

- Monitor credit risk (review of warning signals, impairment, unauthorised overdraft, financial difficulties, watchlist monitoring);
- Monitor compliance with risk policy and the regulatory guidelines;
- Monitor compliance with limits approved as well as with the terms and conditions of approval;
- Monitor on-going compliance, after the disbursement of funds.

It is noted that periodic reviews are scheduled for the continuous assessment of all counterparties. This is complemented by the reviews undertaken at the Risk Management Committee, for higher risk counterparties whereby watchlist customers are monitored on a quarterly basis.

In addition, with regards to its cross-border exposure and to comply with the Guideline on Cross Border Exposure, the Bank ensures that a set of additional minimum standards are adhered to, to mitigate the main cross-border risks.

## IMPAIRMENT AND PROVISIONING

Loans and advances are analysed and categorised based on credit quality using the following definitions:

- Performing loans are loans that are neither past due nor specifically impaired, are current and fully compliant with all contractual terms and conditions.
- Early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.
- Non-performing loans are those loans for which the Bank have identified objective evidence of default, such as a breach of a material loan covenant or condition, or instalments are due and unpaid for 90 days or more. Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering the recoverability of discounted future cash flows, including collateral.
- Impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. All non-performing loans are individually assessed for impairment and impairment provisions are recognised in line with IFRS 9. The committee relating to impairment and provisioning is the Non-Performing Loan Review and Provisioning Committee. The committee reviews all “loans with arrears” and evaluates and approves:
  - The strategy for recovery; and
  - The fair value of the loan and hence the required level of specific provisions.

## CREDIT RISK CONCENTRATION

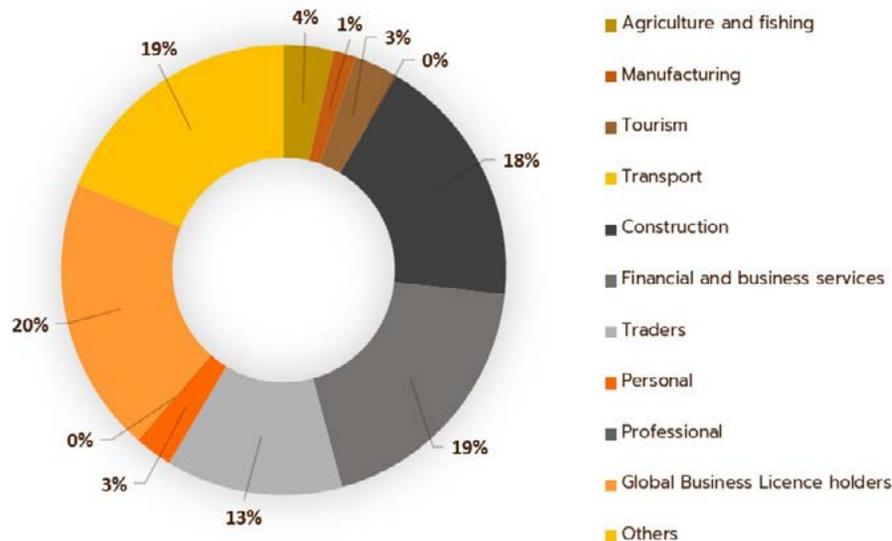
The Bank maintains a portfolio of credit risk that is adequately diversified and avoids unnecessarily excessive concentration risks. Diversification is achieved through setting maximum exposure guidelines to individual counterparties, group, sectors, and countries.

In aggregate, any individual or group exposure (in MUR) of 10% above the Bank's Tier 1 Capital shall not exceed 800% of its Tier 1 Capital, and 1200% for exposure in foreign currency. The Bank has always ensured that its large exposures are kept within the regulatory limits.

As at 31 December 2025, the aggregate concentration ratio of large exposures above 10% of the Bank's Tier 1 Capital was at 489%, well within the regulatory limit as shown below:

REGULATORY CONCENTRATION LIMIT	AS AT 31 DECEMBER 2025
Credit exposure (in MUR) to any single customer shall not exceed 25% of the Bank's Tier 1 capital base.	Highest single customer (MUR): 18%
Credit exposure (in FCY) to any single customer shall not exceed 50% of the Bank's Tier 1 capital base.	Highest single customer (FCY): 29%
Credit exposure (in MUR) to any group of connected counterparties customer shall not exceed 40% of the Bank's Tier 1 capital base.	Highest group of closely related customers (MUR): 2%
Credit exposure (in FCY) to any group of connected counterparties customer shall not exceed 75% of the Bank's Tier 1 capital base.	Highest group of closely related customers (FCY): 34%
Aggregate large credit exposures to all customers and group of connected counterparties shall not exceed 800% (MUR) or 1200% (FCY) of the Bank's Tier 1 Capital base.	Aggregate large credit exposures (MUR): 43% Aggregate large credit exposures (FCY): 446%

The sector-wise distribution of credit of the Bank as at 31 December 2025 is as per shown below:

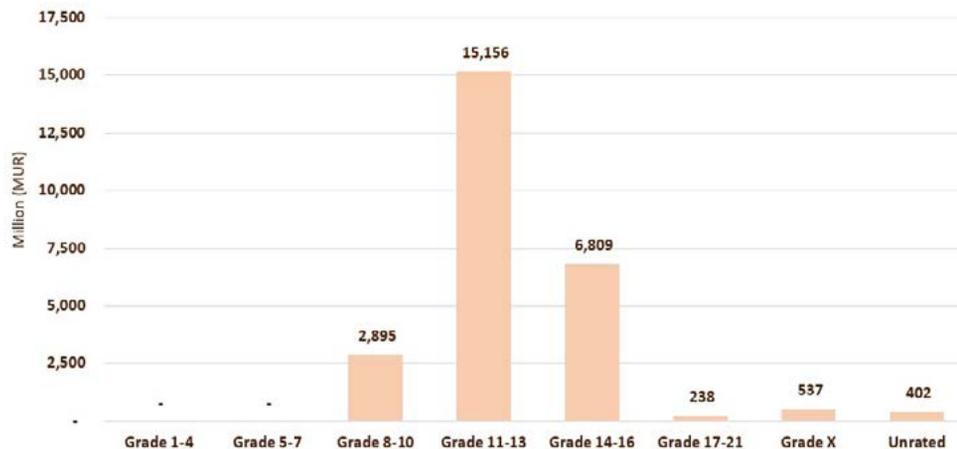


## CREDIT QUALITY

The Bank's Risk Management framework includes an internal credit risk grading mechanism for non-retail credit counterparties. For Small and Medium Enterprises, Corporates and Financial Institutions customers, the Bank uses the Moody's EDF-X credit scoring tool. The model uses both qualitative and quantitative information to internally rate our customers, whereby the rating scale ranges between Aaa to C. The lowest risk grade being Aaa and the highest Ca/C. All impaired counterparties are assigned an internal rating of X.

Internal Rating	Moody's EDF-X	Credit Quality	PD >=	PD <=
1	Aaa	Prime	0.01%	0.02%
2	Aa1	High Grade	0.02%	0.03%
3	Aa2		0.03%	0.05%
4	Aa3		0.05%	0.09%
5	A1	Upper medium grade	0.09%	0.14%
6	A2		0.14%	0.18%
7	A3		0.18%	0.22%
8	Baa1	Lower medium grade	0.22%	0.28%
9	Baa2		0.28%	0.43%
10	Baa3		0.43%	0.66%
11	Ba1	Non-investment grade speculative	0.66%	1.10%
12	Ba2		1.10%	1.65%
13	Ba3		1.65%	2.48%
14	B1	Highly speculative	2.48%	3.71%
15	B2		3.71%	5.57%
16	B3		5.57%	8.35%
17	Caa1	Substantial risk	8.35%	50.00%
18	Caa2	Extremely speculative		
19	Caa3	Imminent default with little prospect for recovery		
20	Ca			
21	C			
X	-	Default (Impaired)	100%	
U	-	Unrated	-	

The credit quality of the Bank's non-retail loan portfolio as of 31 December 2025 is illustrated as below:



## CREDIT RISK MITIGATION

Collateral, guarantees, derivatives, on-balance sheet and off-balance sheet netting are widely used to mitigate credit risk. Credit risk policies and procedures ensure that credit risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical, and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

Irrespective of the credit risk mitigation used, all decisions are based upon the customer or counterparty's credit profile, cash flow performance, ability to repay and collaterals.

The main types of collateral taken are:

- fixed charge over residential, commercial and industrial properties;
- floating charge over plant and equipment and other assets;
- guarantee and pledge over financial instruments such as debt securities, equities, and banks deposits;
- insurance cover from insurance companies with investment grade; and
- corporate guarantee/cross guarantee.

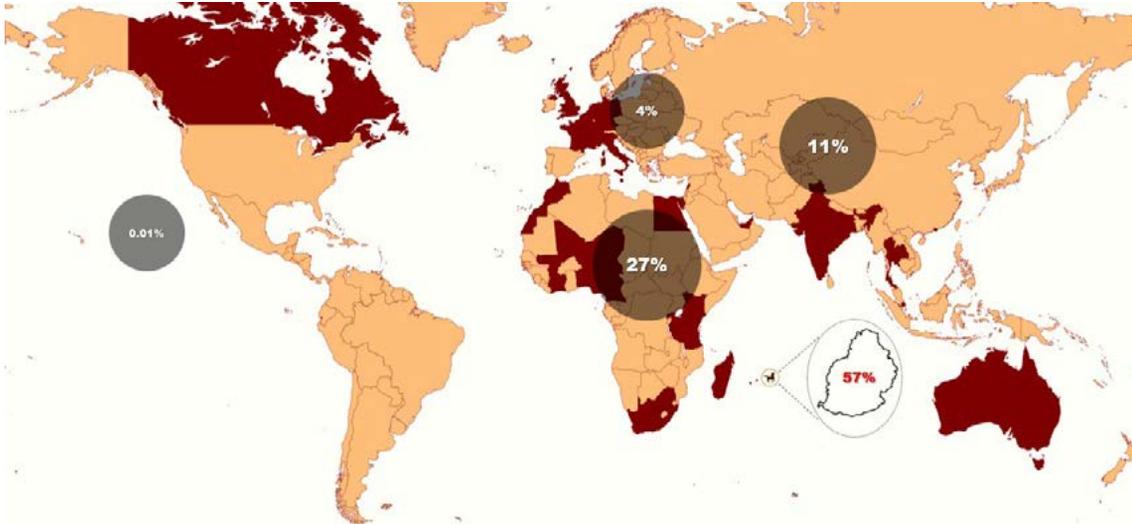
## B. COUNTRY RISK

Country risk refers to the uncertainty arising when economic, social, and political conditions and events in a particular country adversely affect counterparties or a financial institution's ability to fulfil its financial obligations. The Bank determines the capital requirement for country risk by taking into consideration the country risk grading and assigning a risk weightage depending on the maturities of the financial contracts as per the Guideline on Standardised Approach to Credit Risk.

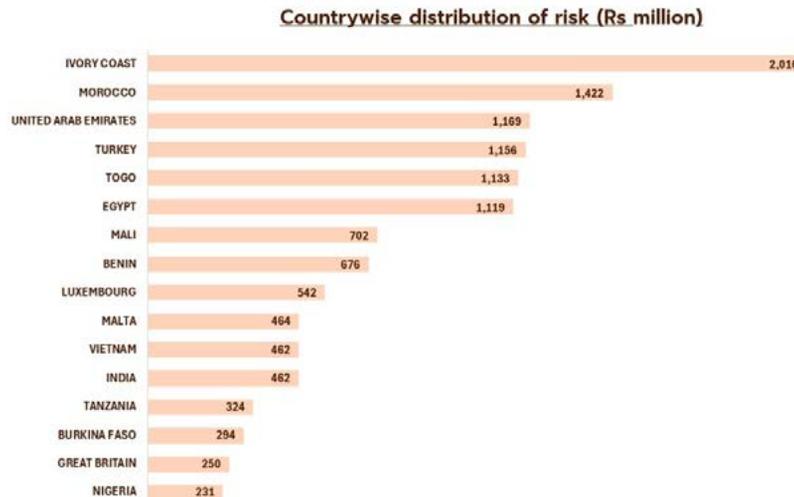
The Risk Management Committee and the Board approve the limits for country exposure which have been set at the Bank in consultation with the BCP Group and these limits are reviewed annually. The Bank monitors the country risk events such as the downgrading of the credit risk grading of the sovereign impacted political and social factors, deterioration of economic indicators and currency depreciation. In addition, the Bank ensures that the exposures to these countries are regularly monitored and in case of any adverse event, the limits are reviewed, capped, or put on hold as required.

All countries to which the Banque Centrale Populaire (BCP) Group and the Bank are exposed are reviewed at least annually. External credit agencies ratings are used to determine ratings for country, sovereign and transfer and convertibility risk. In determining the ratings, extensive use is made of the Bank's network of operations, country visits and external information sources as catered for in its policies in compliance with regulations. These ratings are also a key input into the Bank's credit rating models, with credit loan conditions and covenants linked to country risk events.

The map below illustrates the countries whereby the Bank currently hold exposures as of 31 December 2025 and the concentration of exposure by region.



The distribution of exposures by country other than Mauritius is illustrated below as of 31 December 2025.



Country risk is mitigated through a number of methods, including:

- political and commercial risk insurance;
- co-financing with multilateral institutions;
- co-financing with prime banks or investors; and
- structures to mitigate transferability and convertibility risk such as collection, collateral and managing deposits outside the jurisdiction in question after obtaining an appropriate legal advice/opinion from a reputable legal counsel in the relevant jurisdiction.

## C. MARKET RISK

Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices. In essence, market risk is the risk arising from changes in the markets to which an organization has exposure. Market risk is rated based upon, but not limited to, an assessment of the following evaluation factors:

- The sensitivity of the financial institution's earnings or the economic value of its capital to adverse changes in interest rates, foreign exchange rates, commodity prices, or equity prices.
  - The ability of management to identify, measure, monitor, and control exposure to market risk given the institution's size, complexity, and risk profile;
  - The nature and complexity of interest rate risk exposure arising from non-trading positions; and
  - Where appropriate, the nature and complexity of market risk exposure arising from trading and foreign operations.
- The most common types of market risk include interest rate risk, equity risk, commodity risk, and currency risk. The Bank's key market risks are:
- foreign currency risk; and
  - interest rate risk in the banking book.

The Governance committees overseeing market risk are the Risk Management Committee, the Asset & Liability Management Committee and Treasury Committee. The Board is ultimately responsible for setting the risk appetite in respect of market risk, in compliance with the prudential guidelines set by the Bank of Mauritius. Operating within this framework, the Asset & Liability Management Committee and Treasury Committee review and take decisions concerning the overall mix of assets and liabilities within the balance sheet. The committees set and review liability allocation objectives and target to sustain both the diversification and growth of the Bank's balance sheet and income statement from a funding, market, and profitability perspective, while taking into account the changing economic and competitive landscapes. The Asset & Liability Management Committee, which meets on a quarterly basis under the chairmanship of the Chief Executive Officer, is under the purview of the Chief Financial Officer and attended by the business unit heads including the Risk Department. Furthermore, under the Risk Management Division, the market risk acts as the risk control and risk-monitoring function related to market risk activities, including counterparty credit and operational risk arising from market risk activities.

The framework of policies, principles, and main functional responsibilities in relation to the management of market risk at the Bank are established as per the risk policy, as approved by the Board and reviewed periodically.

In addition to adherence to the regulatory norms, the Bank has set internal limits for the monitoring of market risk, based on the market environment and business objectives. Several factors, such as market volatility, product liquidity and accommodation of client business and management experiences are taken into consideration while setting the limits.

The Bank maintains different levels of limits:

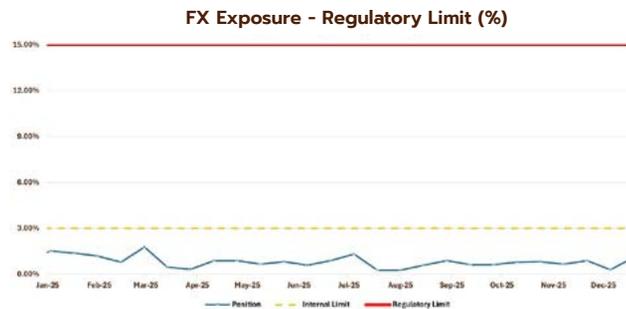
- **Dealers' limits** - dealers operate within limits approved and the middle office treasury makes a second level of control with sign-off from delegated signatories ahead of a deal that triggers their dealing limits are required;
- **Counterparty limits** - exposure is determined according to the nature of the contract and its maturity;
- **Product limits** - dealers can only transact in products that have been approved. Product limits are tightly monitored at the treasury back office as a first level of control and the treasury middle office being the second level of control; and
- **FX Exposure limit** - FX exposure is monitored daily in line with the Bank of Mauritius Guideline and the daily reporting requirement.

## FOREIGN CURRENCY RISK

The currency risk is managed according to existing regulations and guidelines of the regulators. It considers naturally offsetting risk positions and manages the residual risk through limit setting. The Bank holds open exposures with respect to the banking book. As per the Bank of Mauritius Guideline on Foreign Currency Exposure, overall currency exposure may not exceed 15% of Tier 1 Capital and single currency limit is set at 10% of Tier 1 Capital.

Gains or losses on derivatives that have been designated as either net investment or cash flow hedging relationships are reported directly in other comprehensive income (OCI), with all other gains and losses on derivatives being reported in profit or loss.

While the Bank does not actively take foreign exchange risk in its core deposit taking and lending operations, it services clients' activity in products across foreign exchange and structured Forex products and acting as a dealer for corporate and institutional clients does require the management of 'open positions' from foreign exchange transactions with these counterparties. These positions are monitored daily as per prudential trading limits that have been delegated to dealers by the Board on intra-day and overnight open exposures.



The Bank's net open position, either overbought/oversold, against the Rupee has not exceeded the Bank's internal limit nor the 15% of Tier I capital regulatory limit, throughout the financial year ended 31 December 2025, in compliance with the Bank of Mauritius requirement.

## INTEREST RATE RISK

Interest rate risk is the risk that has an impact on net interest income that arises from structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities. For the Bank, such risks are further divided into the following sub-risk types:

- Repricing risk: timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities;
- Yield curve risk: shifts in the yield curve that have adverse effects on the Bank's income or underlying economic value; and
- Basis risk: price not moving in line with the changing market price, e.g., impact of a portfolio of current account at 0% interest rate on the net interest income further to reduction in the Bank's deposit rates.

Banking book-interest rate risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income). The Bank's approach to managing banking book-interest rate risk is governed by applicable regulations and is influenced by the competitive environment in which the Bank operates. The Bank monitors banking book interest rate risk operating under the oversight of Assets & Liabilities Management Committee (ALM).

Interest rate risk limits are set in relation to changes in forecast banking book earnings. All assets, liabilities and derivative instruments are allocated to gap intervals based on either their repricing or maturity characteristics. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling. The interest rate view is formulated, following meetings of the monetary policy committees, or notable market developments.

## D. LIQUIDITY RISK

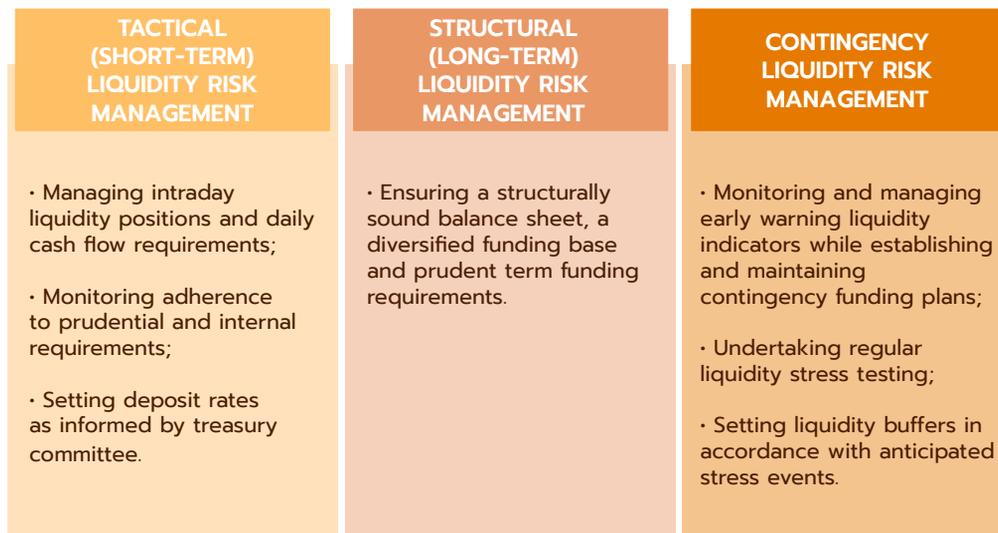
Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. Banks manage their liquidity risk through effective Asset Liability Management.

Liquidity reflects the capacity of a Bank to deploy cash, convert assets into cash, or secure funds in a timely manner to meet obligations as they come due without incurring undue losses. A bank transforms short term deposits into long term loans which makes it inherently vulnerable to liquidity risk. This vulnerability can extend beyond the Bank and affect the market. Effective liquidity risk management protects the Bank and the system from disruptive effects of liquidity shortfall. Liquidity shortfall at one institution can have system-wide repercussions.

The Bank's funding strategy is to prevent any significant gap between the maturity profile of assets and liabilities and ensures that it holds a liquidity reserve composed of high-quality liquid securities whose market value and liquidity would be preserved during adverse market conditions. The Bank's liquidity risk tolerance is transposed into comprehensive risk indicators and supported by adequate limits. The main indicators are the liquidity gap and the liquidity ratios, which are calculated under stress scenarios.

The Bank manages liquidity in accordance with the regulatory norms and within its risk appetite. The liquidity risk management governance framework supports the measurement and management of liquidity across the Bank to ensure that payment obligations can be met, under both normal and stressed conditions. Liquidity risk management ensures that the Bank has the appropriate amount, diversification and tenor of funding and liquidity to always support its asset base. The Board Committee, the Risk Management Committee, the Assets & Liabilities Management Committee and the Treasury Committee oversee the liquidity positions and ensure that the resulting liquidity risk that the Bank is exposed to is managed efficiently with the internal limits set and regulatory guidelines issued by the Bank of Mauritius.

As per principles outlined in the Bank's liquidity risk policy, the following approach is adopted to manage the liquidity risk:



### **STRUCTURAL LIQUIDITY MISMATCH**

Structural liquidity mismatch analysis is performed regularly to anticipate the mismatch between payment profiles of balance sheet items, to highlight potential risks within the Bank's defined liquidity risk thresholds. Expected aggregate cash outflows are subtracted from expected aggregate cash inflows. Limits are set internally to restrict the cumulative liquidity mismatch between expected inflows and outflows of funds in different time buckets. These mismatches are monitored on a regular basis with active management intervention if internal potential limit breaches are evidenced.

Whilst following a consistent approach to liquidity risk management in respect of the foreign currency component of the balance sheet, specific indicators are observed in order to monitor changes in market liquidity as well as the impacts on liquidity as a result of movements in exchange rates.

### **FUNDING STRATEGY**

Funding markets are evaluated on an ongoing basis to ensure that appropriate funding strategies are executed depending on the market, competitive and regulatory environment. The Bank makes use of a diversified funding strategy, sourcing liquidity in both domestic and international markets, and incorporates a coordinated approach to access loans across the BCP Group.

Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, geographic regions, and counterparties.

A component of the funding strategy is to ensure that sufficient contractual term funding is raised in support of term lending and to ensure adherence to the structural mismatch limits and guidelines.

### **CONTINGENCY FUNDING PLANS**

A Contingency Funding Plan (CFP) is, at its core, a liquidity crisis management instrument. The document is prepared as a directive for a future emergency and as a response plan and potential forecast of how a distant liquidity event may unfold.

The CFP's value lies in its utility both as a crisis management document and as a regular deep dive into the Bank's liquidity profile. As an assessment tool, the contingency planning process provides additional insight into the Bank's liquidity strengths and weaknesses beyond the Bank's normal reporting activities. In this role, the CFP serves as a comprehensive evaluation, which complements ongoing asset/liability monitoring. This endeavour can provide new risk mitigation knowledge that management can use to protect the Bank both in an emergency and in the day-to-day competitive arena.

Stress testing and scenario analysis are based on hypothetical as well as historical events. These are conducted on the Bank's funding profiles and liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to the Bank's ability to maintain sufficient liquidity under adverse conditions.

### LIQUIDITY COVERAGE RATIO

In line with Basel III principles, the Bank of Mauritius introduced in 2017 the LCR requirements for banks through the Guideline on Liquidity Risk Management. The objective of the LCR is to ensure that Banks maintain an adequate stock of unencumbered high quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30-calendar daytime period, under a severe liquidity stress scenario.

$$\frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

As per regulatory requirements, the Bank reports the LCR status to the Bank of Mauritius on a fortnightly basis and publishes the LCR on a quarterly basis. The Bank's consolidated LCR position as at December 2025 stands at 301%, which is comfortably above the 100% regulatory limit requirement.

### NET STABLE FUNDING RATIO ('NSFR')

Under Basel III, the NSFR aims to strengthen the resilience of a bank over a longer time horizon. It achieves this by requiring the Bank to maintain a stable funding profile relative to the composition of its assets and off-balance sheet activities so as to mitigate any future funding stress.

The NSFR effectively recognises a Bank's maturity transformation role in the credit creation and resource allocation process. It seeks to limit the Bank's over-reliance on short-term wholesale funding, or the running of large funding gaps meant to sustain rapid balance sheet growth.

In June 2024, the Bank of Mauritius issued a guideline mandating that banks initially maintain an NSFR of at least 70% for all material currencies and on a consolidated basis. This minimum requirement increased to 100% as at end December 2024.

As at 31 December 2025, the Bank reported a consolidated NSFR of 139%, well above both the current regulatory requirements. This accomplishment underscores the Bank's proactive approach in ensuring a robust and balanced funding structure, contributing to its long-term stability and resilience.

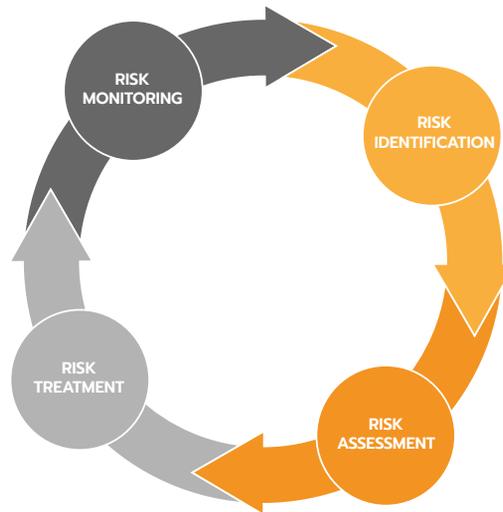
### LIQUIDITY BUFFER

Portfolios of highly marketable liquid securities over and above prudential and regulatory requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within defined limits based on diversification and liquidity.

## E. OPERATIONAL RISK

Operational risk, as defined by the Basel Committee on Banking Supervision (BCBS), is “the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The definition includes legal risk but excludes strategic and reputational risks.”

The Bank’s operational risk management approach is governed by the regulatory norms as guided by the Bank of Mauritius Guideline on Operational Risk Management and Capital Adequacy Determination through a systematic and continuous identification and evaluation of the Bank’s operational risk exposure by maintaining strong emphasis on internal control, followed by action risk strategies such as: terminate, transfer, accept or mitigate each risk. The following diagram illustrates the overall risk management process:



Management oversees the operational risk management framework, approving policies and ensuring management accountability. Our risk governance includes regular reporting of risk exposures, control deficiencies, and loss events, with corrective action plans tracked to closure. reputation, and stakeholders’ interests.

### INCIDENT REPORTING

Management oversees the operational risk management framework, approving policies and ensuring management accountability. Our risk governance includes regular reporting of risk exposures, control deficiencies, and loss events, with corrective action plans tracked to closure. reputation, and stakeholders’ interests.

### OPERATIONAL RISK CAPITAL

The Bank applies the Basic Indicator Approach in determining the required operational risk capital, mainly driven by its more conservative results and ease of computation. The capital charge, under the Basic Indicator Approach, is measured by applying 15% to the average of positive annual gross income over the previous three years.

## BUSINESS CONTINUITY MANAGEMENT AND RESILIENCE

Business Continuity Management (BCM) is a framework for identifying an organisation's risk of exposure to internal and external threats. The goal of BCM is to provide the Bank with the ability to respond effectively to threats such as natural disasters or data breaches and protect the business interests of the organisation. BCM includes disaster recovery, business recovery, crisis management, incident management, emergency management and contingency planning.

The Bank's business continuity management system emphasises the importance of:

- Understanding continuity and preparedness needs, as well as the necessity for establishing business continuity management policy and objectives.
- Implementing and operating controls and measures for managing an organisation's overall continuity risks.
- Monitoring and reviewing the performance and effectiveness of the business continuity management system.
- Continual improvement based on objective measurements.

The Bank's BCM framework forms an integral part of the BCM policy that clearly defines the roles and responsibilities of each member involved in the BCM Plan and the framework is governed and controlled by the Risk Management department. There is a dedicated Crisis Management Committee in place that is constituted of key members of Senior Management during a crisis.

Check and controls have been diligently implemented to ensure the following:

- Readiness of the infrastructure and other services for employees working from home.
- Systems can be managed remotely without the physical presence of IT employees (Operations, Support etc.)
- Setup of sufficient IT support for remotely working employees and review the number of application licenses that ensure enhanced secured remote access.
- Diligent checks and controls to ensure the above, the readiness of infrastructure, safeguard all its activities, clients, and the organisation.

The Bank has also catered for its business and operational risks with the establishment of emergency measures and organisational instructions in order to ensure continuity of operations according to level of risks, set up reaction plans, prepare scenarios, plans and measures to restore business operations.

## CONTRÔLES PERMANENTS

"Contrôles Permanents" refers to all verification activities carried out by operational staff and their supervisors in the processing of operations (first-based Line of Defence – LoD1), as well as by the compliance, internal control, and risk management functions (second-based line of Defence – LoD2). The main mission of the permanent control system is to ensure compliance, security, and validation of operations performed and adherence to internal rules, thereby containing all risks at an acceptable level within the Bank's risk appetite. The system consists of:

### 1) First-based Line of Defence (LoD1)

These cover all verifications implemented on operational activities to contain risks at an acceptable level within the Bank's risk appetite. The control activities comprising first-level permanent control can be defined as any combination of actions and/or measures aimed at limiting the probability of a risk occurring or reducing its consequences for the Bank. These actions are the responsibility of all agents performing operational activities (drafting contracts, validating operations, analyzing supporting documents during KYC, back office, etc.), constituting the Bank's first line of defence.

### 2) Second-based Line of Defence (LoD2)

These encompass all verifications aimed at ensuring that the means implemented by LoD1 controls allow for containing risks at an acceptable level within the Bank's risk appetite. Thus, LoD2 controls aim to ensure the correct definition and effective implementation of first-level controls and/or review the quality of these controls' execution as well as the correction of identified anomalies. Second-level permanent controls are carried out by staff exclusively dedicated to the risk management function, independently of the operational lines they control.

## F. CYBER & TECHNOLOGY RISK MANAGEMENT

As cyber threats evolve, safeguarding sensitive financial data and maintaining the operational integrity of banking systems has become the Bank's priority.

To prevent (i) itself from cyber threats and attacks, (ii) to stay ahead of cybercriminals and (iii) to be cyber resilient in this rapidly changing digital landscape, the Bank has:

### a) enforced best practices,

- The Bank is in compliance with the BOM Guideline on Cyber & Technology Risk Management which further leveraged the Bank's security level and position itself in a proactive posture to act as a business enabler and for competitive advantage.
- The Bank has a dynamic Cyber & Technology Strategy & Risk Framework and pragmatic Incident Response Plan.

### b) adopted different effective solutions,

- The Bank has a 24/7 log monitoring system (the implementation of a SOC/SIEM (Security Operations Centre/ Security Information & Event Management) which enables it to be proactive as regards cyber threats and attacks.
- The setting up an IAM/PAM (Identity Access Management/ Privileged Access Management) solution to ensure identification and management of user access across the banks and focus on the admin rights through the PAM solution
- Encryption solutions to encrypt all data including data in transit
- Centralized Asset Management tool to enable management of all IT assets
- Upgrading our firewalls with the next generation ones for better security
- Continuous vulnerability Assessment and Penetration testing (VAPT) done to protect against internal and external threats and identify vulnerabilities

### c) embarked on a regular sensitization campaign.

- On-going in-house sensitization campaign and e-learning modules provided to all staff followed by phishing simulations & physical intrusion to help educate all staff and thus further reinforce our detection capacity.
- The Bank conducted cyber crisis simulation for the senior management team and crisis management committee to train and test strategic decision-making, crisis communication, and organizational resilience in the face of a realistic cyberattack.

## G. CLIMATE-RELATED AND ENVIRONMENTAL FINANCIAL RISK

Environmental risks are the risks posed by the exposure of institutions to counterparties that may be negatively affected by environmental factors, including factors resulting from climate change and factors resulting from other environmental degradation. There are multiple drivers of environmental risk such as climate change, air pollution, water pollution, scarcity of freshwater, land contamination, biodiversity loss and deforestation. Of these environmental risk drivers, climate change stands out due to its wider impact and ability to exacerbate other environmental risk drivers at a global level. Climate risk is one of the prominent environmental risks.

As a lending institution, BCP Bank (Mauritius) Ltd faces climate risks on a twofold basis:

- Climate risks from the Bank's own business operations
- Accelerated conventional risks (i.e., credit, market, operational, liquidity etc.) due to climate risks faced by the Bank's customers

BCP Group proactively implemented an Environmental and Social (E&S) Responsibility Framework in 2012 and in 2016. The BCP Group also launched its first green products and further consolidated its pledge by defining 15 strategic commitments covering four main areas, namely:

- (1) demonstrating ethics in its day-to-day activities;
- (2) committing to socio-economic development;
- (3) acting against climate change; and
- (4) acting as a responsible employer.

BCP Bank (Mauritius) Ltd has always been a responsible corporate citizen through its focus on diverse environmental, social and governance initiatives. The Bank's ESG policy highlights its commitment to sustainable business practices and making a positive impact on society. Moving forward to the financial year under review, triggered by the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, BCP Bank (Mauritius) Ltd has embarked on a journey to embed climate-related and environmental financial risks in the Bank's strategy, risk management, governance and is also considering implementing ESG metrics as part of the Bank's performance monitoring. The Bank is accompanied by an external consultant on this project and much progress has already been made including the following:

**Governance:** The Bank is implementing climate governance practices and is incorporating E&S roles & responsibilities at all levels from Board, Board sub-committees, Management and Support, and Business functions.

**Strategy:** The Bank has identified areas of climate risks and opportunities which will be incorporated in strategy going forward; refer to below sensitivity analysis.

**Risk Management:** The Bank has done a sensitivity analysis and climate scenario analysis of its corporate lending book, the latter being material to the Bank. This allowed the Bank to understand the financial implications of climate change on the business. Accordingly, to ensure that climate related risks are effectively managed, the Bank is implementing a Climate Risk Management Policy.

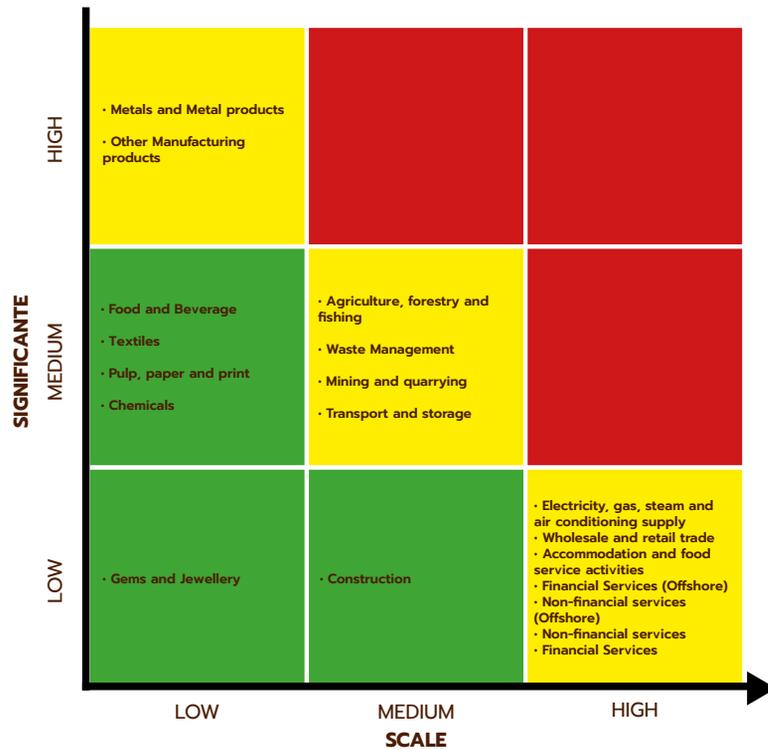
**Metrics and Targets:** The Bank is putting in place processes to track and report on relevant sustainability related KPIs.

## RESULTS OF THE SENSITIVITY ANALYSIS

The sensitivity analysis conducted on the corporate book of the Bank is based on significance and scale to evaluate the climate sensitivity of the Bank to sectors where it has exposure.

- Significance is defined as a combination of the sector wise GHG emissions and transition risk as well as the sector wise credit risk.
- Scale is defined as the materiality of the exposure towards the sector in terms of credit exposure size and exposure weighted tenor.

Based on the significance and scale of each sector where the Bank has exposure, the climate risk sensitivity score for each sector and the overall portfolio has been assigned as shown in Figure below:



As of December 2025, 0% of the total exposure of the Bank fall in the highly sensitive climate risk zone, 98.7% falls in the medium sensitive climate risk zone and 1.3% falls in the low sensitive climate risk zone.

## H. CAPITAL MANAGEMENT

The Bank's fundamental objective as regards to capital management is to ensure that the Bank maintains an acceptable level of capital resources for effective business operations and sustainable business development.

The Risk Management function is designed to ensure that the Bank remains within regulatory requirements and that the Bank is capitalised in line with the BCP Group's target ratios and regulations, as approved by the Board; the key responsibilities are:

- Risk-adjusted performance measurement, and managing the ICAAP and capital planning process, including stress testing;
- Measurement and analysis of regulatory and economic capital, internal and external reporting and implementation of new regulatory requirements; and
- Providing support on deal pricing, balance sheet utilisation and management of capital consumption against budgets.

At the regulatory level, the minimum capital adequacy ratio (CAR) set by Bank of Mauritius for banks presently stands at 10% of risk weighted assets plus a capital conservation buffer of 2.50%. Overall, the Bank is committed to comply with the stipulated thresholds, including capital limits and buffers.

The Bank has established a capital management policy that sets the framework for sound and efficient capital management. It formalises the Bank's capital planning process which is administered through an effective governance structure.

### BASEL III

Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in November 2010 in response to the financial crisis of 2007–2008. Basel III accord has been introduced in order to improve the Banks' ability to handle shocks in financial stress and thus be more resilient and in order to promote stability in the international financial system. The measures aim to strengthen the regulation, supervision and risk management of banks globally.

Basel III strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. It proposes many newer capital, leverage and liquidity standards to strengthen the regulation, supervision and risk management of the banking sector. The capital standards and new capital buffers will require banks to hold more capital and higher quality of capital than under current Basel II rules. The new leverage and liquidity ratios introduce a non-risk based measure to supplement the risk based minimum capital requirements and measures to ensure that adequate funding is maintained in case of crisis.

## OBJECTIVES OF BASEL III

The main objectives of Basel III rules are to ensure that banks hold sufficient capital, maintain healthy leverage and liquidity ratios, and build up countercyclical buffers.

Increased quality, quantity, and consistency of capital	Increased focus on Common Equity Tier (CET 1); and Increased capital levels.
Increased risk coverage	Credit valuation adjustment (CVA) for over the counter (OTC) derivatives, being the capital charge for potential mark-to-market losses associated with deterioration in counterparty creditworthiness; Asset value correlation being the increased capital charge on exposures to financial institutions; and Strengthened standards for collateral management, margin period of risk, management of general wrong-way risk and stress testing.
Capital conservation buffer	Build up capital during favourable economic conditions that can be drawn on during times of stress.
Pillar 2 and domestic systemically important bank (D-SIB) buffer	Additional buffer to be held against systemic risk requirements.
Countercyclical buffer	Capital buffer deployed by national jurisdictions when system wide risk builds up. Ensures capital adequacy takes macro-financial environment into account.
Leverage ratio	The leverage ratio is used to capture just how much debt the Bank has relative to its capital, specifically "Tier 1 capital," including common stock, retained earnings and qualifying other assets. The ratio is calculated as Tier 1 qualifying capital/on and off-balance sheet exposures, as defined by the Basel Committee on Banking Supervision (BCBS), and to measure against the BoM prescribed minimum ratio.

## CAPITAL STRUCTURE

Regulatory capital adequacy is measured through three risk-based ratios:

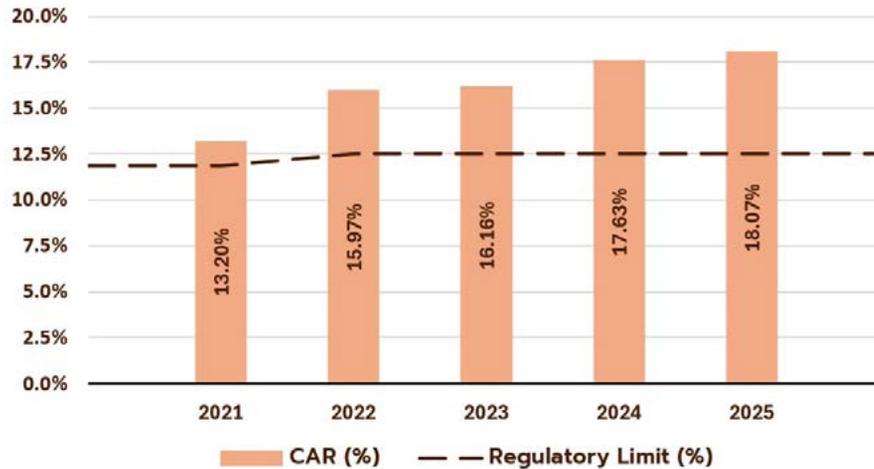
- CET I: Ordinary share capital, share premium and retained earnings divided by total risk-weighted assets;
- Tier I: CET I plus perpetual non-cumulative instruments with principal loss absorption features issued under the Basel III rules divided by total risk-weighted assets. Perpetual non-cumulative preference shares issued under Basel I and II are included in tier I capital but are subject to regulatory phase-out requirements;
- Total capital adequacy: Tier I plus other items such as the general allowance for credit impairment and subordinated debt with principal loss-absorption features issued under Basel III divided by total risk-weighted assets. Subordinated debt issued under Basel I and Basel II are included in total capital but are subject to regulatory phase-out requirements; and for each of the three categories above, the Bank of Mauritius has defined in its Guideline on Eligible Capital a single set of criteria that the instruments are required to meet before they can be included in the relevant category.

## LIMITS AND MINIMA APPLICABLE

As per the Bank of Mauritius Guideline on Scope of Application of Basel III and Eligible Capital for the implementation of Basel III, the following limits and minima are applicable as of date:

- A minimum Core Equity Tier 1 ratio of 6.5%;
- A minimum Tier 1 ratio of 8%;
- A minimum Capital Adequacy Ratio of 10%; and
- A minimum Capital Adequacy Ratio with Capital Conservation Buffer totalling 12.50% as per Bank of Mauritius.

The Bank's Capital Adequacy Ratio stood at 18.07% as at 31 December 2025, well above the applicable regulatory minimum requirement of 12.50%.



## **SUPERVISORY REVIEW PROCESS - INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)**

The Bank is guided by its ICAAP which includes the assessment of capital adequacy concerning the risk profile, the business environment, growth, and strategic plans for the forthcoming years. Furthermore, the results of the assessment are used as an input to the capital contingency plan and capital plan and for the formulation of its risk appetite.

The overall purpose of the ICAAP document is to inform the Board of the ongoing assessment of the risks the Bank faces and how they intend to mitigate those risks along with how much capital is needed both now and, in the future, having considered all mitigating factors. It contains an informative description of the methodology and procedures that the Bank uses to assess and mitigate its risks and to make sure that adequate capital is maintained to support its risks beyond the core minimum requirements. It delineates the process through which the Bank assesses the extent to which it holds sufficient capital to support its business activities.

Specifically, through the ICAAP, the Bank assesses its forecast capital supply and demand relative to its regulatory and internal capital targets under various scenarios. The Bank's capital plan is defined every year during the budgeting and strategic planning exercise while financial year risk appetite limits are set by the Board.

Exposures are monitored on a quarterly basis against those limits and reported to the Risk Management Committee. The ICAAP framework has been developed and applied at the Bank pursuant to the issue of the Bank of Mauritius Guideline on Supervisory Review Process in April 2010. The document which is approved by the Board is reviewed annually to ensure that the Bank remains well capitalised after considering all material risks.

Stress tests represent an important tool for exploring potential vulnerabilities to exceptional but plausible events and therefore forms an integral part of the ICAAP. The ICAAP exercise takes into account the assessment of Pillar 1 risk types (i.e., credit, operational and market risks) and Pillar II risk types (i.e., concentration of risk, liquidity risk, interest rate risk, strategic risks, residual risks and so on). These assessments are carried out over a three-year horizon with a view to understanding the sensitivity of the key assumptions of the capital plan to the realisation of plausible stress scenarios and in order to evaluate how the Bank can continue to maintain adequate capital under such scenarios. The key objective of the stress-testing framework is to ensure that the organisation adopts a consistent and integrated approach to risk identification, mitigation, and management.

As a subsidiary of BCP Group and benefitting from the implicit and explicit support of its sole shareholder, BCP Bank (Mauritius) Ltd leverages on various tools to raise its capital as and when needed. Capital may be raised through the issue of ordinary shares, preference shares or subordinated debt, in multiple currencies. In addition, the Bank uses various instruments issued by its shareholder to mitigate its credit risk, namely through unfunded risk participation and others.

The concept of adequacy covers both an honest and efficient operation of the ICAAP and a sound conceptual approach, including the timeliness, the relevance, and the reasonableness of the methodological underpinnings.



**02**

**CORPORATE  
GOVERNANCE  
REPORT**

Good corporate governance remains integral to the way the Bank operates. The Bank is committed to operating in a correct, principled and commercially astute manner and staying accountable to its stakeholders. The Bank holds the view that transparency and accountability is essential for the Bank to thrive and succeed in the short, medium and long term.

## GOVERNANCE FRAMEWORK

The Bank operates within a clearly defined governance framework as per its Constitution, Charte du Conseil d'Administration (hereinafter referred to as 'the Board Charter') and Code of Ethics. Through this framework, the Board balances its role of providing risk oversight and strategic counsel while ensuring adherence to regulatory requirements and risk tolerance. The governance framework provides for delegation of authority while enabling the Board to retain effective control. The Board delegates authority to relevant Board committees and the Chief Executive Officer with clearly defined mandates and authorities, while preserving its accountability.

Board committees facilitate the discharge of Board responsibilities and provide in-depth focus on specific areas. Each committee has a mandate, which the Board reviews regularly. Mandates for each committee set out their role, responsibilities, scope of authority, composition and terms of reference, as set out in their respective Committee Charter, duly approved by the Board. The committees report to the Board through their respective chairman and minutes of all committee meetings are submitted to the Board.

The Board delegates authority to the Chief Executive Officer to manage the business and affairs of the Bank. This delegated authority is set out in writing, together with the matters reserved for Board decision. The Senior Management Committee and Operational Management Committee assist the Chief Executive Officer in the day-to-day management of the affairs of the Bank, subject to statutory parameters and matters reserved for the Board. As a Public Interest Entity, the Bank has applied the principles and provisions of the National Code of Corporate Governance for Mauritius (2016) in all material aspects.

## GOVERNANCE STRUCTURE

The Governance Framework is as follows:

- **Board of Directors**
- **Board committees**, namely:
  - Audit Committee;
  - Risk Management Committee;
  - Corporate Governance Committee;
  - Nomination and Remuneration Committee; and
  - Board Credit Committee.

## BOARD OF DIRECTORS

The role of the Board:

The Board provides effective leadership based on an ethical foundation. It strives to balance the interests of the Bank and those of its various stakeholders. It is the highest decision-making body in the Bank and is responsible for the Bank's strategic direction. It ensures that strategy is aligned with the Bank's values and monitors strategy implementation and performance targets in relation to the agreed risk profile. It is collectively responsible for the long-term success of the Bank and is accountable to shareholder for financial and operational performance. An annual meeting of shareholder is held every year to that effect.

In line with banking regulations, the Board decides on the Bank's corporate governance and risk management objectives for the year ahead. The relevant governance and risk management committees monitor performance against governance and risk objectives, respectively, and reports are submitted to the Board. The evaluation of the Board and Board committees is being carried out for 2024/2025 by an external and independent facilitator through the Mauritius Institute of Directors (MIoD).

The Board's terms of reference are set out in a written charter, the Board Charter, as approved by the Board. The Board charter, reviewed and approved by the Board on 5th November 2025, complies with the provisions of the Guideline on Corporate Governance, the Companies Act 2001, the Banking Act 2004, the Bank's Constitution, and any relevant legislations and guidelines. It sets out the guidelines with regards to:

- composition of the Board;
- terms of office;
- reporting responsibilities;
- rules of engagement; and
- matters reserved for Board decision.

The Board's key terms of reference are set out below:

- provide effective leadership based on an ethical foundation;
- approve the strategy and ensure that the Bank's objectives take into account the need to align its strategy and risk profile, together with the performance levels and sustainability concerns of stakeholders;
- review the corporate governance and risk and capital management processes and ensure that there is an effective risk management process and internal control system;
- delegate relevant authority to the Chief Executive Officer and monitor their performance;
- determine the terms of reference and procedures of all Board committees, review the Board's and committees' performance annually, and review their reports and minutes;
- ensure that the Audit Committee is effective and independent;
- ensure that an adequate budget and planning process exists, measure performance against budgets and plans, and approve annual budgets;
- consider and approve the annual financial statements and the annual report, results, dividend announcements and notice to shareholders before the Annual General Meeting;
- establish the policies and procedures to comply with the requirements of the Guideline on Related Party Transactions;
- review the Bank's transactions with related parties in line with the Conduct Review Policy, ensuring that the latter is in compliance with all reporting and/or approval procedures of the Bank of Mauritius;
- review and approve all credit facility with related parties; and
- ensure that transactions which could materially affect the financial stability of the Bank are identified at source and review all related party transactions when said dealings are above 2% of Tier 1 Capital.

Board meetings allow sufficient time for consideration of all items. Care is taken to ensure that the Board attends to matters critical to the Bank's success, with sufficient attention to compliance and administrative matters.

While directors have a duty to keep up to date with industry, legal and regulatory developments, it is also the responsibility of the Board to provide them with adequate information, training and development. In this respect, the Head of Compliance through the Risk Management Committee, present on a quarterly basis all regulatory changes effective in the banking sector and the Head of Legal & Company Secretary ensure that all the directors are kept up to date of any changes.

The Bank has a unitary Board structure with executive and non-executive directors. The Board functions effectively and efficiently and is considered to be of an appropriate size for the Bank, taking into account, among other considerations, the need to have sufficient directors to structure Board committees appropriately, the regulatory requirements as well as the need to adequately address the Board's succession plans. Non-executive directors bring diverse perspectives to Board deliberations, and constructive challenge of the views of executive director and management is encouraged.

The Directors' appointment process is guided by the legal and regulatory requirements and the Bank's Constitution.

The Company Secretary acts as secretary to the Board of Directors. All directors have access to the services and advice of the Company Secretary, whose role is defined in the Companies Act 2001.

The roles of the Chairperson and Chief Executive Officer continue to be substantively different and separated. The Chairperson is a non-executive director responsible for leading the Board, ensuring its effective functioning and setting its agenda, in consultation with the Company Secretary and the Chief Executive Officer. The Board is aware of the other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their responsibilities effectively. The Company Secretary maintains a register of directors' interests, which is available upon written request by the shareholder. There is ongoing engagement between senior management and the Board. In addition to the executive director, senior management attend Board meetings. Directors have unrestricted access to management information, as well as the resources to carry out their duties and responsibilities. The Board has, through its Risk Management Committee, approved a comprehensive information security policy (Charte de Sécurité des Systèmes d'Informations), an information policy and an information technology policy.

## BOARD COMMITTEES

### THE AUDIT COMMITTEE

In line with the Banking Act 2004 and international best practice, the Audit Committee's principal responsibilities are to:

- review the interim and annual financial statements and key audit matters, summarised financial information, dividend declaration and all financial information and recommend them to the Board for approval;
- evaluate the adequacy and effectiveness of the accounting policies and all proposed changes in accounting policies and practices;
- review the basis for determination as a going concern;
- review the effectiveness of financial management, including the management of financial risks, the quality of internal accounting control systems and reports produced, including financial reporting risks and internal financial controls;
- review the impact of new financial systems, tax and litigation matters on financial reporting;
- review and approve the Bank external audit plan;
- oversee the appointment of external auditors, their terms of engagement and fees;
- review significant differences of opinion between external auditors and management;
- review the external auditors' management reports concerning deviations from and weaknesses in accounting and operational controls, and ensure that management takes appropriate action to satisfactorily resolve issues;
- review, approve and monitor the internal audit plan and charter;
- consider and review the internal auditors' significant findings and management's response;
- evaluate annually the role, independence and effectiveness of the internal audit function in the overall context of the Bank's risk management system;
- ensure that both Internal and External Auditors' independence and objectivity are maintained;
- monitor the maintenance of proper and adequate accounting records and the overall financial and operational environment;
- overseeing the Bank's financial reporting process and risks ensuring the integrity thereof and satisfying itself that significant judgement made by management are sound; and
- managing the level and nature of non-audit services, if any, provided by the External Auditors.

The Audit Committee is comprised of 3 non-executive directors and one independent director of the Bank. The Chairman of the Board is not a member of the Audit Committee. The Head of Internal Audit, the External Auditors and relevant Senior Management officers attend the committee. The Company Secretary acts as secretary to the Audit Committee. The Audit Committee meets at least four times in a year.

## EXTERNAL AUDITORS

The present External Auditors were initially appointed upon the recommendation of the Audit Committee to the Board and approved at the Annual Shareholder's Meeting. Their mandate was renewed for the financial year ended 2025. The aforesaid appointment is done in line with the Banking Act 2004.

The fees incurred by the Bank are:

Rs 000	2025	2024	2023
Audit fees payable to auditors	6,082	5,971	5,380
The fee payable to auditor for agreed-upon procedures and other assurance engagement	424	404	41

Subject to the approval of the Bank of Mauritius, KPMG will be proposed for reappointment as auditors for the year ending 31 December 2026.

## THE RISK MANAGEMENT COMMITTEE

In line with the requirements of the guidelines of the Bank of Mauritius and the international best practice, the main responsibilities of the Risk Management Committee are to:

- determine the Bank's risk appetite;
- monitor the current and future risk profile to ensure that the Bank is managed within risk appetite;
- consider and approve the macroeconomic scenarios used for stress testing, and evaluate the results of stress testing;
- approve all risk governance standards, frameworks and relevant policies;
- monitor all risk types;
- approve risk disclosure in published reports;
- review and recommend the ICAAP (Internal Capital Adequacy Assessment Process) and internal capital target ratio ranges to the Board for approval and monitor the utilisation of capital to make sure that the Bank has, at any time, a capital adequacy ratio corresponding to at least the regulatory minimum requirements;
- review the impact on capital of significant transactions entered into by the Bank;
- review and approve the strategy, policies and practices relating to the management of the Bank's liquidity;
- approve the risk policy, which sets out the credit granting process and limits;
- monitor large and impaired credits as well as the overall level of provisioning, that is, overseeing credit and risk exposures;
- review reports and activities of the financial crime control unit to ensure the mitigation and control of fraud and related risks;
- review, approve and monitor the compliance plan;
- monitor compliance with the Companies Act 2001, Banking Act 2004 and all other applicable legislations and guidelines; and
- oversee the Bank's overall strategic direction, relating to information governance, information technology and security and related expenditures.

The Risk Management Committee is comprised of 3 non-executive directors of the Bank. The Chairman of the Board is not a member of the Committee. The Chief Risk Officer, Head of Compliance and relevant Senior Management officers attend the committee. The Company Secretary acts as secretary to the Risk Management Committee. The Risk Management Committee reports to the Board, through its Chairman. The Risk Management Committee meets on a quarterly basis.

### THE CORPORATE GOVERNANCE COMMITTEE

In line with the Guidelines of the Bank of Mauritius, the Corporate Governance Committee's responsibilities are to:

- deal with all Corporate Governance issues and make recommendation to the Board accordingly;
- ensure that the Bank complies with the Code of Corporate Governance and Corporate Governance Guideline issued by the Bank of Mauritius;
- ensure that disclosures are made in the annual financial statements in compliance with the disclosure provisions in accordance with the best international practice;
- ensure effective communication between stakeholders; and
- assess the effectiveness of the Board, its committees and its individual directors, on an annual basis.

The Corporate Governance Committee is comprised of two non-executive directors and one independent director. In line with the Banking Act 2004, the Bank being a subsidiary of a foreign entity, its Board of directors can be composed of 40% of non-executive directors instead of 40% of independent directors. The Board of the Bank is composed of 71% of non-executive directors. The Company Secretary and relevant Senior Management officers (as and when required) attend the committee. The Company Secretary acts as secretary to the Corporate Governance Committee. The report is made by the Chairman to the Board. The Corporate Governance Committee meets at least once a year.

### THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of three non-executive directors. The Committee is responsible for making recommendations to the Board on the appointment of directors and senior executives. The Committee also oversees remuneration and compensation of directors, senior management and other key personnel with a view to attract, retain and motivate them. The experience and skills of the directors are disclosed in the director's profile on pages 20 to 23. The responsibilities of the Nomination and Remuneration Committee include:

- ascertaining whether the potential directors, Chief Executive Officer, and senior officers are fit and proper persons, have the required skills and expertise, and are free from material conflicts of interest, and ensuring that an induction programme is provided to new directors;
- reviewing the Board structure, size and composition (including balance between independent/non-executive/ executive) and the composition of Board committees;
- reviewing, for submission to the Board, remunerations for directors and executives/senior officers as well as proposals of promotion to the Senior Management;
- reviewing the performance of the Chief Executive Officer; and
- reviewing the succession plan of senior executives and the list of talents.

The Nomination and Remuneration Committee meets at least once a year.

## THE CREDIT COMMITTEE

The Credit Committee consists of the Chairman of the Board and two non-executive directors. The Committee reviews and recommends and/or approves credit requests, which are outside the delegated authority of the Bank's local Credit Committee.

The responsibilities of the Credit Committee include:

- reviewing the credit requests; and/or
- approving the credit requests.

## ATTENDANCE TO BOARD MEETINGS AND SUB COMMITTEES

		BOARD COMMITTEES					
		Board of Directors	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Credit Committee
Number of meetings held from January to December 2025		4	4	4	1	3	n/a*
Executive	Sangeetha RAMKELAWON	4	4	4	1	3	-
	Othmane TAJEDDINE	4	n/a	n/a	1	3	-
Non Executive	Abdeslam BENNANI	1	n/a	n/a	n/a	1	-
	Si Mohammed HAJJAM	4	4	4	n/a	2	-
	Hanane EL BOURY	3	n/a	3	n/a	n/a	-
	Soumia FATHALLAH	3	4	1	n/a	n/a	-
Independent	Jean-Louis VINCIGUERRA	1	1	n/a	n/a	n/a	-
	Mathieu MANDENG	4	4	n/a	1	n/a	-

\*During the year, all files beyond local delegation were approved by Credit Committee via circularisation.

**ORGANISATION CHART**

**BOARD OF DIRECTORS**

**Chief Executive Officer**  
Sangeetha RAMKELAWON

Audit Committee

Risk Management Committee

**Internal Audit**  
Marvin SOORAJEE

**Compliance**  
Jessma MATHUR

**Directeur des Risques**  
Ravind Kumar (Ashlay)  
BHOJUN

**Company Secretary**  
Desigan PONNAN

**Directeur Financier**  
Bruno AMIC

**Marketing & Communication**  
Ingrid LETIMIER DUVERGE

**Human Resources**  
Natasha VEERASAMY

**Directeur Exécutif Moyens et Support**  
Nadia DANDJEE

**Information Technology & Organisation**  
Abdelkader AISSAOUI

**Operations**  
Patrice MODELEY

**Treasury**  
Govinden VYAPOOREE

**Legal**  
Desigan PONNAN

**Directeur Exécutif Business Development**  
Shakil DABY\*\*

**Corporate Coverage Banking**  
Jayrajsingh (Rishi)  
SEWOCK\*

**Trade Finance & Syndications**  
Avinash JAHAJEEAH

**Private Banking**  
Virginie CONSTANT

**Business Centre**  
Mary Jane NELSON  
SOOBROYDOO

Comité de Direction Générale (ExCo)

\* Until 30.06.2025

\*\* Until 23.12.2025

..... Lien Reporting

— Lien Hiérarchique

## MATERIAL CLAUSES OF THE BANK'S CONSTITUTION

Some of the main clauses of the Bank's constitution are as follows:

- the duration of the Bank is unlimited;
- the Bank is a private company limited by shares;
- pre-emptive rights – Future issue of shares that rank to voting or distribution rights, or both, shall be offered to the holder of shares already issued in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders;
- distributions – The Board may authorise a distribution of dividend by the Bank;
- subject to BOM approval, the Bank may, to the extent provided by the provisions of Section 62 of the Companies Act 2001, by special resolution reduce its stated capital to such amount as it thinks fit;
- the minimum number of directors is five and the maximum number of directors is twelve.

## DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

### STATEMENT OF RECRUITMENT AND REMUNERATION PHILOSOPHY

The Bank's recruitment and remuneration philosophy for Management and staff is based on meritocracy and ensures that:

- full protection is provided, at the lower end of the income ladder, against cost of living increases;
- fairness and equity are promoted throughout the organisation;
- opportunities are given to all employees to benefit from the financial results and development of the Bank. Indeed, all staff members of the Bank receive an annual bonus based on the performance of the Bank as well as their own rated contribution thereto. Generally, the finalisation of remuneration packages is anchored on a range of factors including qualifications, skills scarcity, past performance, potential, market norms, responsibilities shouldered and experience. With a view to attaining appropriate remuneration levels, the Bank is guided by the following considerations:
  - general market conditions are regularly surveyed in order to ensure that remuneration packages are motivating and competitive;
  - superior team and Bank performance is stimulated and rewarded with strong incentives; and
  - remuneration practices are regularly reviewed and restructured where necessary, providing clear differentiation between individuals' contribution to the Bank's performance.

The Bank does not have any Employee Share Scheme nor any Share Options Plans.

### REMUNERATION OF DIRECTORS

The non-executive directors (external to the Bank) receive a fee for each Board meeting or other Board committees (except for the Credit Committee). The remuneration packages of executive directors are determined based on a number of factors including qualifications, skills, market conditions and responsibility shouldered and is approved by the Nomination and Remuneration Committee.

Remuneration paid to the Directors is as follows:

Directors	Status	Director's attendance and remuneration								
		Remuneration 2025	Annual fees 2025	Board	Audit Committee	Risks and Management/ Conduct Review Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Board Credit Committee	Total (Rs)
Abdelslam BENNANI	Non Executive	-	-	50,010	-	-	-	50,010	-	100,020
Abdelwafi ATIF	Executive	842,825	-	-	-	-	-	-	-	842,825
Hanane EL BOURY	Non Executive	-	-	156,170	-	156,170	-	-	-	312,340
Jean-Louis VINCIGUERRA	Independent	-	87,518	60,012	60,012	-	-	-	-	207,542
M. Mathieu MANDENG	Independent	-	280,315	242,226	242,226	-	64,608	-	-	829,375
M. Si Mohammed HAJJAM	Non Executive	-	280,315	242,226	242,226	177,618	64,608	127,608	-	1,134,601
Othmane TAJEDDINE	Non Executive	-	1,128,688	300,282	-	-	80,760	219,522	-	1,729,252
Sangeetha RAMKELAWON	Executive	9,642,365	-	-	-	-	-	-	-	9,642,365
Soumia FATHALLAH	Non Executive	-	-	156,350	210,190	53,840	-	-	-	420,380
<b>Total</b>		<b>10,485,190</b>	<b>1,776,836</b>	<b>1,207,276</b>	<b>754,654</b>	<b>387,628</b>	<b>209,976</b>	<b>397,140</b>	<b>-</b>	<b>15,218,700</b>

## INTEGRATED SUSTAINABILITY REPORTING

### ETHICS AND ORGANISAIONAL INTEGRITY

The Board aims to provide effective and ethical leadership, and ensures that its conduct and that of management is aligned to the Bank's values and to the Bank's Code of Ethics. The Bank's values and Code of Ethics, as approved by the Board, are designed to empower employees and enable effective decision-making at all levels of the business according to defined ethical principles and values. The Board regularly monitors and evaluates compliance with the Bank's values and Code of Ethics. The Bank has in place a whistleblowing policy to ensure a fair and ethical environment for its staff.

In ensuring that the Bank operates ethically, the Board uses the inclusive stakeholder model of governance that considers and promotes the interests of all the Bank's stakeholders.

### SHAREHOLDERS' AGREEMENT

There is currently no shareholders' agreement between the Bank and its sole shareholder.

### SIGNIFICANT CONTRACTS

There is currently no significant contract between third parties and the Bank.

### MANAGEMENT AGREEMENT

There is currently no management agreement between third parties and the Bank.

### ENVIRONMENT

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

### HEALTH AND SAFETY

The Bank is fully committed towards the Health and Safety of its employees and aspires to create a culture whereby the management of risk and prevention of harm is part of everyday business. The Bank recognises that managing Health and Safety risk is a core management activity and an important component of its values.

### CORPORATE SOCIAL RESPONSIBILITY

The Bank has supported various csr initiatives during the year in line with the core values of Groupe BCP.

### POLITICAL CONTRIBUTIONS

No political contribution was made during the year under review.

### GOING CONCERN

There is no reason to believe that the Bank will not be a going concern in the year ahead.

### DIVIDEND POLICY

The Bank has no formal dividend policy. Any dividend pay-out will be subject to the Bank complying with the Guideline on Payment of Dividend published on 24 September 2020 and revised in November 2022. No dividend was distributed in 2025.

## RELATED PARTY TRANSACTIONS POLICIES AND PRACTICES

The Bank of Mauritius' Guideline on Related Party Transactions, as revised in May 2022, is articulated around three main elements, namely:

- the role of the Board of Directors of a financial institution and that of its Senior Management in establishing and implementing appropriate policies on related party transactions and administering the process for handling the transactions;
- the definition of the different types of related party transactions and the setting out of regulatory limits on credit exposures to related parties; and
- the definition of basic rules for monitoring and regulatory reporting of related party transactions and their disclosure in the annual report.

As a general rule, related 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 if they and the Bank are subject to common control. All transactions with a related party must be carried out on terms and conditions that are at least as favourable to the Bank as market terms and conditions.

Related party transactions include:

- loans, finance leases and service agreements;
- giving a guarantee on behalf of a related party;
- making an investment in any securities of a related party;
- deposits and placements; and
- professional service contracts.

The Guideline defines 3 categories of related party transactions for the purpose of regulatory reporting and limits, namely:

- Category 1 - Directors, their close family members and any entity where any of them holds more than a 10% interest; Shareholders owning more than 10% of the financial institution's capital; Directors of any controlling shareholder; and Entities (excluding subsidiaries) where the financial institution holds more than a 10% interest;
- Category 2 - Senior Management, their close family members and any entity where any of them holds more than 10% interest; Senior Management of any controlling shareholder; and Subsidiaries of the financial institution;
- Category 3 - Senior Management, provided their exposures are within the terms and conditions of their employment contract.

Category 3 above, as well as exposures representing less than 2% of the institution's Tier 1 capital, are excluded from regulatory limits which are set, in aggregate, at:

- 60% of Tier 1 capital for category 1; and
- 150% thereof for the total of categories 1 and 2.

The Bank adheres to the Guideline on Related Party Transactions ('Guideline'). In line with this guideline, the Board of Directors meets on a quarterly basis, reviews all related party transactions, approve Category 1, 2 and 3 related party transactions and monitor compliance with the Guideline. The related party reporting to the Bank of Mauritius is made on a quarterly basis. Conflicts-of-interest and related party transactions are conducted in accordance with the related party transactions policy and Code of Ethics.

Note 28 to the Financial Statements sets out on and off-balance sheet exposures to related parties as at 31 December 2025.

A copy of the annual report is available on the Bank's website.

## STATEMENT OF COMPLIANCE

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

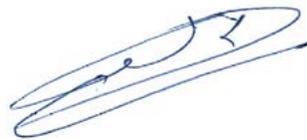
Name of Public Interest Entity: BCP Bank (Mauritius) Ltd

Reporting Period: 31 December 2025

We, the directors of BCP Bank (Mauritius) Ltd, confirm that, to the best of our knowledge, the Bank has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) and Guideline on Corporate Governance, in all material aspects.



**Sangeetha RAMKELAWON**  
Chief Executive Officer



**Othmane TAJEDDINE**  
Chairman and Director  
Board of Directors

## STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Bank's operations in Mauritius presented in this annual report have been prepared by Management, which is responsible for their integrity, consistency, objectivity and reliability.

International Accounting Standards/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, where deemed necessary.

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

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

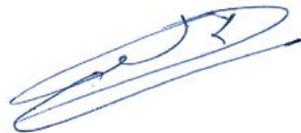
The Bank's Head of Internal Audit, who has full and free access to the Audit Committee, conducts a well-designed programme of internal audits in coordination with the Bank's External Auditors. In addition, the Bank's Compliance function maintains policies, procedures and programs directed at ensuring 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 Auditors, KPMG, have full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.



**Sangeetha RAMKELAWON**  
Chief Executive Officer



**Othmane TAJEDDINE**  
Chairman and Director  
Board of Directors



**Mathieu MANDENG**  
Director - Board of Directors

**SECRETARY'S CERTIFICATE**

In my capacity as Company Secretary of BCP Bank (Mauritius) Ltd (the "Bank"), I hereby confirm that, to the best of my knowledge and belief, the Bank has filed with the Registrar of Companies, for the financial year ended 31 December 2025, all such returns as are required of the Bank under the Companies Act 2001.

A handwritten signature in blue ink, appearing to read 'D. Ponnann', with a horizontal line underneath.

**Desigan PONNAN**

Date: 27 March 2026



**03**

# **Independent Auditors' Report**



KPMG  
KPMG Centre  
31, Cybercity  
Ebène  
Mauritius  
Telephone +230 406 9999  
Telefax +230 406 9988  
BRN No. F07000189  
Website www.kpmg.mu

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of BCP Bank (Mauritius) Ltd (the "Bank"), which comprise the statement of financial position as at 31 December 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information, as set out on pages 100 to 200.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BCP Bank (Mauritius) Ltd as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act, Banking Act, Financial Reporting Act 2004 and regulations and guidelines issued by the Bank of Mauritius.

*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 *Auditors' 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of the financial statements of public interest entities. We have also 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 Matter*

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.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matter (continued)*

***Expected credit losses ("ECL") on loans and advances to customers***

Refer to the following notes in the financial statements:

- Note 1(f) - Use of Judgements and Estimates - Significant increase in credit risk
- Note 1(f) - Use of Judgements and Estimates - Allowance for impairment on loans and advances
- Note 1(n)(ix) - Financial Assets and Liabilities - Impairment: Expected Credit Losses (ECL)
- Note 1(n)(ix) - Financial Assets and Liabilities - Impairment: Credit-impaired financial assets
- Note 12 - Loans and advances to customers
- Note 13 - (Reversal of) / Allowance for credit impairment on financial assets
- Note 29(b) - Financial risk review - Credit risk

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Bank has gross loans and advances to customers amounting to Rs 16,191,546 as at 31 December 2025 and the related ECL provision amounted to Rs 712,602 (amounts denoted in Rs'000) for the year then ended. Gross loans and advances are carried at amortised cost using the Effective Interest Rate methodology, less allowance for impairment.</p> <p>Non- performing loans and advances classified under stage 3 amounted to a total net balance of Rs 142,257 after taking into account a total expected credit loss allowance of Rs 627,683 (amounts denoted in Rs'000).</p> <p>The Bank calculates ECL using three main components: the Probability of Default ('PD'), Loss Given Default ('LGD') and the Exposure At Default ('EAD') and follows a three-stage approach and apply staging methodologies to recognise the ECL as explained below:</p> <ul style="list-style-type: none"> <li>• Stage 1: 12- months ECL.</li> <li>• Stage 2: Lifetime ECL - not credit impaired or considered to have experienced a significant increase in credit risk.</li> <li>• Stage 3: Lifetime ECL - objective evidence of impairment or credit impaired / in default.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's credit risk management processes, systems and controls by testing both the design and implementation, and operating effectiveness of controls over credit origination, credit monitoring and credit remediation, including controls over management's ECL model which supports the assumptions used in determining the PD, LGD and EAD, as well as the governance process over forward-looking information and macro-economic scenarios.</li> <li>• Assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9, our business understanding and industry practice.</li> <li>• Evaluate the reasonableness of management's key judgements in estimating ECLs, including selection and application of methods / models, significant assumptions and data sources and selection of the estimates.</li> </ul>



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matter (continued)*

**Expected credit losses (“ECL”) on loans and advances to customers**

Refer to the following notes in the financial statements:

- Note 1(f) - Use of Judgements and Estimates - Significant increase in credit risk
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**Key audit matter**

**How the matter was addressed in our audit**

*Stage 1 and 2 exposures:*

Complex models are used for the purposes of determining the ECL for stage 1 and stage 2 exposures. These include a number of significant judgments, such as:

- Determining the criteria for a significant increase in credit risk, which includes defining the forbearance and delinquency status for customers and determination of the number of days past due.
- Choosing models and assumptions for the measurement of ECL which includes determining the Probability of Default (PD), Loss Given default (LGD), and Exposure at Default (EAD) parameters explained below:
  - i. Probability of Default (PD): for ECL calculation Point in Time (PIT) PDs are used which are reflective of current economic conditions and do not contain adjustment for prudence;
  - ii. Loss Given default (LGD): The estimates are dependent on the type of collateral security underpinning the credit exposure; and
  - iii. Exposure at Default (EAD): The EAD is estimated by considering the current drawn balance at the reporting date and adjusting it with a “Credit Conversion Factor (CCF)” which allows for the expected drawdown of the remaining limit by the time of default.

- Performed independent credit reviews over a sample of loans and advances to customers to evaluate whether there has been any significant increase in credit risk for these exposures and whether they are adequately covered by collateral and to critically assess whether they are classified under the correct stage.
- Involved our credit risk specialists to challenge significant assumptions / judgements applied and evaluate the robustness of the modelling methodology by including management’s data in our independent challenger models.
- Assessed the adequacy and accuracy of amounts to be disclosed in the ECL disclosures in accordance with IFRS 9 Financial instruments (“IFRS 9”), IFRS 7 Financial Instruments: Disclosures (“IFRS 7”) and IFRS 13 Fair Value Measurement (“IFRS 13”).
- Involved our IT specific team members to test the related IT application control with respect to the automatic calculation of days past due to ensure correct staging.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matter (continued)*

***Expected credit losses ("ECL") on loans and advances to customers***

Refer to the following notes in the financial statements:

- Note 1(f) - Use of Judgements and Estimates - Significant increase in credit risk
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- Note 29(b) - Financial risk review - Credit risk

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>• Establishing the forward- looking macroeconomic scenario(s) by considering macro- economic factors. The assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Probability of Default (PD) estimates provided by Moody's EDF-X tool incorporate a forward- looking element, aligning with the market's current assessment of the credit cycle which are updated regularly.</li> <li>• Establishing groups of similar financial assets for the purposes of measuring ECL.</li> </ul> <p><i>Stage 3 exposures:</i></p> <p>For loans and advances which are credit impaired (stage 3 exposures), ECL are based on lifetime expected credit losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes indicators such as long-term forbearance, insolvency, deceased, breach of financial covenant(s), disappearance of an active market for financial asset, financial difficulties and probable bankruptcy of obligors as well as when the borrower is more than 90 days past due on its contractual payments.</p>	<p><i>Stage 1 and 2 exposures:</i></p> <p><i>Our procedures included the following:</i></p> <ul style="list-style-type: none"> <li>• Evaluated the completeness and accuracy of the data used in the ECL model. For completeness, we performed a reconciliation of all loans and advances to customers, subject to ECL against the ECL model of the Bank. For a sample of loans and advances to customers, we traced the data inputs to source documents in order to determine the accuracy of data used in the model.</li> </ul> <p>Where credit losses were calculated on a modelled basis (stage 1 and stage 2) we performed the following audit procedures, in conjunction with our credit risk specialists.</p> <ul style="list-style-type: none"> <li>• Assessed the IFRS 9 modelling methodology applied by Management for compliance with the Bank's policies and IFRS 9.</li> <li>• Reviewed management's assessment to assess any significant increase in credit risk.</li> <li>• Critically assessed the ECL model applied by management to determine the appropriateness of the PDs, LGDs and EADs used to compute the stage 1 and 2 ECL allowances against the requirements of IFRS 9 and the Bank's internal policies.</li> </ul>



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matter (continued)*

***Expected credit losses ("ECL") on loans and advances to customers***

Refer to the following notes in the financial statements:

- Note 1(f) - Use of Judgements and Estimates - Significant increase in credit risk
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- Note 29(b) - Financial risk review - Credit risk

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Significant judgements, estimates and assumptions are applied at each reporting date, whereby the Bank reviews individually all loans and advances classified in Stage 3 to assess whether an allowance for impairment should be recorded. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.</p> <p>In estimating these cash flows, the Bank made significant judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results which may differ, resulting in future changes to the allowance.</p> <p>Due to the significance of loans and advances to customers and the significant estimates and judgement applied, the determination of expected credit losses for loans and advances to customers was considered to be highly complex and required additional audit effort, and therefore, reported as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Re- performed management ECL model calculations to evaluate the risk parameter inputs used by management.</li> <li>• Challenged the parameters and significant assumptions applied in the ECL models by benchmarking these against external data.</li> <li>• Performed an independent ECL estimate based on independently derived PDs, LGDs and EADs and compared the ECL output to the Bank's ECL.</li> <li>• Incorporated independently estimated forward- looking information (FLI) in our independent ECL calculation, by adopting a simplistic FLI model which used Gross Domestic Product (GDP) data to adjust the Probability of default (PD) in our independent ECL calculation, to assess the reasonability of management's forward- looking information.</li> <li>• Evaluated the reasonableness of and test the post-model adjustment.</li> <li>• Performed sensitivity analyses on the inputs and assess the impact on the ECL.</li> </ul>



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matter (continued)*

***Expected credit losses ("ECL") on loans and advances to customers***

Refer to the following notes in the financial statements:

- Note 1(f) - Use of Judgements and Estimates - Significant increase in credit risk
- Note 1(f) - Use of Judgements and Estimates - Allowance for impairment on loans and advances
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- Note 29(b) - Financial risk review - Credit risk

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
	<p><i>Stage 3 exposures:</i></p> <p><i>For stage 3 exposures, our procedures included the following:</i></p> <ul style="list-style-type: none"> <li>• Challenged the valuation of credit losses on a sample of stage 3 loans and advances to customers by independently developing an ECL value based on our assessment of the expected future cash flows and recoverability of collateral held and compared it to management's calculation.</li> <li>• Where stage 3 credit losses have been raised, we considered the impairment indicators, uncertainties and assumptions applied by management. In addition, we considered management's assessment of the recoverability of the exposure and related collateral with reference to current economic performance, assumptions most commonly used in the industry and comparison with external evidence and historical trends.</li> <li>• For collateral that was applied in the determination of the ECL, we inspected, on a sample basis, the valuation reports of the collateral held and assessed whether the valuation amounts are reasonable in comparison to most recent external market data.</li> </ul>



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matter (continued)*

***Expected credit losses (“ECL”) on loans and advances to customers***

Refer to the following notes in the financial statements:

- Note 1(f) - Use of Judgements and Estimates - Significant increase in credit risk
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- Note 13 - (Reversal of) / Allowance for credit impairment on financial assets
- Note 29(b) - Financial risk review - Credit risk

**Key audit matter**

**How the matter was addressed in our audit**

- Evaluated the independence, competence and capabilities of management's independent appraisers with reference to their qualifications and industry experience.
- Assessed the collateral valuation techniques applied by the independent appraisers against the Bank's policy, industry standards and IFRS 13.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the document titled “BCP Bank (Mauritius) Ltd, Annual Report 2025”, which includes the About BCP Bank (Mauritius) Ltd, BCP Group at a glance, Shareholding, Chairman's Message, CEO's message, Financial Highlights, Our Correspondent Banking Network, Corporate Information, Our People, Board of Directors and Senior Management Team, Living Our Values, Management Discussion & Analysis, and Corporate Governance Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Responsibilities of Directors for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act, the Financial Reporting Act 2004, the Banking Act and the regulations and guidelines of the Bank of Mauritius, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

*Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

*Use of our Report*

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

**Report on Other Legal and Regulatory Requirements**

*Mauritius Companies Act*

We have no relationship with or interests in the Bank other than in our capacity as auditors.

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*

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act and the regulations and guidelines of the Bank of Mauritius.

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



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

**Report on Other Legal and Regulatory Requirements (Continued)**

*Financial Reporting Act*

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance (the "Code") 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 Bank has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

**KPMG**  
Ebène, Mauritius

**Mervyn Lam Hung**  
*Licensed by FRC*

Date: 31 March 2026

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024	2023
		Rs 000	Rs 000	Rs 000
Interest income		1,802,121	1,841,603	1,467,691 *
Interest expense		(919,817)	(997,446)	(795,947) *
<b>Net interest income</b>	2	<b>882,304</b>	<b>844,157</b>	<b>671,744</b>
Fee and commission income		121,950	118,737	91,395
Fee and commission expense		(24,545)	(21,962)	(23,308)
<b>Net fee and commission income</b>	3	<b>97,405</b>	<b>96,775</b>	<b>68,087</b>
Net trading income	4	82,525	91,491	64,826
Net (loss)/gain from financial derivatives at fair value through profit or loss	4	(8)	569	(879)
Other income	5	17	825	4,935
		<b>179,939</b>	<b>189,660</b>	<b>136,969</b>
<b>Revenue</b>		<b>1,062,243</b>	<b>1,033,817</b>	<b>808,713</b>
Personnel expenses	6(a)	(314,408)	(290,617)	(236,441)
Operating lease expenses	7	(32,587)	(5,282)	(6,846)
Depreciation and amortisation	15&16	(28,539)	(33,455)	(36,433)
Other expenses	8	(201,984)	(171,218)	(164,702)
		<b>(577,518)</b>	<b>(500,572)</b>	<b>(444,422)</b>
<b>Operating profit</b>		<b>484,725</b>	<b>533,245</b>	<b>364,291</b>
Reversal/(Allowance for) of credit impairment on financial assets	13(b)	56,203	(82,205)	(68,998)
<b>Profit before tax</b>		<b>540,928</b>	<b>451,040</b>	<b>295,293</b>
Taxation charge	9(a)	(75,021)	(17,514)	(20,941)
<b>Profit for the year</b>		<b>465,907</b>	<b>433,526</b>	<b>274,352</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit or loss</i>				
Net change in fair value of financial assets through other comprehensive income		497	12,398	11,625
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefit obligations	6(b)	8,031	907	(5,307)
<b>Other comprehensive income</b>		<b>8,528</b>	<b>13,305</b>	<b>6,318</b>
<b>Total comprehensive income for the year</b>		<b>474,435</b>	<b>446,831</b>	<b>280,670</b>

\* Prior year comparative figures have been amended to conform with current year's presentation following a reclassification of negative interest expense on cash and cash equivalents to interest income.

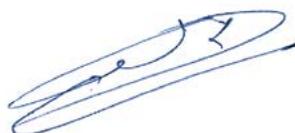
## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

		2025	2024	2023
	Notes	Rs 000	Rs 000	Rs 000
<b>ASSETS</b>				
Cash and cash equivalents	10	12,449,792	8,452,253	8,003,310
Loans and advances to banks	11	6,787,116	5,472,429	5,195,145
Loans and advances to customers	12	15,478,944	15,951,506	13,541,379
Investment securities	14	3,950,598	3,165,440	2,625,111
Property and equipment	15	176,110	25,120	36,429
Intangible assets	16	59,034	50,727	50,691
Deferred tax assets	9(c)	62,704	69,864	64,979
Other assets	17	243,814	1,683,892	2,443,534
<b>Total assets</b>		<b>39,208,112</b>	<b>34,871,231</b>	<b>31,960,578</b>
<b>LIABILITIES</b>				
Deposits from banks	18	6,356,546	7,177,100	4,315,294
Deposits from customers	19	22,867,512	18,067,007	16,158,503
Borrowed funds	20	4,664,387	3,577,978	5,305,982
Derivative financial instruments	21	-	177	746
Subordinated liabilities	22	914,583	932,305	854,208
Current tax liabilities	9(d)	46,256	22,882	18,025
Other liabilities	23(a)	620,607	1,861,359	2,503,973
Provisions	23(b)	106,312	74,949	93,204
<b>Total liabilities</b>		<b>35,576,203</b>	<b>31,713,757</b>	<b>29,249,935</b>
<b>EQUITY</b>				
Share capital	24	2,398,825	2,398,825	2,398,825
Retained earnings		819,058	470,245	153,584
Reserves		414,026	288,404	158,234
<b>Total equity</b>		<b>3,631,909</b>	<b>3,157,474</b>	<b>2,710,643</b>
<b>Total liabilities and equity</b>		<b>39,208,112</b>	<b>34,871,231</b>	<b>31,960,578</b>

These financial statements were approved and authorised for issue by the Board of Directors on 27 March 2026.



**Sangeetha RAMKELAWON**  
Chief Executive Officer



**Othmane TAJEDDINE**  
Chairman and Director



**Mathieu MANDENG**  
Director - Board of Directors

The notes on pages 104 to 200 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2025

	Share capital	Reserves			Retained earnings/ accumulated losses	Total
		Statutory reserve	General banking reserve	Fair value reserve		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>Balance at 01 January 2023</b>	2,398,825	128,853	-	(23,397)	(74,308)	2,429,973
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	274,352	274,352
Other comprehensive income for the year	-	-	-	11,625	(5,307)	6,318
Transfer to statutory reserve	-	41,153	-	-	(41,153)	-
<b>Total comprehensive income for the year</b>	-	41,153	-	11,625	227,892	280,670
<b>At 31 December 2023</b>	2,398,825	170,006	-	(11,772)	153,584	2,710,643
<b>Balance at 01 January 2024</b>	2,398,825	170,006	-	(11,772)	153,584	2,710,643
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	433,526	433,526
Other comprehensive income for the year	-	-	-	12,398	907	13,305
Transfer to Statutory reserve	-	40,470	-	-	(40,470)	-
Transfer to General banking reserve on performing exposures	-	-	68,243	-	(68,243)	-
Transfer to General banking reserve on non-performing exposures	-	-	9,059	-	(9,059)	-
<b>Total comprehensive income for the year</b>	-	40,470	77,302	12,398	316,661	446,831
<b>At 31 December 2024</b>	2,398,825	210,476	77,302	626	470,245	3,157,474
<b>Balance at 01 January 2025</b>	2,398,825	210,476	77,302	626	470,245	3,157,474
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	465,907	465,907
Other comprehensive income for the year	-	-	-	497	8,031	8,528
Transfer to Statutory reserve	-	69,886	-	-	(69,886)	-
Transfer to General banking reserve on performing exposures	-	-	57,401	-	(57,401)	-
Transfer to General banking reserve on non performing exposures	-	-	(2,162)	-	2,162	-
<b>Total comprehensive income for the year</b>	-	69,886	55,239	497	348,813	474,435
<b>At 31 December 2025</b>	2,398,825	280,362	132,541	1,123	819,058	3,631,909

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024	2023
		Rs 000	Rs 000	Rs 000
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>		<b>540,928</b>	451,040	295,293
<b>Adjustments for:</b>				
- Depreciation and amortisation	15&16	<b>28,539</b>	33,455	36,433
- (Reversal of)/Allowance for credit impairment on financial assets	13(b)	<b>(56,203)</b>	82,205	68,998
- Profit on sale of property and equipment		-	(825)	(3,873)
- Net interest income	2	<b>(882,304)</b>	(844,157)	(671,744)
- Unrealised foreign exchange (gain)/loss		<b>(45,555)</b>	12,050	(28,447)
		<b>(414,595)</b>	(266,232)	(303,340)
<b>Changes in:</b>				
- Loans and advances to banks		<b>(1,170,088)</b>	(83,596)	(1,002,947)
- Loans and advances to customers		<b>706,127</b>	(1,700,245)	(137,048)
- Investment securities		<b>(727,225)</b>	(456,592)	(958,040)
- Other assets		<b>1,527,234</b>	686,293	31,465
- Deposits from banks		<b>(1,003,115)</b>	2,654,542	1,126,319
- Deposits from customers		<b>4,517,998</b>	1,269,088	4,444,388
- Provisions		<b>31,363</b>	(18,255)*	(7,819)*
- Other liabilities		<b>(1,470,915)</b>	(447,645)*	(207,604)*
		<b>1,996,784</b>	1,637,358	2,985,374
Interest received		<b>1,774,370</b>	1,791,647	1,441,759
Interest paid		<b>(934,330)</b>	(945,631)*	(680,558)*
Income tax paid		<b>(33,575)</b>	(21,025)	(868)
<b>Net cash generated from operating activities</b>		<b>2,803,249</b>	2,462,349*	3,745,707*
<b>Cash flows from investing activities</b>				
- Acquisitions of property and equipment		<b>(19,250)</b>	(12,844)	(8,701)
- Proceeds from sale of property and equipment		-	2,228	18,716
- Acquisitions of intangible assets		<b>(16,105)</b>	(8,835)	(37,832)
<b>Net cash used in investing activities</b>		<b>(35,355)</b>	(19,451)	(27,817)
<b>Cash flows from financing activities</b>				
- Proceeds from subordinated loans	22	-	115,563	384,696
- Proceeds from issue of borrowed funds	20	<b>1,013,838</b>	-	-
- Repayment of borrowed funds	20	-	(1,981,960)	(1,844,682)
- Payment on lease liabilities	15	<b>(12,566)</b>	(20,670)	(19,538)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,001,272</b>	(1,887,067)*	(1,479,524)*
<b>Net increase in cash and cash equivalents</b>		<b>3,769,166</b>	555,831	2,238,366
<b>Cash and cash equivalents at 01 January</b>		<b>8,452,253</b>	8,003,310	5,682,174
Effect of exchange rate fluctuations on cash and cash equivalents held		<b>228,373</b>	(106,888)	82,770
<b>Cash and cash equivalents at 31 December</b>		<b>12,449,792</b>	8,452,253	8,003,310

\* Prior year comparative figures have been amended to conform with current year's presentation. The changes in other liabilities and provision have been presented separately under cash flows from operating activities and the interest paid on lease liabilities have been reclassified from cash flows from financing activities to cash flows from operating activities

The notes on pages 104 to 200 form an integral part of these financial statements.

**04**



**NOTES TO  
FINANCIAL  
STATEMENTS**

**1. MATERIAL ACCOUNTING POLICIES****A) BASIS OF PREPARATION**

The financial statements of BCP Bank (Mauritius) Ltd (the "Bank"), have been prepared in accordance with the IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), in compliance with the Mauritius Companies Act, the Banking Act, the Financial Reporting Act 2004, and regulations and guidelines issued by the Bank of Mauritius. The Bank is primarily involved in corporate and retail banking.

The Bank's financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period that the assumptions changed. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(f).

**B) BASIS OF MEASUREMENT**

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

Items	Measurement basis
Equity securities at FVOCI	Fair value
Defined contribution pension plan	Fair value
Derivative financial instruments	Fair value

**C) BASIS OF ACCOUNTING**

The Bank's financial statements have been prepared on a going concern basis as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and potential impacts on the profitability, capital and liquidity of the Bank.

**D) FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are prepared in Mauritian rupees (Rs), which is the Bank's functional and presentation currency. Except when otherwise indicated, financial information presented in Mauritian rupees has been rounded to the nearest thousand.

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 recognized in the statement of profit or loss and other comprehensive income. Transactions denominated in foreign currencies are accounted for at the closing rate of exchange ruling at the date of the transaction.

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

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

## **E) CHANGES IN MATERIAL ACCOUNTING POLICIES**

### **NEW STANDARDS EFFECTIVE DURING THE CURRENT FINANCIAL PERIOD**

#### *1. Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*

The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.

*Assessing exchangeability: When to estimate a spot rate*

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

*Estimating a spot rate: Meeting the estimation objective*

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Bank has made an assessment of adopting this new standard and concluded that it did not have a significant impact on the Bank's financial statements.

### **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2025 and have not been applied in preparing these financial statements.

Those which may be relevant to the Bank are set out below. The Bank does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

#### *1. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures*

The amendments introduce an additional SPPI (solely payment of principal and interest) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG (environmental, social, and governance) target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The Bank is in the process of making an assessment of the impact on adoption of the amendments and do not expect any significant impact on its results of operations and financial position.

The effective date is financial periods beginning on or after 1 January 2026.

## **2. Annual Improvements to IFRS Accounting Standards – Amendments to:**

- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

### *IFRS 7 amendments*

The IASB amendments resolve inconsistencies in the wording and concepts between IFRS 7 and those in IFRS 9 and IFRS 13, in particular related to significant unobservable inputs into fair value measurement. The terminology in the illustrative example to IFRS 7 related to fair value disclosures has also been updated.

Further updates made to IFRS 7 were to remove obsolete references following the issue of IFRS 13.

The IASB has also clarified that the illustrative disclosure for fair value (included in the IFRS 7 implementation guidance) does not necessarily illustrate all the requirements in the relevant paragraphs of IFRS 7; and have simplified the explanation of the aspects of the disclosure that is not illustrated.

### *IFRS 9 amendments*

The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.

Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price.

The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.

If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases.

The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. However, the amendment does not address how to distinguish between derecognition and modification of a lease liability. The IASB has indicated that it may consider this issue as part of a future project.

Notes to the financial (Continued)

1. Material accounting policies (Continued)

e) Changes in material accounting policies (Continued)

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

*IFRS 10 amendments*

The IASB amendments resolve an inconsistency between paragraphs on the determination of whether other parties are acting as de facto agents. The amendments clarify that the relationship described is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

*IAS 7 amendments*

The IASB amendments replace the term 'cost method' with 'at cost'. The IASB had removed the definition of 'cost method' from IFRS Accounting Standards in May 2008 however, at that time, the IASB had not amended certain paragraphs of IAS 7.

The Bank is in the process of making an assessment of the impact on adoption of the amendments and do not expect any significant impact on its results of operations and financial position.

**3. IFRS 18 Presentation and Disclosure in Financial Statements**

The amendments apply for annual reporting periods beginning on or after 1 January 2027 with early adoption permitted.

IFRS 18 promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories being, operating, investing and financing activities, based on a company's main business activities. However, the company's net profit will not change.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

IFRS 18 also requires the disclosure of Management Performance Indicators ("MPMs") which are subject to audit. They are designed to capture some but not all 'non-GAAP' measures. The standard requires MPMs to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconciled to an amount determined under IFRS Accounting Standards. Furthermore, a company must state that it provides management's view of financial performance and is not necessarily comparable to those of other companies. Any changes or new MPMs must also be explained.

The Bank is in the process of making an assessment of the impact on adoption of the Amendments particularly with respect to the structure of statement of profit or loss and other comprehensive income, the statement of cash flows and the additional disclosure for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

## **F) USE OF JUDGEMENTS AND ESTIMATES**

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

### Determination of functional currency

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. The directors have considered those factors therein and have determined the functional currency of the Bank as Mauritian Rupees (Rs).

### Significant increase in credit risk

ECLs are measured as an allowance equal to 12-months ECL for stage 1 assets, or lifetime ECL for stage 2 and 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.

The Bank however describes in note 29(b), how it establishes the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection of approval of models used to measure ECL.

### Allowance for impairment on loans and advances

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 29(b).

At each reporting date, the Bank reviews individually all loans and advances classified in Stage 3 to assess whether an allowance for impairment should be recorded in the statements of profit or loss and other comprehensive income.

Significant judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank make significant judgement about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Detailed information about the significant judgement and estimates made by the Bank in the above areas is set out in note 29(b). The allowance for impairment on loans and advances is disclosed in more details in Note 13.

Notes to the financial (Continued)

1. Material accounting policies (Continued)

f) Use of judgements and estimates (Continued)

Employee benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost/(income) for pensions include the discount rate. The actuarial report determines the appropriate discount rate at the end of each year which is validated by the Bank. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Should there be a 1% increase in the future long-term salary increase assumption, there would be an increase in the retirement benefit obligation by Rs 53.2m and a 1% increase in discount rate would lead to a increase of Rs 26.4m in the retirement benefit obligation. Should there be a 1% decrease in the future long-term salary assumption, there would be a decrease in the retirement benefit obligation by Rs 29m and a 1% decrease in discount rate would lead to a increase of Rs 56.2m in the retirement benefit obligation.

Further details on the retirement benefit obligation have been disclosed in note 6(b).

Asset lives and residual values

The Bank reviews the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets 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.

Deferred tax

Deferred Tax is recognized to the extent that it is probable that future taxable income will be available against which unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. 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 benefit thereon. The outcome of their actual utilization may be different.

Measurement of fair value of financial instruments with significant unobservable inputs

The 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. Fair values should be first calculated with reference to observable inputs where these are available. Only where these are unavailable that the Bank employs less observable inputs. Unobservable inputs are used where observable or less observable input are unavailable. The fair value of securities not quoted in an active market may be determined by the Bank using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Bank would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision and contingencies

Provisions and contingencies are recognised in the financial statements when the Bank has a present obligation as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. A reliable estimate is required to be made. Management makes various assumptions to determine whether to recognise a provision and its amount thereafter. For potential litigation and claims, management relies on the advice of the Bank's legal and counsels.

## **G) MATERIAL ACCOUNTING POLICIES**

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

## **H) INTEREST INCOME AND EXPENSES**

### **1. Effective interest rate ('EIR')**

Interest income and expenses are recognized in the statement of profit or loss and other comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Other income and expense that are integral to the EIR on a financial asset or financial liability are included in the measurement of the effective interest rate.

When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECL.

The calculation of the EIR includes transaction costs and fees received that are integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue a financial asset or a financial liability.

### **2. Amortised cost and gross carrying amount**

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount using the EIR method and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance; the 'gross carrying amount of a financial liability' is the amortised cost of a financial liability.

Notes to the financial (Continued)

1. Material accounting policies (Continued)

h) Interest income and expenses (Continued)

### **3. Calculation of interest income and expense**

The EIR of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the financial asset.

#### **Presentation**

Interest income calculated under the EIR presented in the statement of profit or loss and other comprehensive income include Interest on financial assets measured at amortised cost.

Interest expense presented in the statement of profit or loss and other comprehensive income includes interest on financial liabilities measured at amortised cost.

Income and expense that are integral to the EIR on a financial asset or financial liability are included in the measurement of the effective interest rate and reported under net interest income.

### **I) FEES AND COMMISSION**

Fees and commission income relating mainly to transaction and service fees, card fees, credit-related fees, are recognized as the related services are performed.

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

Other fees and commission expenses are recognized based on the applicable service contracts as the related services are performed.

### **J) NET TRADING INCOME**

Profit arising from dealing in foreign currencies comprise of net gains on foreign exchange transactions.

### **K) NET(LOSS)/GAIN FROM FINANCIAL DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS**

Net (loss)/gain from financial derivatives at fair value through profit or loss includes all realised (expense)/income, and unrealised fair value changes arising on derivatives designated at fair value through profit or loss.

## L) LEASES

At inception of a contract, the Bank assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

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

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line within the "Other liabilities" caption note to the statement of financial position.

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

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

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfer's 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 within the "Property and equipment" caption note to the statement of financial position.

Notes to the financial (Continued)

1. Material accounting policies (Continued)

l) Leases (Continued)

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 'Property and equipment' policy.

Variable rents that do not depend on an index or rate, are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Operating lease expenses" in the statement of profit or loss and other comprehensive income (see note 7).

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 Bank has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**M) INCOME TAX**

Tax expense for the period includes current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is recognized in other comprehensive income or directly in equity, respectively.

*i) Current income tax assets and/or liabilities*

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are recoverable or unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

A Bank is liable to tax at the rate at 5% on the first Rs 1.5 bn of its chargeable income and at the rate of 15% above the Rs 1.5 bn.

*ii) Special Levy*

Special levy on banks was amended under the Finance Act 2018 and 2019 and is now governed under the VAT Act. Special levy on Banks having leviable income are calculated at the rate of 5.5% of net interest income and other income before deduction of expenses. Special levy is applicable on income derived from transactions with residents other than companies holding Global Business Licence. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

In January 2021, the Bank of Mauritius advised all Banks that the special levy should be treated as a tax expense. The Bank accounts for the special levy under IAS 12 Income Taxes (IAS 12). The special levy is charged to income tax expense in the statement of profit and loss and accounted under current tax liabilities in the statement of financial position.

*iii) Corporate Social Responsibility ("CSR")*

The Corporate Social Responsibility was legislated by the Government of Mauritius in July 2009. The Bank makes a statutory provision for CSR activities at the rate of 2% of chargeable income as per Income Tax Act 1995 Section 50L. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income arising from banking transactions with residents other than non-residents and companies holding a Global Business Licence, of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.

**iv) Corporate Climate Responsibility Levy (“CCR levy”)**

The Finance Act 2024, published on 27 July 2024, introduced the imposition of the CCR Levy, which is intended to support national efforts aimed at protecting, managing, investing in, and restoring Mauritius’ natural ecosystem, as well as addressing the impacts of climate change.

The CCR Levy applies to companies having a turnover exceeding MUR 50 million. For the purposes of assessing the relevance of the CCR Levy to a taxpayer, the term “turnover” has been defined as gross income, including exempt income derived from all sources.

The CCR Levy is applicable at the rate of 2% of a company’s chargeable income. Exempt income, as well as income falling outside the scope of taxation, is not included in a company’s chargeable income and will, hence, not be subject to the CCR Levy. The CCR Levy applies as from the year of assessment beginning 1 July 2024.

**v) Fair Share Contribution (“FSC”)**

In accordance with the Finance Act 2025, the Bank is subject to the fair share contribution (“FSC”) which will be applies for the period from 1 July 2025 to 30 June 2028. The Bank meets the statutory eligibility criteria of having annual supplies and a chargeable income, each exceeding MUR 24 million and is therefore within the scope of FSC.

Under the applicable rates for banking institutions, the Bank is liable to FSC at a rate of 5% of its chargeable income. In additions, the Bank is required to account for a supplementary FSC at a rate of 2.5% on its chargeable income arising specifically from transactions with residents (excluding transactions with global business entities). To ensure that the total tax burden remains equitable, the law provides for a relief mechanism whereby the aggregate amount of the FSC, income tax, CSR, CCR levy, special levy on banks shall not exceed 35% of the Bank’s chargeable income.

The FSC is declared and settled electronically on a quarterly basis. For the first three quarters, the Bank has elected to compute its FSC liability based on the actual results for each respective quarter. The fourth quarter return serves as a final reconciliation for the full 12-month accounting year, net of amounts already paid in respect of the preceding quarters.

**vi) Deferred income tax**

Deferred tax is provided for on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Deferred taxes have been computed at the appropriate rates taking into consideration the temporary differences arising from the Bank’s transactions with resident and non-resident persons.

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authorities.

## **N) FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### *i) Recognition and Initial measurement*

The Bank initially recognises loans and advances to banks and customers, deposits from banks and customers, borrowed funds, and other liabilities on the date on which they are originated. All other financial instruments (including regular way purchases and sales of and investment securities or any other financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument on initial recognition is generally its transaction price.

### *ii) Classification*

#### **Financial assets**

On initial recognition, a financial asset is classified and measured as either: Amortised Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has elected to measure its investment in equity shares at FVOCI.

No asset is recognised at FVTPL in the Bank's statement of financial position.

#### **→ Business model assessment**

The Bank makes an assessment of the objective of a business model in which asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- 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 or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's retail and corporate banking business comprises primarily of loans to customers that are held for collecting contractual cash-flows.

→ Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the following is considered:

- contingent events that would change the amount / timing of cash flows;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans to employees for which the Bank has the option to revise the interest rate upon termination of employment. These reset rights are limited to the market rate at the time of revision. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that takes into consideration the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

The Bank reclassifies debt instruments only when the business model for managing these assets changes. There were no changes during the year.

### **Financial liabilities**

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 its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

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

- Financial liabilities at fair value through profit or loss: this classification is applied to derivative financial instruments, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit and loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially in statement of profit or loss (the remaining amount of change in the fair value of the liability). This is applicable unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

As at reporting date, all of the Bank's financial liabilities are measured at amortised cost.

### *iii) Equity instruments*

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

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

As at reporting date, all of the Bank's investment in equity instruments are measured at FVOCI.

### *iv) Debt instruments*

Debt instruments are those instruments that generally meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Bank classifies its debt instruments into one of the following three categories:

- Amortised cost – Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as "Effective interest" under "Net interest income" using the EIR method. The carrying amount is adjusted by the cumulative ECL recognised.
- Fair value through other comprehensive income – This classification applies to financial assets which meet the SPPI test and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, ECL and foreign exchange gains and losses which are recognised within profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to "Net gain on instruments carried at fair value" in the statement of profit or loss. Interest income from these financial assets is included as "Effective interest" under "Net interest income" using the EIR method.
- Fair value through profit or loss – Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Subsequent gains and losses on these instruments are recognised in "Net (loss)/gain from financial derivatives at fair value through profit or loss" in profit or loss. The Bank may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognized as "Net (loss)/gain from financial derivatives at fair value through profit or loss" in the statement of profit or loss.

As at 31 December 2025, the Bank does not have any debt instruments measured at fair value through profit or loss.

*v) Derecognition of financial assets*

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or the Bank neither transfers nor retains substantially all of the risks and rewards of ownership nor it has retained control of the financial asset.

*vi) Derecognition of financial liabilities*

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or have expired.

*vii) Modification of financial assets and financial liabilities*

**Financial assets**

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency in which the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised costs or FVOCI does not result in derecognition of the financial asset, then the Bank first calculates the gross carrying amount of the financial asset using the original EIR of the asset and recognises the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified asset.

## **Financial liabilities**

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised costs of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the EIR on the instrument.

### *viii) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from group of similar transactions such as in the Bank's foreign exchange trading activities.

### *ix) Fair Value measurement*

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

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

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

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

Portfolios of financial assets and financial liabilities exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the EIR on the instrument.

#### *x) Impairment*

##### **Expected Credit Losses (ECL)**

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

- financial assets carried at amortised cost and FVOCI
- loan commitments issued
- financial guarantee contracts.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- financial assets on which credit risk has not increased significantly since their initial recognition (i.e. Stage 1); and
- debt investment securities that are determined to have low credit risk at the reporting date.

The Bank considers a debt instrument security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Bank does not apply the low credit risk exception to any other financial instruments.

12- months ECL is the portion of ECL that result from default events on a financial instrument which are possible within the 12 months after the reporting date. Financial instruments for which 12-months ECL is recognised are referred to as "Stage 1" financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2" financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as "Stage 3" financial instruments.

The Bank determines the movement in staging based on:

- a. Days Past Due (DPD) monitoring per account on a monthly basis as part of IFRS 9 workings to ensure DPD have improved in the following buckets:
  - Stage 1 - up to 30 days
  - Stage 2 - from 31 to 89 days
  - Stage 3 - 90 days and above.
- b. Interim review of credit files at regular intervals to determine if there have been deterioration or improvement in credit profile of customers.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Notes to the financial (Continued)

1. Material accounting policies (Continued)

n) Financial assets and financial liabilities (Continued)

viii) Fair Value measurement (Continued)

### Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date; as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows the Bank expects to receive

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit impaired (POCI) financial assets: the original EIR or an approximation thereof.
- POCI assets: a credit adjusted EIR
- Undrawn loan commitments: the EIR, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment.

### Mechanisms of the ECL calculation

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

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

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

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### **Restructured financial assets**

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

### **Credit-impaired financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (i.e. Stage 3 financial instruments). 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would otherwise not consider;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised costs: as a reduction from the gross carrying amount of the assets
- Loan commitments: generally, as a provision
- Where a financial instrument includes both a drawn and undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component. The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.
- Debt instruments measured at FVOCI; no loss allowance is recognised in the statement of financial position because their carrying amount is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

### **Write-offs**

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally 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. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "Reversal of/(Allowance for) credit impairment on financial assets" in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Notes to the financial (Continued)

1. Material accounting policies (Continued)

n) Financial assets and financial liabilities (Continued)

### **O) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include notes and coins on hand, balances held with the Central Bank and amounts due to or from other financial institutions which are short term, highly liquid with original maturities of three months or less from the acquisition date, and that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

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

### **P) DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments include forward foreign exchange contracts and currency swaps. These are initially recognised at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value. Gains or losses arising from change in fair value of the derivatives are included in the statement of profit or loss and other comprehensive income as net (loss)/gain from financial derivatives at fair-value through profit or loss. Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies.

Fair values of forwards involving Mauritian Rupees are based on treasury bills rate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately in profit or loss. The Bank's derivative transactions, while providing effective economic hedges under the Bank's Risk Management policies, do not qualify for hedge accounting under the specific rules of IFRS 9 and are, therefore treated as derivatives held for trading with fair value gains and losses reported in the statement of profit or loss and other comprehensive income.

## Q) INVESTMENT SECURITIES

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

- debt securities measured at amortised cost. These are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- equity investment securities designated at FVOCI.

For equity instruments measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

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

## R) PROPERTY AND EQUIPMENT

### *i) Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within “Other income” in the statement of profit or loss and other comprehensive income.

### *ii) Subsequent costs*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

### *iii) Depreciation*

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the statement of profit or loss and other comprehensive income.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of significant items of property and equipment are as follows:

Improvement to leasehold property	3-5 years
Computer equipment	3-5 years
Office equipment	3-5 years
Furniture, fixtures and fittings	5 years
Motor vehicles	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **S) INTANGIBLE ASSETS**

Intangible assets mainly comprise of software.

Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in the statement of profit or loss and other comprehensive income over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **T) IMPAIRMENT OF NON-FINANCIAL ASSETS**

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Banks of assets. An impairment loss is recognised if the carrying amount of an asset exceeds 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

### **U) DEPOSITS AND SUBORDINATED LIABILITIES**

Deposits and subordinated liabilities are the Bank's source of debt funding.

The Bank classifies capital instrument as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and subordinated debts liabilities are initially measured at fair value minus incremental direct transactions costs. Subsequently they are measured at their amortised cost under the effective interest method, except where the Bank designates liabilities at FVTPL.

## **v) INVESTMENT SECURITIES**

### Acceptances and letters of credit

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances and letters of credit are recognised in the accounts as off-balance sheet items and are disclosed as contingent liabilities and commitments.

### Financial guarantee contracts

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

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of:

- the allowance for impairment determined in accordance with IFRS 9; and
- the premium received on initial recognition less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

## **w) PROVISIONS**

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## **x) EMPLOYEE BENEFITS**

### *i) Defined contribution plan*

The Bank operate a defined contribution plan. A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations to defined contribution plans are expenses as the related service is provided and recognised as personnel expenses in statement of profit or loss and other comprehensive income.

### *ii) Retirement and other benefit obligations*

The present value of retirement gratuities under The Workers' Rights Act 2019 is recognised in the statement of financial position as a liability.

Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income on the net defined benefit liability or asset
- Remeasurement of the net defined benefit liability or asset

The Bank present the first two components of defined benefit costs in profit or loss in the line-item personnel expenses. Curtailment/settlement gains and losses are accounted for as past service costs.

### *iii) Preferential loans to employees*

The Bank grants loans to its employees at preferential rates. The interest rate on the loan reverts to market rate from the day the employee is no longer employed by the Bank.

### *iv) Termination benefits*

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or when the employee accepts voluntary redundancy in exchange of these benefits. The Bank recognises termination benefits at the earlier of the following dates:

- When the Bank can no longer withdraw the offer of those benefits;
- When the Bank recognises costs for a restructuring that is within the scope of IAS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **Y) SHARE CAPITAL AND RESERVES**

The Bank classifies instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

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

#### **Z) DIVIDEND POLICY**

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations and dividend payment has to comply to the requirements of the Guideline on Payment of Dividend issued by the Regulator.

#### **AA) SEGMENT REPORTING**

In accordance with the Bank of Mauritius Revised Guideline on Public Disclosure of information, the Bank's business has been split into resident and non-Resident. Non-resident is essentially directed to the provision of international financial services that gives rise to foreign source income. Such services may be fund based or non-fund based. Resident relates to banking business other than non-resident business. Expenditure incurred by the Bank, but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner.

#### **BB) OTHER CONTINGENT LIABILITIES**

In the ordinary course of its business, the Bank may be involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank record a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank take into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

IFRIC 23 – The Mauritius Revenue Authority (“MRA”) is of the view that the reverse charge mechanism applies to the Banking industry; however, there are still uncertainties on the applicability of this measure as at the reporting date.

Notes to the financial statements (Continued)

## 2. NET INTEREST INCOME

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
<b>Interest income*</b>			
Cash and cash equivalents	344,444	391,211	230,685 ***
Loans and advances to banks	357,667	327,050	308,381
Loans and advances to customers	948,408	998,079	856,691
Investment securities	151,602	125,263	71,934
<b>Total interest income</b>	<b>1,802,121</b>	<b>1,841,603</b>	<b>1,467,691 ***</b>
<b>Interest expense**</b>			
Cash and cash equivalents	(33)	(28)	- ***
Deposits from banks	(240,033)	(277,390)	(146,460)
Deposits from customers	(440,804)	(383,130)	(282,941)
Borrowed funds	(167,905)	(255,294)	(306,174)
Investment securities	(1,770)	(506)	(329)
Subordinated loan	(66,466)	(80,213)	(58,263)
Lease liabilities	(2,806)	(885)	(1,780)
<b>Total interest expense</b>	<b>(919,817)</b>	<b>(997,446)</b>	<b>(795,947) ***</b>
<b>Net interest income</b>	<b>882,304</b>	<b>844,157</b>	<b>671,744</b>

\* Interest income arises on financial assets measured at amortised cost, using the effective interest rate method.

\*\* Interest expense arises on financial liabilities measured at amortised cost.

\*\*\* Prior year comparative figures have been amended to conform with current year's presentation following a reclassification of negative interest expense on cash and cash equivalents to interest income.

The interest income from loans and advances to banks and customers, calculated and measured at effective interest rate, include non-refundable up-front fees on disbursed loans. This is recognised over the period for which the repayment of the syndicated loans are expected to effected. The weighted-average expected period at 31 December 2025 was 3.37 years.

### 3. NET FEE AND COMMISSION INCOME

	2025	2024	2023
	RS 000	Rs 000	Rs 000
<b>Fee and commission income</b>			
Service fees	8,315	8,206	7,727
Transactional	45,356	47,111	43,052
Credit-related fees – Guarantees	54,450	49,648	30,246
Cards	13,761	12,018	9,806
Other	68	1,754	564
<b>Total fee and commission income</b>	<b>121,950</b>	<b>118,737</b>	<b>91,395</b>
<b>Fee and commission expense</b>			
Interbank fees	(20,190)	(18,035)	(17,308)
Other	(4,355)	(3,927)	(6,000)
<b>Total fee expense</b>	<b>(24,545)</b>	<b>(21,962)</b>	<b>(23,308)</b>
<b>Net fee and commission income</b>	<b>97,405</b>	<b>96,775</b>	<b>68,087</b>

Fee and commission income from cards relates to fee income generated at a point in time as the Bank provides card transactions payment services. Transactional fees include principally remittance fees recognised at a point in time when the Bank executes remittances on behalf of Banking customers. Others include account maintenance fees, confirmation statement fees, cheque book fees and other service charges recognised at a point in time when the Bank provides the services to Banking customers.

### 4. NET TRADING INCOME & NET (LOSS)/GAIN FROM FINANCIAL DERIVATIVES

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Net trading income	82,525	91,491	64,826
Net gain/(loss) from financial derivatives at fair value through profit or loss	(8)	569	(879)
Net gain on dealing in foreign currencies and derivatives	82,517	92,060	63,947

### 5. OTHER INCOME

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Profit on sale of property and equipment	-	825	3,873
Other operating income	17	-	1,062
Other income	17	825	4,935

Notes to the financial statements (Continued)

## 6. PERSONNEL EXPENSES

(a) Personnel expenses

Wages and salaries  
Compulsory social security contributions  
Contribution in pension plan  
Increase in liability for pension plan  
Other personnel expenses

2025	2024	2023
RS 000	Rs 000	Rs 000
261,044	242,447	196,796
13,971	12,538	10,773
17,735	15,506	13,614
5,923	5,854	7,668
15,735	14,272	7,590
314,408	290,617	236,441

(b) Retirement benefit obligation

**Reconciliation of present value of retirement benefit obligation**

Balance at 01 January  
**Included in profit or loss**  
Current service cost  
Interest expense  
Curtailment/settlement loss on obligation

2025	2024	2023
RS 000	Rs 000	Rs 000
42,574	37,688	27,842
3,747	3,925	3,572
2,176	1,929	3,096
-	-	1,000
5,923	5,854	7,668

**Included in OCI**

Remeasurements (gain)/loss\*

(8,528)	(968)	5,688
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**Other**

Benefits paid

-	-	(3,510)
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-	-	(3,510)
---	---	---------

**Balance at 31 December (note 23(a))**

39,969	42,574	37,688
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\* Remeasurements (gain)/loss arises from:

Change in financial assumptions  
Change in experience

12,416	(845)	(11,068)
(3,888)	1,813	5,380
8,528	968	(5,688)

\*Deferred tax movement on retirement benefit obligation for the year ended 31 December 2025 is Rs 497k (2024: Rs 61k)

**Principal actuarial assumptions at the end of the year**

Discount rate  
Rate of salary increases  
Retirement age

2025	2024	2023
RS 000	Rs 000	Rs 000
5.89%	5.11%	5.91%
5%	5%	5%
65	65	65

**Sensitivity analysis on retirement benefit obligation at end of period**

1% increase in discount rate  
1% decrease in discount rate  
1% of increase in salary increase assumption  
1% of decrease in salary increase assumption  
Effect of changing longevity - rate up  
Effect of changing longevity - rate down

26,358	28,794	25,377
56,216	59,177	52,658
53,219	56,369	50,286
28,990	31,217	27,395
38,961	41,623	36,897
40,917	43,467	38,432

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the reporting period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

### FUTURE CASH FLOWS

The funding policy requires the Bank to make provision for all the required contributions, as determined by an actuarial report.

The weighted average duration of the defined benefit obligation is 16 years (2024 : 18 years)

Retirement Benefit Obligations have been calculated as per the requirements of IAS 19 Employee Benefits, local laws and regulations by an independent actuary, MUA Pension Ltd.

### FUND INVESTMENT

The contribution under the Bank's Pension Scheme are invested through Unit Linked Fund as per details below:

29% in Local Equity  
45% in Local Fixed Income  
24% in Foreign Investments  
2% in Liquidity

These defined contribution plans, through the fund investment, expose the Bank to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

## 7. OPERATING LEASES EXPENSES

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Operating lease expenses	32,587	5,282	6,846

During the financial year 2025, the Bank reassigned one of its site as operating lease. The leases typically run for periods up to 1 year. There were no restrictions placed upon the lessee by entering the leases. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term.

## 8. OTHER EXPENSES

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Software licensing and other IT costs	99,938	93,066	88,706
Professional fees	26,353	10,793	13,690
Other*	75,693	67,359	62,306
	201,984	171,218	164,702

\* Other includes third party service provider fees, management fees, insurance, maintenance charges, and marketing & communication costs that are not included under the professional fees or software licensing and other IT cost categories

## 9. INCOME TAXES

### (a) Amounts recognised in profit or loss

Current tax expense
Deferred tax expense/(credit)
Total income tax expense

2025	2024	2023
RS 000	Rs 000	Rs 000
68,358	22,460	18,025
6,663	(4,946)	2,916
75,021	17,514	20,941

### (b) Reconciliation of income tax

Profit before tax
Tax at statutory tax rate
Non-deductible expenses *
Non-taxable income **
Corporate Climate Responsibility Levy
Corporate social responsibility
Fair Share Contribution
Special levy on banks
Tax impact relating to differential tax rate
Deferred tax asset not recognised
Underprovision of current tax
Deferred tax movements
<b>Total income tax expense</b>

2025	2024	2023
RS 000	Rs 000	Rs 000
540,928	451,040	295,293
39,671	35,897	19,139
1,235	1,391	1,242
(26)	(55)	(259)
10,404	6,019	-
1,346	-	-
27,691	-	-
869	869	869
(11,749)	(7,269)	-
-	1,559	-
3,605	525	-
1,975	(21,422)	(50)
75,021	17,514	20,941

\* Non deductible expenses include net impairment loss on financial assets, increase in retirement benefit obligations.

\*\* Non taxable income include proceeds from sale of investment, gain on disposal of PPE.

**(c) Movement in Deferred tax balances**

Balance at 01 January  
(Charged)/credited to equity  
(Charged)/credited to profit or loss  
**Balance at 31 December**

**Deferred tax assets**

Allowance for loan losses  
Other

**Deferred tax liabilities**

Accelerated capital allowances

**Net deferred tax assets**

	2025	2024	2023
	RS 000	Rs 000	Rs 000
	69,864	64,979	67,514
	(497)	(61)	381
	(6,663)	4,946	(2,916)
	62,704	69,864	64,979
	57,974	65,121	61,144
	3,437	3,746	2,563
	61,411	68,867	63,707
	1,293	997	1,272
	62,704	69,864	64,979

**2025**

Balance at 01 January  
Property, Equipment and Software  
Allowance for loan losses  
Tax losses and Retirement Benefit Obligation

**Balance at 31 December**

**2024**

Balance at 01 January  
Property, Equipment and Software  
Allowance for loan losses  
Tax losses and Retirement Benefit Obligation

**Balance at 31 December**

**2023**

Balance at 01 January  
Property, Equipment and Software  
Allowance for loan losses  
Tax losses and Retirement Benefit Obligation

**Balance at 31 December**

**(d) Current tax liabilities**

Current tax liabilities (Incl Corporate Climate Responsibility & special levy)

	Total		
	Rs 000		
	69,864		
	296		
	(7,147)		
	(309)		
	62,704		
	64,979		
	(275)		
	3,977		
	1,184		
	69,864		
	67,514		
	(762)		
	1,158		
	(2,931)		
	64,979		
	2025	2024	2023
	RS 000	Rs 000	Rs 000
	46,256	22,882	18,025

Notes to the financial statements (Continued)

## 10. CASH AND CASH EQUIVALENTS

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Cash in hand	6,080	6,654	18,460
Foreign currency notes and coins	1,650	1,853	3,616
Balances with central bank*	1,122,245	1,223,709	2,112,377
Money market placements**	9,970,149	6,953,243	5,563,079
Balances with banks abroad**	1,349,668	266,794	305,778
	<b>12,449,792</b>	<b>8,452,253</b>	<b>8,003,310</b>

\* The 'Balances with central bank' include the mandatory restricted cash balance amounting to MUR 926M (2024: MUR 874M, 2023: MUR 797M).

\*\* Money market placements and balance with banks abroad include ECL amounting to MUR 2,414K (2024: MUR 5,224K, 2023: MUR 499K).

## 11. LOANS AND ADVANCES TO BANKS

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Loans and advances to banks			
- in Mauritius	694,735	480,949	48,238
- outside Mauritius	6,151,661	5,058,638	5,169,435
	<b>6,846,396</b>	<b>5,539,587</b>	<b>5,217,673</b>
Less: allowance for impairment	(59,280)	(67,158)	(22,528)
	<b>6,787,116</b>	<b>5,472,429</b>	<b>5,195,145</b>
<b>Remaining term to maturity</b>			
Up to 3 months	1,093,074	944,172	1,629,970
Over 3 months and up to 6 months	1,840,454	1,867,884	1,989,061
Over 6 months and up to 12 months	1,328,032	2,304,621	1,158,442
Over 1 year and up to 5 years	2,584,836	422,910	440,200
	<b>6,846,396</b>	<b>5,539,587</b>	<b>5,217,673</b>

**12. LOANS AND ADVANCES TO CUSTOMERS**

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Retail customers			
- Mortgages	2,899,323	2,752,439	2,692,907
- Other retail loans	446,278	453,061	388,700
Corporate customers	12,845,945	13,530,730*	11,448,505*
	<b>16,191,546</b>	16,736,230	14,530,112
Less: allowance for impairment	<b>(712,602)</b>	(784,724)	(988,733)
	<b>15,478,944</b>	15,951,506	13,541,379

\* The presentation has been changed to include loans and advances to entities outside Mauritius within corporate customers.

**Remaining term to maturity**

Up to 3 months	5,938,392	5,807,307	4,072,782
Over 3 months and up to 6 months	749,285	1,481,891	1,247,946
Over 6 months and up to 12 months	571,641	346,310	350,186
Over 1 year and up to 5 years	4,449,363	4,357,032	2,507,778
Over 5 years	4,482,865	4,743,690	6,351,420
	<b>16,191,546</b>	16,736,230	14,530,112

**Credit concentration of risk by industry sectors**

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Agriculture and fishing	592,358	597,625	392,582
Manufacturing	260,065	507,045	908,867
Tourism	514,505	621,146	880,449
Transport	1	-	4,551
Construction	2,962,947	2,783,692	2,766,297
Financial and business services	3,079,792	3,796,039	2,440,276
Traders	2,079,351	2,140,490	1,593,512
Personal	446,278	448,495	355,203
Professional	-	4,565	5,921
Global Business licence holders	3,215,665	2,613,434	2,354,594
Others	3,040,584	3,223,699	2,827,860
	<b>16,191,546</b>	16,736,230	14,530,112

Notes to the financial statements (Continued)

### 13. (REVERSAL OF)/ALLOWANCE FOR CREDIT IMPAIRMENT ON FINANCIAL ASSETS

	Individual allowances for impairment	Collective allowances for impairment	Total
	Rs 000	Rs 000	Rs 000
<b>(a) Movement in allowance for impairment</b>			
<b>At 1 January 2023</b>	671,549	273,188	944,737
(Reversal)/charge for the year	122,772	(53,528)	69,244
<b>At 31 December 2023</b>	794,321	219,660	1,013,981
Charge for the year	(124,813)	(23,288)	(148,101)
<b>At 31 December 2024</b>	<b>669,508</b>	<b>196,372</b>	<b>865,880</b>
Charge for the year	<b>(41,825)</b>	<b>(43,307)</b>	<b>(85,132)</b>
<b>At 31 December 2025</b>	<b>627,683</b>	<b>153,065</b>	<b>780,748</b>

#### (b) (Reversal of)/allowance for credit impairment on financial assets

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Collective allowance for impairment (Note 13(a))	<b>(43,307)</b>	(23,288)	(53,528)
Individual allowances for credit impairment on loans and advances (Note 13(a))	<b>(41,825)</b>	(124,813)	122,772
Foreign exchange changes	<b>6,668</b>	(24,944)	(1,363)
Recovered amount	<b>(117)</b>	(8)	(2)
Write offs	<b>22,378</b>	255,258	1,119
	<b>(56,203)</b>	82,205	68,998

#### (c) Allowance for credit impairment by industry sectors - Loans and advances to banks and customers

	2025					2024	2023
	Gross amount of loans	Impaired loans	Individual allowances for credit impairment	Collective allowances for impairment	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Agriculture and fishing	592,358	390	-	2,934	2,934	3,683	5,787
Manufacturing	260,065	52,397	52,397	406	52,803	55,170	204,944
Tourism	514,505	-	-	4,198	4,198	5,593	14,032
Transport	1	-	-	-	-	-	4,551
Construction	2,962,947	125,104	37,803	5,253	43,056	86,788	49,256
Banks	6,846,396	-	-	59,280	59,280	67,158	22,528
Financial and business services	3,079,792	-	-	27,803	27,803	29,033	27,156
Traders	2,079,351	2,678	2,088	6,286	8,374	18,397	45,622
Personal	446,278	100,398	60,231	617	60,848	51,414	129,843
Professional	-	-	-	-	-	3,035	3,087
Global business licence holders	3,215,665	-	-	12,925	12,925	11,939	73,496
Others	3,040,584	489,014	475,164	24,497	499,661	519,672	430,959
	<b>23,037,942</b>	<b>769,981</b>	<b>627,683</b>	<b>144,199</b>	<b>771,882</b>	<b>851,882</b>	<b>1,011,261</b>

**14. INVESTMENT SECURITIES**

	2025	2024	2023
	RS 000	Rs 000	Rs 000
Investment securities	<b>3,950,598</b>	3,165,440	2,625,111
<b>Held at fair value through OCI:</b>			
Government of Mauritius bonds	-	-	987,541
Bank of Mauritius notes	-	-	299,179
Treasury bills	-	-	732,775
Bank of Mauritius bills	-	-	454,080
Equity shares	<b>3,032</b>	2,370	2,282
<b>Held at amortised cost:</b>			
Government of Mauritius bonds	<b>1,553,357</b>	1,079,900	-
Bank of Mauritius notes	-	301,704	-
Treasury bills	<b>2,093,499</b>	1,481,679	-
Corporate bond	<b>301,502</b>	301,385	151,401
Less: allowance for impairment	<b>(792)</b>	(1,598)	(2,147)
	<b>3,950,598</b>	3,165,440	2,625,111

**15. PROPERTY AND EQUIPMENT**

	Right-of- use- asset						Total
	Leasehold property	Improvement to leasehold property	Computer equipment	Office equipment	Furniture, fixtures & fittings	Motor vehicles	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	
<b>Cost</b>							
Balance at 01 January 2023	116,810	29,683	123,870	19,302	7,967	4,494	302,126
Additions	1,290	4,083	1,814	171	-	2,647	10,005
Write-off	-	-	-	(15)	-	-	(15)
Disposal	-	(2,611)	(11,769)	(1,866)	(204)	(2,265)	(18,715)
Scrapped assets	-	(3,424)	(46)	(1,914)	(2,044)	-	(7,428)
Balance at 31 December 2023	118,100	27,731	113,869	15,678	5,719	4,876	285,973
Balance at 01 January 2024	118,100	27,731	113,869	15,678	5,719	4,876	285,973
Additions	503	-	2,631	393	-	3,427	6,954
Work in progress	-	6,393	-	-	-	-	6,393
Disposal	-	-	-	-	-	(2,228)	(2,228)
Scrapped assets	-	(408)	-	(251)	(225)	-	(884)
Balance at 31 December 2024	118,603	33,716	116,500	15,820	5,494	6,075	296,208
<b>Balance at 01 January 2025</b>	<b>118,603</b>	<b>33,716</b>	<b>116,500</b>	<b>15,820</b>	<b>5,494</b>	<b>6,075</b>	<b>296,208</b>
<b>Additions</b>	<b>152,481</b>	<b>2,303</b>	<b>1,464</b>	<b>882</b>	<b>1,404</b>	<b>234</b>	<b>158,768</b>
<b>Work in progress</b>	<b>-</b>	<b>12,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,963</b>
<b>Discontinuations</b>	<b>(93,239)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93,239)</b>
<b>Balance at 31 December 2025</b>	<b>177,845</b>	<b>48,982</b>	<b>117,964</b>	<b>16,702</b>	<b>6,898</b>	<b>6,309</b>	<b>374,700</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at 01 January 2023	73,176	26,339	120,333	18,740	7,842	4,494	250,924
Depreciation for the year	18,653	2,525	2,459	286	113	495	24,531
Write-off	-	-	-	(1)	-	-	(1)
Disposal	-	(2,390)	(11,769)	(1,854)	(204)	(2,265)	(18,482)
Scrapped assets	-	(3,424)	(46)	(1,914)	(2,044)	-	(7,428)
Balance at 31 December 2023	91,829	23,050	110,977	15,257	5,707	2,724	249,544
Balance at 01 January 2024	91,829	23,050	110,977	15,257	5,707	2,724	249,544
Depreciation for the year	18,870	1,504	2,168	314	12	1,788	24,656
Disposal	-	-	-	-	-	(2,228)	(2,228)
Scrapped assets	-	(408)	-	(251)	(225)	-	(884)
Balance at 31 December 2024	110,699	24,146	113,145	15,320	5,494	2,284	271,088
<b>Balance at 01 January 2025</b>	<b>110,699</b>	<b>24,146</b>	<b>113,145</b>	<b>15,320</b>	<b>5,494</b>	<b>2,284</b>	<b>271,088</b>
<b>Depreciation for the year</b>	<b>13,635</b>	<b>2,178</b>	<b>1,852</b>	<b>496</b>	<b>321</b>	<b>2,259</b>	<b>20,741</b>
<b>Discontinuations</b>	<b>(93,239)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93,239)</b>
<b>Balance at 31 December 2025</b>	<b>31,095</b>	<b>26,324</b>	<b>114,997</b>	<b>15,816</b>	<b>5,815</b>	<b>4,543</b>	<b>198,590</b>
<b>Carrying amounts</b>							
Balance at 31 December 2023	26,271	4,681	2,892	421	12	2,152	36,429
Balance at 31 December 2024	7,904	9,570	3,355	500	-	3,791	25,120
<b>Balance at 31 December 2025</b>	<b>146,750</b>	<b>22,658</b>	<b>2,967</b>	<b>886</b>	<b>1,083</b>	<b>1,766</b>	<b>176,110</b>

Included in the above items are right of use assets recognised as at 31 December, over the following:

**Right-of-use asset**

Non-current asset

Office building

2025	2024	2023
Rs 000	Rs 000	Rs 000
177,845	118,603	118,100

**Lease liabilities - Carrying amount**

As at 01 January 2025 - Effect of adoption of IFRS 16 (refer to accounting policy)

Additions

Payments on lease liabilities \*

**As at 31 December 2025**

Rs 000	Rs 000	Rs 000
8,336	28,503	46,751
152,481	503	1,290
(12,566)	(20,670)	(19,538)
148,252	8,336	28,503

**Amount recognised in profit or loss for the year ended 31 December 2025**

Depreciation expense on right-of-use assets

Interest expense on lease liabilities

**Total amount recognised in profit or loss**

Rs 000	Rs 000	Rs 000
13,635	18,870	18,653
2,806	885	1,780
16,441	19,755	20,433

\* The payment on lease liabilities for the year ended 31 December 2024 amounted to Rs 20,670k.

## 16. INTANGIBLE ASSETS

**Cost**

**Balance at 01 January**

Additions

Work in progress

Write-off

**Balance at 31 December**

2025	2024	2023
Rs 000	Rs 000	Rs 000
292,150	283,315	246,368
844	7,051	6,282
15,261	1,784	31,550
-	-	(885)
308,255	292,150	283,315

**Accumulated amortisation**

**Balance at 01 January**

Amortisation for the year

**Balance at 31 December**

**Net book value**

**Balance at 31 December**

241,423	232,624	220,722
7,798	8,799	11,902
249,221	241,423	232,624
59,034	50,727	50,691

Notes to the financial statements (Continued)

## 17. OTHER ASSETS

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Accounts receivable and prepayments	79,595	50,814	265,107
Restricted balances with Central Bank	13,444	13,444	13,444
Other receivables	150,775	1,619,634	2,164,983
	<b>243,814</b>	<b>1,683,892</b>	<b>2,443,534</b>

The expected credit losses on financial instruments reported under other assets is not material.

## 18. DEPOSITS FROM BANKS

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Deposits	6,356,546	7,177,100	4,315,294
Current accounts	5,834	16,823	2,037
Time deposit with remaining term to maturity			
Up to 3 months	4,894,891	5,136,491	2,871,280
Over 3 months and up to 6 months	753,558	1,086,679	717,526
Over 6 months and up to 12 months	-	937,107	724,451
Over 1 year and up to 5 years	702,263	-	-
	<b>6,350,712</b>	<b>7,160,277</b>	<b>4,313,257</b>

## 19. DEPOSITS FROM CUSTOMERS

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Deposits	22,867,512	18,067,007	16,158,503
<b>Retail customers</b>			
Current accounts	1,857,241	1,530,266	1,044,884
Savings accounts	1,617,820	1,459,003	1,466,564
	<b>3,475,061</b>	<b>2,989,269</b>	<b>2,511,448</b>
Time deposits with remaining term to maturity			
- Up to 3 months	855,628	681,216	347,487
- Over 3 months and up to 6 months	262,719	218,961	208,686
- Over 6 months and up to 12 months	921,254	999,223	1,123,953
- Over 1 year and up to 5 years	555,032	473,289	506,504
	<b>2,594,633</b>	<b>2,372,689</b>	<b>2,186,630</b>
<b>Corporate customers</b>			
Current accounts	9,956,886	7,313,370	7,243,975
Savings accounts	12,441	9,540	101,248
	<b>9,969,327</b>	<b>7,322,910</b>	<b>7,345,223</b>
Time deposits with remaining term to maturity			
- Up to 3 months	3,241,295	4,106,090	2,391,712
- Over 3 months and up to 6 months	2,785,464	691,762	266,950
- Over 6 months and up to 12 months	761,825	217,139	349,905
- Over 1 year and up to 5 years	39,907	367,148	1,106,635
	<b>6,828,491</b>	<b>5,382,139</b>	<b>4,115,202</b>

**20. BORROWED FUNDS**

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
<b>Borrowed funds</b>	<b>4,664,387</b>	<b>3,577,978</b>	<b>5,305,982</b>
Remaining term to maturity			
- Up to 3 months	-	97,970	980,200
- Over 3 months and up to 6 months	832,073	247,479	1,225,250
- Over 6 months and up to 12 months	772,075	5,911	1,477,943
- Over 1 year and up to 5 years	3,060,239	3,226,618	1,622,589
	<b>4,664,387</b>	<b>3,577,978</b>	<b>5,305,982</b>
<b>(Proceeds from issue)/repayment of borrowed funds</b>			
Gross opening balance	3,577,978	5,305,982	6,882,728
Less : Gross closing balance	(4,664,387)	(3,577,978)	(5,305,982)
Effect of exchange rate fluctuations	72,571	253,956	267,936
Cash flows (from)/used in financing activities	<b>(1,013,838)</b>	<b>1,981,960</b>	<b>1,844,682</b>

Borrowed funds are inclusive of a 9 m€ borrowing with a financial institution, which is subject to the bank complying with financial covenants.

**21. DERIVATIVE FINANCIAL INSTRUMENTS**

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Derivative financial liability	-	(177)	(746)

Derivative financial liability includes mainly foreign exchange forward contracts and currency swaps. These are initially recognized at fair value on the date the derivative contracts are entered into and subsequently remeasured at their fair values. Fair values of derivatives between two currencies are based on interest rate differential between the two currencies. Fair values of forwards are based on treasury bills rate or LIBOR prevailing at reporting date.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss.

**22. SUBORDINATED LIABILITIES****Subordinated loan**

Remaining term to maturity

- Over 3 months and up to 6 months
- Over 6 months and up to 12 months
- Over 1 year and up to 5 years
- Over 5 years

2025	2024	2023
Rs 000	Rs 000	Rs 000
914,583	932,305	854,208
16,123	18,739	-
1,561	1,725	-
896,899	706,025	-
-	205,816	854,208
914,583	932,305	854,208

**Proceeds from issue of subordinated loans**

Gross opening balance

Less : Gross closing balance

Effect of exchange rate fluctuations

Cash flows (from)/used in financing activities

2025	2024	2023
Rs 000	Rs 000	Rs 000
932,305	854,208	464,654
(914,583)	(932,305)	(854,208)
(17,722)	(37,466)	4,858
-	(115,563)	(384,696)

As at the reporting date, the Bank has contracted 2 subordinated loans of USD 10m and USD 8m, which are expected to mature in December 2029 and June 2030 respectively. The interest rate applicable is within the range of 7%-8%.

**23. OTHER LIABILITIES AND PROVISIONS****(a) Other Liabilities**

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Retirement benefit obligations	39,969	42,574	37,688
Creditors and accruals	229,649	263,687	242,175
Lease liabilities	148,252	8,336	28,503
Other liabilities	202,737	1,546,762	2,195,607
	<b>620,607</b>	<b>1,861,359*</b>	<b>2,503,973*</b>

6(b)

**Lease liabilities analysis**

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
<b>Current</b>	<b>31,678</b>	<b>3,468</b>	<b>20,564</b>
<b>Non current</b>	<b>116,574</b>	<b>4,868</b>	<b>7,939</b>
	<b>148,252</b>	<b>8,336</b>	<b>28,503</b>
<b>Maturity analysis:</b>			
Year 1	31,926	3,468	20,564
Year 2	30,556	3,624	3,303
Year 3 to Year 5	85,770	1,244	4,636
	<b>148,252</b>	<b>8,336</b>	<b>28,503</b>

**(b) Provisions**

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
<b>Current</b>	<b>106,312</b>	<b>74,949</b>	<b>93,204</b>
<b>Provisions analysis:</b>			
<b>Opening balance</b>	<b>74,949</b>	<b>93,204</b>	<b>101,023</b>
Provisions made during the year	181,895	152,285	147,695
Provisions utilized during the year	(92,169)	(120,005)	(153,329)
Provisions reversed during the year	(7,657)	(10,689)	(2,185)
Provisions reclassified to other liabilities	(50,706)	(39,846)	-
<b>Closing balance</b>	<b>106,312</b>	<b>74,949</b>	<b>93,204</b>

The provisions are based on expenses for the year ended 31 December 2025 which is expected to be paid in the year 2026. There is uncertainty about the timing of the outflows of economic benefits.

\* Prior year comparative figures have been amended to conform with current year's presentation with respect to changes being made to other liabilities and provision to present separately.

## 24. SHARE CAPITAL

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
<b>Authorised and fully paid up ordinary share capital</b>			
<b>At 01 January &amp; 31 December</b>	<b>2,398,825</b>	2,398,825	2,398,825
<b>Number of shares</b>			
<b>At 01 January &amp; 31 December</b>	<b>3,091,098</b>	3,091,098	3,091,098

The issued capital comprises of fully paid ordinary shares at no par value.

The holder of ordinary shares is entitled to receive dividend and entitled to one vote per share at shareholder's meetings of the Bank.

## 25. RESERVES

Nature and purpose of reserves

### FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value through OCI, until the assets are derecognised or impaired.

### STATUTORY RESERVE

Statutory reserve represents accumulated transfers from retained earnings in accordance with relevant local banking legislations. These reserves are not distributable.

### GENERAL BANKING RESERVE

This represents the amounts set aside by the Bank as appropriation of earnings, for unforeseeable risks and future loss, in accordance with the Bank of Mauritius' macro-prudential matters.

## 26. CATEGORIES OF FINANCIAL INSTRUMENT

The table on the next page summarises the carrying amount and approximate fair values of the Bank's financial assets and liabilities. It also illustrates the financial assets and liabilities on the Bank's financial position which are not measured at fair value.

The fair value of these financial assets and liabilities approximate their carrying amounts because they comprise of financial instruments which are liquid, have a short-term maturity, are linked to prime lending rate, do not have specific maturity, or are granted at a variable rate.

	Fair value through OCI	Fair value through profit or loss	At amortised cost	Carrying Amount	Fair Value
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>2025</b>					
<b>Assets</b>					
Cash and cash equivalents	-	-	12,449,792	12,449,792	12,449,792
Loans and advances to banks	-	-	6,787,116	6,787,116	6,787,116
Loans and advances to customers	-	-	15,478,944	15,478,944	15,478,944
Investment securities	3,032	-	3,947,566	3,950,598	3,950,598
Other assets	-	-	123,991	123,991	123,991
	<b>3,032</b>	<b>-</b>	<b>38,787,409</b>	<b>38,790,441</b>	<b>38,790,441</b>
<b>Liabilities</b>					
Deposits from banks	-	-	6,356,546	6,356,546	6,356,546
Deposits from customers	-	-	22,867,512	22,867,512	22,867,512
Borrowed funds	-	-	4,664,387	4,664,387	4,664,387
Subordinated liabilities	-	-	914,583	914,583	914,583
Provisions	-	-	106,312	106,312	106,312
Other liabilities	-	-	620,607	620,607	620,607
	<b>-</b>	<b>-</b>	<b>35,529,947</b>	<b>35,529,947</b>	<b>35,529,947</b>
<b>2024</b>					
<b>Assets</b>					
Cash and cash equivalents	-	-	8,452,253	8,452,253	8,452,253
Loans and advances to banks	-	-	5,472,429	5,472,429	5,472,429
Loans and advances to customers	-	-	15,951,506	15,951,506	15,951,506
Investment securities	2,370	-	3,163,070	3,165,440	3,165,440
Other assets	-	-	1,683,892	1,683,892	1,683,892
	<b>2,370</b>	<b>-</b>	<b>34,723,150</b>	<b>34,725,520</b>	<b>34,725,520</b>
<b>Liabilities</b>					
Deposits from banks	-	-	7,177,100	7,177,100	7,177,100
Deposits from customers	-	-	18,067,007	18,067,007	18,067,007
Borrowed funds	-	-	3,577,978	3,577,978	3,577,978
Derivative financial instruments	-	177	-	177	177
Subordinated liabilities	-	-	932,305	932,305	932,305
Provisions	-	-	74,949	74,949	74,949
Other liabilities	-	-	1,861,359	1,861,359	1,861,359
	<b>-</b>	<b>177</b>	<b>31,690,698</b>	<b>31,690,875</b>	<b>31,690,875</b>
<b>2023</b>					
<b>Assets</b>					
Cash and cash equivalents	-	-	8,003,310	8,003,310	8,003,310
Loans and advances to banks	-	-	5,195,145	5,195,145	5,195,145
Loans and advances to customers	-	-	13,541,379	13,541,379	13,541,379
Investment securities	2,475,857	-	149,254	2,625,111	2,625,111
Other assets	-	-	2,443,534	2,443,534	2,443,534
	<b>2,475,857</b>	<b>-</b>	<b>29,183,368</b>	<b>31,808,479</b>	<b>31,808,479</b>
<b>Liabilities</b>					
Deposits from banks	-	-	4,315,294	4,315,294	4,315,294
Deposits from customers	-	-	16,158,503	16,158,503	16,158,503
Borrowed funds	-	-	5,305,982	5,305,982	5,305,982
Derivative financial instruments	-	746	-	746	746
Subordinated liabilities	-	-	854,208	854,208	854,208
Provisions	-	-	93,204	93,204	93,204
Other liabilities	-	-	2,503,973	2,503,973	2,503,973
	<b>-</b>	<b>746</b>	<b>29,231,164</b>	<b>29,231,910</b>	<b>29,231,910</b>

**27. CONTINGENCIES****(a) Commitments**

Undrawn credit facilities

2025	2024	2023
Rs 000	Rs 000	Rs 000
<b>4,292,901</b>	2,533,281	2,349,228

**(b) Contingent liabilities**

Acceptances on account of customers

Guarantees on account of customers

Letters of credit and other obligations on account of customers

Foreign exchange contracts

2025	2024	2023
Rs 000	Rs 000	Rs 000
<b>150,998</b>	-	56,729
<b>1,288,460</b>	933,675	1,188,730
<b>882,458</b>	1,213,445	898,534
-	19,634	391,445
<b>2,321,916</b>	2,166,754	2,535,438

**28. RELATED PARTIES**

Related parties comprise individuals and entities that, directly or indirectly, have the ability to control the Bank or exercise significant influence over its financial and operational decisions, as defined under IAS 24. Related parties also include fellow subsidiaries within the BCP group of companies. The table below lists the balances and transactions with related parties, measured in accordance with the material accounting policies set out in Note 1 and classified under the respective line items.

		2025	2024	2023
	Nature of relationship	Rs000	Rs 000	Rs 000
<b>Balances at year end:</b>				
Placements with banks (Note a)	Holding company	7,720	1,026,856	4,225,920
Loans and advances (Note a)	Holding company	-	-	55,260
	Related companies*	332,947	-	170,855
	Key management personnel	65,839	71,635	25,360
ECL on Loans and advances	Related companies*	5,683	-	-
	Key management personnel	102	-	-
Deposits (Note b)	Related companies*	5,006,187	6,404,274	4,080,883
	Key management personnel	45,704	44,287	37,077
Cash and cash equivalents	Holding company	897,959	1,026,859	3
	Related companies*	182,248	247,823	394,208
Borrowed funds (Note b)	Holding company	490,398	569,791	594,270
	Related companies*	2,075,687	2,098,745	2,350,321
Subordinated liabilities	Related companies*	914,583	932,305	854,208
<b>Transactions during the year:</b>				
Income/(Loss) from Swap	Holding company	575	(165)	2,928
Income/(loss) from foreign exchange transactions	Holding company	8,457	(1,751)	153,005
	Related companies*	510	(1,227)	502
Interest expense	Holding company	14,854	15,634	17,217
	Related companies*	371,900	481,936	391,972
	Key management personnel	1,294	1,159	962
Interest Income	Holding company	22,566	60,420	145,252
	Related companies*	18,101	7,691	16,902
	Key management personnel	1,866	1,495	610
Fee and commission income	Related companies*	251	75	1,085
Fee and commission expense	Related companies*	5,032	6,005	4,310
Technical assistance	Holding company	178	4,185	3,445
	Related companies*	4,850	-	-
Management fee expense	Holding company	10,316	10,630	12,041

In addition, none of the credit facilities granted to the related parties were non-performing as at 31 December 2025.

Note a: All loans and advances and placements to banks to related parties are interest-bearing.

Note b: All borrowed funds and deposits taken from related parties are interest-bearing.

\* Related companies are fellow subsidiaries within the BCP Group.

Notes to the financial statements (Continued)

28. Related parties (Continued)

**Terms and conditions of transactions with related parties.**

All balances with related parties were unsecured.

The related party transactions were carried out under market terms and conditions, except for loans granted to key management personnel, who benefited from preferential rates applicable to staff of the Bank. Credit facilities granted to related parties are secured, except for credit cards, short-term loans, and other immaterial facilities.

**Key management personnel compensation**

Key management personnel compensation comprises the following:

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Short-term employee benefits (excluding remuneration and benefits paid to directors)	52,475	57,987	48,309
Directors remuneration and benefits	15,219	13,133	11,891
Post-employment benefits	4,111	3,486	2,961
	<b>71,805</b>	74,606	63,161

Compensation of the Bank's key management personnel includes salaries and contributions to the post-employment retirement plan.

**29. FINANCIAL RISK REVIEW**

The Risk Management framework and policies set out the requirements for effective surveillance of risks, including the identification, assessment, measurement, monitoring, managing, and reporting of risks, and requirements for the effective management of capital.

The principal risks arising from financial instruments to which the Bank is exposed include credit risk, liquidity risk, market risk and operational risk.

**(a) RISK MANAGEMENT FRAMEWORK AND GOVERNANCE STRUCTURE**

The Bank adopt the 3-lines of defence governance model, and it aims at promoting transparency, accountability and consistency through the clear identification and segregation of risks.

Governance committees are held at both the Board and Management level which have clearly stipulated directives and delegated authorities that are reviewed regularly. The Board oversees and ensures adequate risk management across the Bank and delegates specific duties to sub committees for a scrutiny of the risk management process. The composition and function of these committees, at Board and Management level, are described in the Corporate Governance Report.

The Committees with oversight on Risk management are:

At Board Level	At Management Level
<ul style="list-style-type: none"> <li>• Risk Management Committee (RMC)</li> <li>• Audit Committee (AC)</li> <li>• Credit Committee (CC)</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Committee (RC)</li> <li>• Credit Committee (CC)</li> <li>• Provision, Watchlist and Arrears Committee</li> <li>• Treasury Committee</li> <li>• Assets and Liability Committee (ALCO)</li> <li>• Compliance Committee</li> <li>• Organizational &amp; Information System Committee</li> </ul>

## **(b) CREDIT RISK**

Credit risk is the risk of loss arising out of failure of client counterparties to meet their financial or contractual obligations when due. Credit risk is composed of counterparty risk and concentration risk. The Bank's credit risk comprises mainly of financial institution, corporate and retail loans and advances, together with the counterparty credit risk arising from off-balance sheet commitments entered into with the Bank's clients and market counterparties.

The Bank manages credit risk through:

- maintaining a strong culture of responsible lending and a robust risk policy and control framework;
- identifying, assessing and measuring credit risk clearly and accurately across the Bank, from the level of individual facilities up to the total portfolio;
- defining, implementing and continually re-evaluating our risk appetite under actual and stress conditions;
- monitoring the Bank's credit risk relative to limits; and
- ensuring that there is expert scrutiny and independent approval of credit risks and their mitigation.

The primary governance committees overseeing credit risk are the Bank's Credit Committee and the BCP Group Credit Committees, responsible for credit risk and concentration risk decision-making, and delegation thereof to credit officers and committees within defined parameters. The Bank has adopted the standardised approach for credit risk.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the time factor. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

## CREDIT PORTFOLIO ANALYSIS – CREDIT QUALITY

### Loan and advances to banks

Total neither past due nor credit impaired  
 Total

2025	2024	2023
Rs 000	Rs 000	Rs 000
6,846,396	5,539,587	5,217,673
6,846,396	5,539,587	5,217,673

### Loan and advances to customers

Total neither past due nor credit impaired  
 Past due but not credit impaired  
 due up to 30 days  
 31-90 days  
 91-180 days  
 Total past due but not credit impaired

2025	2024	2023
Rs 000	Rs 000	Rs 000
14,573,662	15,222,450	13,065,907
382,322	125,824	141,815
90,173	578,807	75,919
375,449	4,756	201,699
847,944	709,387	419,433

Individually impaired

769,940	804,393	1,044,772
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### Investment Securities

Total neither past due nor credit impaired  
 Total

2025	2024	2023
Rs 000	Rs 000	Rs 000
3,951,390	3,167,038	2,627,259
3,951,390	3,167,038	2,627,259

## CREDIT PORTFOLIO ANALYSIS – ALLOWANCE FOR IMPAIRMENT

### Loan and advances to banks

Maturity less than 3 months  
 Maturity more than 3 months  
 Accrued interest  
 Total allowance for impairment - Collective

2025	2024	2023
Rs 000	Rs 000	Rs 000
2,414	5,224	499
59,280	67,158	22,528
-	-	74
61,694	72,382	23,101

### Loan and advances to customers

Allowance for impairment  
 Individual  
 Collective  
 Total allowance for impairment - individual and collective\*

2025	2024	2023
Rs 000	Rs 000	Rs 000
627,683	669,508	794,321
84,919	115,216	194,412
712,602	784,724	988,733

### Investment Securities

Total allowance for impairment - Collective

2025	2024	2023
Rs 000	Rs 000	Rs 000
792	1,598	2,147

\*The allowance for impairment for the year 2025 on Off-balance sheet items amounts to MUR 5,659K (2024: MUR 7,176K; 2023: MUR 12,565K)  
 Note: Money market placements and balance with banks abroad include ECL amounting to MUR 2,414K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)

## LOANS AND ADVANCES MODIFIED

Renegotiated loans and advances are exposures which have been refinanced, rescheduled, rolled over or otherwise modified following weaknesses in the counterparty's financial position.

### Loans and advances to customers

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Gross carrying amount	12,470	14,654	132,197
<i>Out of which fully impaired</i>	1,900	612	6,959
Allowance for impairment	(228)	(956)	(2,284)
Net carrying amount	12,242	13,698	129,913

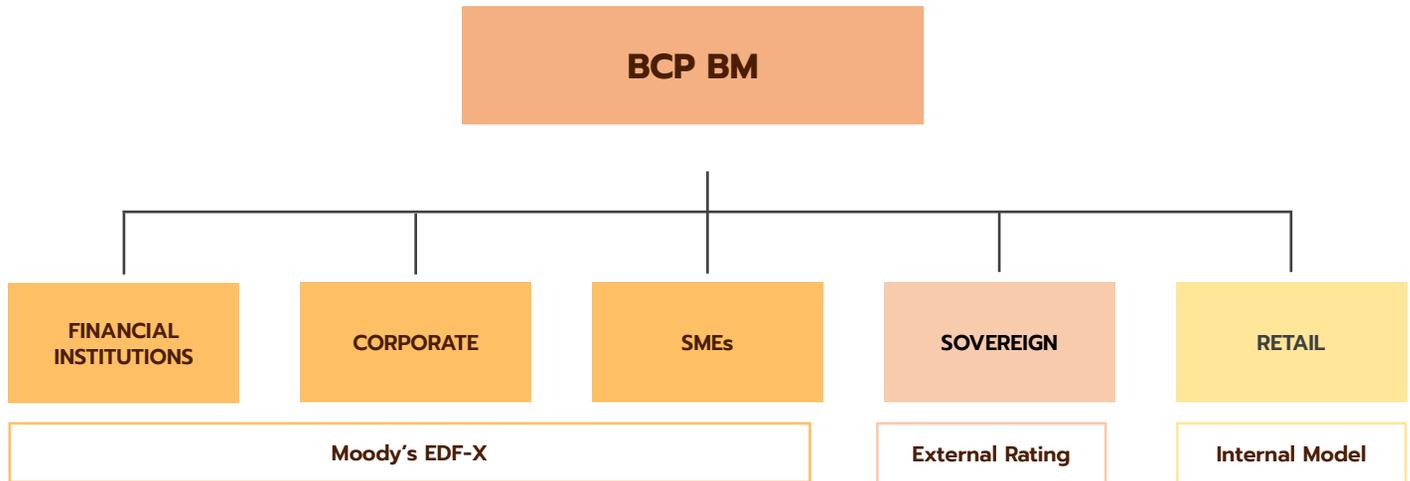
### Loans and advances to customers

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Financial assets modified during the year			
Gross carrying amount	1,510	4,763	4,646

None of the modifications in financial assets during the year resulted into a net modification gain or loss.

## CREDIT PORTFOLIO ANALYSIS - BY RISK GRADE

The Bank's credit portfolio can be categorised into 5 main market segments mainly Financial Institution, Corporates, Small & Medium Enterprises (SMEs), Sovereign and Retail for the purpose of credit risk grading and probability of default estimation. The following illustrates the approach adopted by the Bank.



The Bank uses Moody's EDF-X tool as the credit rating model to assess and analyse the credit risk of borrowers within the Financial Institutions, Corporate and SMEs segments. The model uses both qualitative and quantitative information to internally rate our customers, whereby the rating scale ranges between Aaa to C. The lowest risk grade being Aaa and the highest Ca/C. The credit quality of the Bank's sovereign exposures is assessed based on the external credit rating provided by either Moody's, S&P or Fitch, and is aligned to the external risk grading principle of the BoM Guideline on Standardised Approach to Credit Risk.

Internal Rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Moody's equivalent Rating	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit portfolio analysis-by risk grade (Continued)

The Bank has reviewed its ECL framework since FY2024 and also changed the internal grading model for non-retail clients. The Bank replaced the tool "Outil de Notation International" (ONI) and upgraded to Moody's EDF-X.

**Loans and advances to banks**

	<b>2025</b>
	<b>Rs 000</b>
<b>Outstanding Exposure</b>	
Grade 1-4	-
Grade 5-7	139,714
Grade 8-10	925,835
Grade 11-13	1,491,029
Grade 14-16	4,092,521
Grade 17-21	197,297
Grade X (impaired)	-
No credit grading	-
<b>Total gross amount</b>	<b>6,846,396</b>
<b>Allowance for impairment (collective)</b>	<b>(59,280)</b>
<b>Net carrying amount</b>	<b>6,787,116</b>
<b>Off-balance sheet</b>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	-
Grade 11-13	-
Grade 14-16	673,832
Grade 17-21	22,516
Grade X (impaired)	-
No credit grading	345,940
<b>Total exposure</b>	<b>1,042,288</b>

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit portfolio analysis-by risk grade (Continued)  
 Loans and advances to banks (Continued)

**Loans and advances to banks\***

	2024
	Rs 000
Outstanding Exposure	
Grade 1-4	-
Grade 5-7	896,601
Grade 8-10	942,314
Grade 11-13	1,521,263
Grade 14-16	1,982,869
Grade 17-21	196,540
Grade X (impaired)	-
No credit grading	-
Total gross amount	5,539,587
Allowance for impairment (collective)	(67,158)
Net carrying amount	5,472,429
 Off-balance sheet	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	-
Grade 11-13	-
Grade 14-16	110,512
Grade 17-21	96,943
Grade X (impaired)	-
No credit grading	-
Total exposure	207,455
	2023
	Rs 000
Outstanding Exposure	
Grade 0-4	103,498
Grade 5-7	5,114,175
Grade 8-9	-
Grade X (impaired)	-
No credit grading	-
Total gross amount	5,217,673
Allowance for impairment (collective)	(22,528)
Net carrying amount	5,195,145
 Off-balance sheet	
Grade 0-4	-
Grade 5-7	655,757
Grade 8-9	-
Grade X (impaired)	-
No credit grading	-
Total exposure	655,757

\* Includes only loans and advances to banks with a maturity of up to 3 months and greater than 3 months.

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit portfolio analysis-by risk grade (Continued)

**Loans and advances to customers**

	2025
	Rs 000
<b><u>Non-Retail Customers</u></b>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	1,163,334
Grade 11-13	9,474,047
Grade 14-16	1,576,801
Grade 17-21	-
Grade X (impaired)	14,443
No credit rating	567,683
<b><u>Retail Customers</u></b>	
Grade 0-4	62,049
Grade 5-7	3,035,242
Grade 8-9	79,636
Grade X	218,310
No credit grading	-
Total gross amount	16,191,546
Allowance for impairment (individual and collective) *	(712,602)
Net carrying amount	15,478,944
<b>Off-balance sheet</b>	
<b><u>Non-Retail Customers</u></b>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	805,591
Grade 11-13	4,184,455
Grade 14-16	419,302
Grade 17-21	-
Grade X (impaired)	-
No credit rating	25,496
<b><u>Retail Customers</u></b>	
Grade 0-4	809
Grade 5-7	135,951
Grade 8-9	600
Grade X	325
No credit grading	-
Total exposure	5,572,529

\* The allowance for impairment for the year 2025 on Off-balance sheet items amounts to MUR 5,659K (2024: MUR 7,176K; 2023: MUR 12,565K)

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 2,414K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit portfolio analysis-by risk grade (Continued)  
 Loans and advances to customers (Continued)

Loans and advances to customers

	2024
	Rs 000
<u>Non-Retail Customers</u>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	1,220,841
Grade 11-13	9,115,155
Grade 14-16	2,560,036
Grade 17-21	-
Grade X (impaired)	557,210
No credit rating	25,995
 <u>Retail Customers</u>	
Grade 0-4	99,041
Grade 5-7	2,809,904
Grade 8-9	100,865
Grade X	247,183
No credit grading	-
Total gross amount	16,736,230
Allowance for impairment (individual and collective) *	(784,724)
Net carrying amount	15,951,506
 Off-balance sheet	
<u>Non-Retail Customers</u>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	144,309
Grade 11-13	4,106,542
Grade 14-16	14,870
Grade 17-21	-
Grade X (impaired)	125
No credit rating	248
 <u>Retail Customers</u>	
Grade 0-4	907
Grade 5-7	205,020
Grade 8-9	600
Grade X	325
No credit grading	-
Total exposure	4,472,946

\*The allowance for impairment for the year 2024 on off-balance sheet items amounts to MUR 7,176K

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit portfolio analysis-by risk grade (Continued)  
 Loans and advances to customers (Continued)

	2023
	Rs 000
Grade 0-4	7,596,374
Grade 5-7	5,757,706
Grade 8-9	131,260
Grade X (impaired)	1,044,772
No credit grading	-
Total gross amount	<u>14,530,112</u>
Allowance for impairment (individual and collective)	<u>(988,733)</u>
Net carrying amount	<u><u>13,541,379</u></u>
Off-balance sheet	
Grade 0-4	2,511,499
Grade 5-7	1,324,526
Grade 8-9	1,313
Grade X (impaired)	125
No credit grading	-
Total exposure	<u><u>3,837,463</u></u>

\*The allowance for impairment for the year 2023 on Off-balance sheet items amounts to MUR 12,565K

## CREDIT QUALITY ANALYSIS

	2025					
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	
	12-month PD ranges	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
<b>Loans and advances to banks at amortised cost</b>						
Grade 1-4		-	-	-	-	-
Grade 5-7	0.17 - 0.17	139,714	-	-	-	139,714
Grade 8-10	0.30 - 0.66	925,835	-	-	-	925,835
Grade 11-13	1.12 - 2.46	1,491,030	-	-	-	1,491,030
Grade 14-16	2.50 - 7.86	4,092,521	-	-	-	4,092,521
Grade 17-21	8.73 - 8.87	197,297	-	-	-	197,297
Grade X (impaired)		-	-	-	-	-
No credit grading		-	-	-	-	-
Gross carrying amount		6,846,396	-	-	-	6,846,396
Allowance for impairment		(59,280)	-	-	-	(59,280)
Carrying amount		6,787,116	-	-	-	6,787,116

### Loans and advances to customers at amortised cost

#### Non-Retail Customers

Grade 1-4		-	-	-	-	-
Grade 5-7		-	-	-	-	-
Grade 8-10	0.66 - 2.46	1,163,334	-	-	-	1,163,334
Grade 11-13	0.66 - 1.72	9,474,040	7	-	-	9,474,047
Grade 14-16	2.50 - 5.41	1,574,996	1,805	-	-	1,576,801
Grade 17-21		-	-	-	-	-
Grade X (impaired)		-	-	14,443	-	14,443
No credit grading		30,473	23	537,187	-	567,683

#### Retail Customers

Grade 0-4	0.48	62,049	-	-	-	62,049
Grade 5-7	0.48	3,015,935	19,307	-	-	3,035,242
Grade 8-9	0.48	64,705	14,931	-	-	79,636
Grade X		-	-	218,310	-	218,310
No credit grading		-	-	-	-	-
Gross carrying amount		15,385,533	36,072	769,940	-	16,191,546
Allowance for impairment*		(84,196)	(722)	(627,683)	-	(712,602)
Carrying amount		15,301,337	35,350	142,257	-	15,478,944

\* The allowance for impairment for the year 2025 on Off-balance sheet items amounts to MUR 5,659K (2024: MUR 7,176K; 2023: MUR 12,565K)

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 2,414K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Credit quality analysis (Continued)

	2024					
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	12-month PD ranges	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
Loans and advances to banks at amortised cost						
Grade 1-4		-	-	-	-	-
Grade 5-7	0.10 - 0.10	896,601	-	-	-	896,601
Grade 8-10	0.45 - 0.45	942,314	-	-	-	942,314
Grade 11-13	1.12 - 1.72	1,521,263	-	-	-	1,521,263
Grade 14-16	2.50 - 5.63	1,982,869	-	-	-	1,982,869
Grade 17-21	8.73 - 8.73	196,540	-	-	-	196,540
Grade X (impaired)		-	-	-	-	-
No credit grading		-	-	-	-	-
Gross carrying amount		5,539,587	-	-	-	5,539,587
Allowance for impairment		(67,158)	-	-	-	(67,158)
Carrying amount		5,472,429	-	-	-	5,472,429
Loans and advances to customers at amortised cost						
<u>Non-Retail Customers</u>						
Grade 1-4		-	-	-	-	-
Grade 5-7		-	-	-	-	-
Grade 8-10	0.30 - 0.45	1,220,841	-	-	-	1,220,841
Grade 11-13	0.66 - 1.72	9,078,150	37,005	-	-	9,115,155
Grade 14-16	2.50 - 5.63	2,538,694	21,342	-	-	2,560,036
Grade 17-21		-	-	-	-	-
Grade X (impaired)		-	-	557,210	-	557,210
No credit grading		25,949	46	-	-	25,995
<u>Retail Customers</u>						
Grade 0-4	1.39	99,041	-	-	-	99,041
Grade 5-7	1.39	2,795,668	14,236	-	-	2,809,904
Grade 8-9	1.39	87,773	13,092	-	-	100,865
Grade X		-	-	247,183	-	247,183
No credit grading		-	-	-	-	-
Gross carrying amount		15,846,116	85,721	804,393	-	16,736,230
Allowance for impairment*		(108,433)	(6,783)	(669,508)	-	(784,724)
Carrying amount		15,737,683	78,938	134,885	-	15,951,506

\* The allowance for impairment for the year 2024 on off-balance sheet items amounts to MUR 7,176K

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit quality analysis (Continued)

	2023					
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	12-month PD ranges	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
Loans and advances to banks at amortised cost						
Grade 0-4	0-0.01	103,498	-	-	-	103,498
Grade 5-7	0-0.01	5,061,319	52,856	-	-	5,114,175
Grade 8-9	0-0.01	-	-	-	-	-
Grade X (Credit-impaired)	100	-	-	-	-	-
Gross carrying amount		5,164,817	52,856	-	-	5,217,673
Allowance for impairment		(22,528)	-	-	-	(22,528)
Carrying amount		5,142,289	52,856	-	-	5,195,145
Loans and advances to customers at amortised cost						
Grade 0-4	0.01-0.32	7,581,760	14,614	-	-	7,596,374
Grade 5-7	0.01-0.55	5,348,073	409,633	-	-	5,757,706
Grade 8-9	0.02-0.67	117,250	14,010	-	-	131,260
Grade X (Credit-impaired)	100	-	-	1,044,772	-	1,044,772
Gross carrying amount		13,047,083	438,257	1,044,772	-	14,530,112
Allowance for impairment*		(184,263)	(10,149)	(794,321)	-	(988,733)
Carrying amount		12,862,820	428,108	250,451	-	13,541,379

\* The allowance for impairment for the year 2023 on Off-balance sheet items amounts to MUR 12,565K

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)

### CREDIT PORFOLIO ANALYSIS - BY MARKET

The Bank has reviewed its ECL framework during FY2024, and has consequently re-assessed the categories of the homogenous market segments accordingly.

	2025			
	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks at amortised cost				
Banks and Credit Institutions	6,846,396	-	-	6,846,396
Allowance for impairment	(59,280)	-	-	(59,280)
Carrying amount	6,787,116	-	-	6,787,116
Off-balance sheet (loan commitments)				
Banks and Credit Institutions	1,042,288	-	-	1,042,288
Total	1,042,288	-	-	1,042,288
	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Corporates	11,740,178	16	551,630	12,291,825
SME	38,085	1,819	-	39,904
Banks and Credit Institutions	464,579	-	-	464,579
Retail	3,142,690	34,237.21	218,310.35	3,395,238
	15,385,533	36,072	769,940	16,191,546
Allowance for impairment*	(84,196)	(722)	(627,683)	(712,602)
Carrying amount	15,301,337	35,350	142,257	15,478,944
Off-balance sheet (loan commitments)				
Corporates	4,097,257	-	-	4,097,257
SME	1,800	-	-	1,800
Banks and Credit Institutions	1,335,786	-	-	1,335,786
Retail	137,361	-	325	137,686
Total	5,572,204	-	325	5,572,529
Investment securities				
Corporate bond	3,951,390	-	-	3,951,390
Allowance for impairment	(792)	-	-	(792)
Carrying amount	3,950,598	-	-	3,950,598

\* The allowance for impairment for the year 2025 on off-balance sheet items amounts to MUR 5,659K (2024: MUR 7,176K; 2023: MUR 12,565K)  
 Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)  
29. Financial risk review (Continued)  
(b) Credit risk (Continued)  
Credit portfolio analysis - by market (Continued)

	2024			
	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to banks at amortised cost</b>				
Banks and Credit Institutions	5,539,587	-	-	5,539,587
Allowance for impairment*	(67,158)	-	-	(67,158)
Carrying amount	5,472,429	-	-	5,472,429
<b>Off-balance sheet (loan commitments)</b>				
Banks and Credit Institutions	207,455	-	-	207,455
Total	207,455	-	-	207,455
<b>Loans and advances to customers at amortised cost</b>				
Corporates	11,790,855	54,080	534,051	12,378,986
SME	41,431	4,313	23,159	68,903
Banks and Credit Institutions	1,031,348	-	-	1,031,348
Retail	2,982,482	27,328	247,183	3,256,993
Allowance for impairment*	15,846,116	85,721	804,393	16,736,230
Carrying amount	(108,433)	(6,783)	(669,508)	(784,724)
Carrying amount	15,737,683	78,938	134,885	15,951,506
<b>Off-balance sheet (loan commitments)</b>				
Corporates	2,976,629	1,717	125	2,978,471
SME	5,200	-	-	5,200
Banks and Credit Institutions	1,282,424	-	-	1,282,424
Retail	206,526	-	325	206,851
Total	4,470,779	1,717	450	4,472,946
<b>Investment securities</b>				
Corporate bond	3,164,668	-	-	3,164,668
Allowance for impairment	(1,598)	-	-	(1,598)
Carrying amount	3,163,070	-	-	3,163,070

\* The allowance for impairment for the year 2024 on off-balance sheet items amounts to MUR 7,176K

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Credit portfolio analysis - by market (Continued)

	2023
	Rs 000
	Total
Loans and advances to banks at amortised cost	
Banks and Credit Institutions	5,217,673
Allowance for impairment*	(22,528)
Carrying amount	5,195,145
Off-balance sheet (loan commitments)	
Banks and financial Institutions	655,757
Total	655,757
	Rs 000
	Total
Loans and advances to customers at amortised cost	
Corporates	10,392,456
Retail	389,571
Banks and Credit Institutions	967,011
Mortgages	2,781,074
	14,530,112
Allowance for impairment*	(988,733)
Carrying amount	13,541,379
Off-balance sheet (loan commitments)	
Corporates	2,925,769
Retail	40,307
Banks and Credit Institutions	814,061
Mortgages	57,326
Total	3,837,463
Investment securities	
Corporate bond	151,401
Allowance for impairment	(2,147)
Carrying amount	149,254

\* The allowance for impairment for the year 2023 on off-balance sheet items amounts to MUR 12,565K

The Bank assesses its credit portfolio with regards to ECL from a market segmentation perspective, thereby grouping counterparties by homogeneity in the context of probability of default. As for the loss given default, the estimates are dependent on the type of collateral security underpinning the credit exposure.

## EXPECTED CREDIT LOSS MEASUREMENT

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

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Bank;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired;
- Please refer to Part (1) of ‘Expected credit loss measurement’ of the present note for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”. Please refer to Part (2) of ‘Expected credit loss measurement’ of the present note for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis respectively. Please refer to Part (3) of ‘Expected credit loss measurement’ of the present note for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Part (4) of ‘Expected credit loss measurement’ of the present note includes an explanation of how the Bank has incorporated this in its ECL models.

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

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

## 1) Determining Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The Bank uses the following criteria for determining whether there has been a significant increase in credit risk at each reporting date:

- Forbearance status: a customer is considered to be in forbearance if the latter has at least one "modified loan" which is generally a quantitative indicator of SICR.
- Monitoring of customers in the Watch List (WL): The purpose of the WL meetings is to review the main performing files that require a particular follow-up (presence of unpaid bills or overruns, alerts on the account, contagion for customers belonging to the same group, decommissioning doubtful).
- As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the allowance for impairment on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate "good behaviour" to provide evidence that its credit risk has declined sufficiently. The probation period is aligned to the new BoM Guideline on Guideline on Classification, Provisioning and Write-off of Credit Exposures.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by annual reviews to confirm that:

- the criteria is capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria does not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in allowance for impairment from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

## 2) Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

### Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

### Qualitative criteria

The borrower meets “unlikelihood to pay” criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower’s financial difficulty
- It is becoming probable that the borrower will enter bankruptcy

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with the macro prudential rules issued by the Bank of Mauritius (BoM).

## 3) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Expected credit loss measurement (Continued)

3) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

### Key assumptions for Stage 1 and Stage 2

The ECL is determined by projecting the PD, LGD and EAD by market segment as set out in Note 29 (b) Credit Portfolio analysis by market and are applied on a contract basis. The three components are multiplied together to arrive at the ECL. The key assumptions for PD, LGD and EAD are described below, taking into consideration any limitations as regards data used.

#### *Probability of default*

The probability of default (PD) can be defined as a measure of the likelihood that a borrower will not be able to repay their debt obligations within a specific time frame. The PD is one of the key parameters used in the computation of Expected Credit Losses (ECL) and the estimates reflect the credit profile of the borrower based on both quantitative and qualitative factors. Under IFRS 9, PD estimates shall change as borrowers move through economic cycle. Hence, for ECL calculation Point in Time (PIT) PDs are used which are reflective of current economic conditions and do not contain adjustment for prudence.

The Bank uses Moody's EDF-X tool as internal credit rating model to assess and analyse the credit risk of borrowers within the Financial Institutions, Corporate and SMEs segments. EDF-X provides both an internal rating grade and a PD estimate for each borrower based a combined score of quantitative and qualitative inputs. All the PD estimates generated by EDF-X include point-in-time adjustment to incorporate forward-looking information. The forward-looking view of risk aligning with the market's current assessment of the credit cycle and is updated monthly for private companies and daily for publicly listed firms. A qualitative overlay is also applied via a combination of qualitative company and industry factors with quantitative risk measures for a more comprehensive score. The final PD estimates are capped to the sovereign rating of the underlying borrower. The Bank's retail portfolio is a homogenous group of clients exhibiting relatively similar credit risk profile. As such, the Bank has built an Observed Default Rate PD model based on historical defaults of borrowers in retail portfolio over the past years. As for the PD estimation of the Bank's sovereign exposures, same is assessed based on the external credit rating provided by either Moody's, S&P or Fitch, and is aligned to the external risk grading principle of the BoM Guideline on Standardised Approach to Credit Risk. The minimum PD floor as per Basel is applied across all market segments.

Lifetime PDs are estimated for borrowers classified as Stage 2 with contracts having a remaining maturity of more than 12 months. The PD over a long time period is correlated with the likelihood of default over a shorter time period. Hence, the estimate of lifetime PDs starting with a 12-month PD may be performed by assuming a flat term structure. A common simplifying assumption is that a Hazard Rate (Credit Curve) of the credit risk process has a flat Term Structure, which means that the Marginal Default Probability on any given future year (conditional on survival) is the same as the first year.

Thus, under this assumption, we can estimate the lifetime PD based on the function  $PD_T = 1 - (1 - PD_1)^T$ .

### *Exposure at Default*

The EAD considers the current outstanding amounts of the loan book at the reporting date and loan commitments (off-balance sheet items which include trade financing facilities, undrawn credit facilities amongst others).

For loan commitments, the EAD is estimated by considering the current drawn balance at the reporting date and adjusting it with a "Credit Conversion Factor (CCF)" which allows for the expected drawdown of the remaining limit by the time of default. This CCF are in line with the BoM requirements. In estimating the Lifetime PD, the EAD at the reporting date will be considered as the EAD throughout the lifetime of the credit facility.

### *Loss given Default*

The Loss Given Default (LGD) can be defined as the percentage exposure at risk that will likely not be recovered if a borrower defaults on their debt obligations. The estimates are dependent on the type of collateral security underpinning the credit exposure. The Bank's LGD framework for performing exposures has been aligned to Basel guidance by adopting the predefined LGD estimates based on the type of collateral.

### Key assumptions for Stage 3

Credit-impaired assets, as defined earlier, are subject to individual assessment (which also factors in forward-looking information from a more holistic perspective).

As part of the individual assessment, the Bank determines the expected shortfall between contractual cash flows and expected cash flows. Expected cash flows are either in the form of short term and long-term payments (obtained from discussions with the client or the existence of financial forecasts for corporates) and cash flows to be generated from the foreclosure of collateral (usually fixed and or floating charges). These cash flows are together discounted at the contractual rate, which approximates the Effective Interest Rate. The discounts applied in estimating value from foreclosure are as per the requirement of the BoM Guidelines.

The ECL is then determined as the difference between the EAD at the reporting date and the expected cash flows to be received, discounted for time value of money.

The Bank of Mauritius has released in August 2024, a new revised Guideline on Classification, Provisioning and Write-off of Credit Exposures with an effective date as from 30th September 2024. The Bank has consequently reviewed its framework in line with the requirements of the new Guideline.

#### 4) Forward-looking information incorporated in the ECL models

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The PD estimates provided by Moody's EDF-X tool incorporate a forward-looking view of risk, aligning with the market's current assessment of the credit cycle which is updated regularly. The macro-economic variables considered include among others the impact of GDP and inflation.

Impairment provision under IFRS 9 is referred to as Expected Credit Loss (ECL) because it is determined based on the estimated expectation of an economic loss of asset under consideration. IFRS 9 provides a forward-looking approach laying out the requirement for making provision based on the expectation of credit losses even at the initial recognition of assets.

The major factors involved in the calculation of ECL are:

- Exposure at Default (EAD) – For any asset for which ECL is getting calculated, EAD represents the projected credit risk exposure at any given point of time;
- Probability of Default (PD) – This represents the projected possibility of default with respect to any asset;
- Loss Given Default (LGD) – This represents a projected economic loss to the company in case of default happens with respect to any asset. Existence of collateral and their valuation play an important role in the computation of this factor for any asset;
- Post model overlay – The risks to global economic outlook remaining tilted to the downside. Consequently, the Bank has incorporated a post model overlay in the ECL framework to capture the lack of visibility and prevailing uncertainties. Management shall continue to proactively assess the evolution and recalibrate its ECL provisioning accordingly;
- The general formula for calculating the Expected Loss is defined as follows:  $EL = EAD \times PD \times FLI \times LGD$ ; and
- The Bank's ECL model is a general approach referred to as a two-stage approach because of the impact of changes in credit risk over the period of the asset on the ECL calculation. The major feature in this approach is determining the requirement for 12 months ECL or lifetime ECL by analysing whether there is a significant increase in the credit risk of an asset or not.

In determining whether there is a significant increase in credit risk or not, the following details have been analysed relating to the asset/receivable accounts which are under consideration for ECL:

- Any fluctuations with respect to external market indicators such as cost of debt or equity;
- Existence of any adverse changes in operational/economic situations;
- Any fluctuations with respect to internal value indicators including negative changes in credit rating;
- Fluctuations in the market value of the collateral held or changes in the repayment pattern;
- Major decline in the operating results; and
- Defaults in payments.

## 5) Allowance for impairment

The following tables show reconciliations from the opening to the closing balance of the allowance for impairment by class of financial instrument. Comparative amounts for 2025, 2024 and 2023 represent the allowance account for credit losses and reflect the measurement basis under IFRS 9.

	2025				2024	2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total	Total	Total
<b>Loans and advances to banks at amortised cost</b>						
Balance at 01 January	67,158	-	-	67,158	22,528	24,202
New financial assets purchased	35,829	-	-	35,829	17,071	8,934
Financial assets repaid	(21,859)	-	-	(21,859)	(6,902)	-
Net remeasurement of allowance for impairment	(21,848)	-	-	(21,848)	34,461	(10,608)
Balance at 31 December	59,280	-	-	59,280	67,158	22,528
Adjustment for BoM Guidelines *	13,052	-	-	13,052	-	-
<b>Loans and advances to customers at amortised cost</b>						
Balance at 01 January	108,433	6,783	669,508	784,724	988,733	917,453
Transfer to Stage 1	6,660	(6,452)	(208)	-	-	-
Transfer from Stage 3	97	-	(97)	-	-	-
New financial assets purchased	2,698	-	-	2,698	16,974	22,068
Write-offs	-	-	(18,941)	(18,941)	(255,258)	(1,119)
Financial assets repaid	(13,188)	(0.12)	-	(13,188)	(5,852)	(830)
Net remeasurement of allowance for impairment	(20,504)	391	(22,579)	(42,691)	40,127	51,161
Balance at 31 December	84,196	722	627,683	712,602	784,724	988,733
Adjustment for BoM Guidelines *	90,234	-	-	90,234	75,111	-
<b>Investment securities at amortised cost</b>						
Balance at 01 January	1,598	-	-	1,598	2,147	-
New financial assets purchased	-	-	-	-	836	2,147
Foreign exchange and other movements	(806)	-	-	(806)	-	-
Net remeasurement of allowance for impairment	-	-	-	-	(1,385)	-
Balance at 31 December	792	-	-	792	1,598	2,147
Adjustment for BoM Guidelines *	6,745	-	-	6,745	5,937	-

\* The Bank also computes specific provision and general provisions in line with the requirements of the Bank of Mauritius Guideline on Classification, Provisioning and Write-Off of Credit exposures which is effective since September 2024.

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Expected credit loss measurement (Continued)  
 5) Allowance for impairment (Continued)

According to the new BoM Guideline on Classification, Provisioning and Write-off of Credit Exposures, the Bank is required to provide for credit exposures under prudential norms – General Provisions for performing credit exposures and Specific Provisions for non-performing credit exposures.

The minimum level of General Provisioning on performing credit exposure is dependent on the type of credit exposure as follows:

EXPOSURE TYPE	PRUDENTIAL GENERAL PROVISIONS
Exposures with bullet repayment with remaining maturity of more than 2 years (other than those to sovereigns, central banks, Multilateral Development Banks and banks)	1.5%
Exposures to or guaranteed by counterparties whose rating is investment grade or better	0.5%
All other performing exposures	1%

In addition to General Provisions for performing exposures, the Bank is also required to make provisioning for exposures to certain sectors as a macroprudential measure as set out in the Guideline on Additional Macroprudential Measures for the Banking Sector.

TYPE OF FACILITY	MACROPRUDENTIAL PROVISION
Household - Housing	0.5%
Household - other than Housing	0.75%
Accommodation	1%
Construction (including commercial real estates)	1%

As for Specific Provisions, the minimum level of provisioning on non-performing exposures (NPEs) with regard to the prudential classification categories are as follows:

CLASSIFICATION CATEGORY	PRUDENTIAL PROVISIONS*
Sub-standard	25%
Doubtful	50%
Loss	
- NPE less than 4 years	75%
- NPE more than 4 years	100%

\*Applicable on credit exposures less the Net Realisable Value (NRV) of the security.

Moreover, the Bank is also required to maintain a prudential provision of 100% on any amount of accrued interest on NPEs that is recognised as income but not actually received.

The Bank is aligned to the basis and conditions as set out in the Guideline to assess for eligible collateral, and for determining the net realizable value of collateral for non-performing exposures.

## General and Portfolio Provisioning

Loans and advances that have been assessed individually and found not to be impaired are assessed together with all “neither past due nor credit impaired” loans and advances. This is to determine the level of General Provisions, in line with the Bank of Mauritius Guidelines.

The level of General Provisions are as follows:

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Gross Loans and advances to customers	16,191,546	16,736,230	14,530,112
Add Loans and advances to banks not qualified for exemption	6,846,396	5,539,587	5,217,673
Less Impaired loans	(769,940)	(804,393)	(1,044,772)
Less Loans secured by cash collateral	(1,957,087)	(76,326)	-
<b>Net adjusted loans and advances</b>	<b>20,310,915</b>	<b>21,395,098</b>	<b>18,703,013</b>

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Balance Sheet General Provision	153,064	196,372	219,660
General Reserve	125,645	68,243	-
	<b>278,709</b>	<b>264,615</b>	<b>219,660</b>

Notes to the financial statements (Continued)  
29. Financial risk review (Continued)  
(b) Credit risk (Continued)  
Expected credit loss measurement (Continued)  
5) Allowance for impairment (Continued)

## Significant Changes in Gross Carrying Amount - By Market Segment

The table below illustrates the significant changes in gross carrying amount that contribute to changes in the allowance for impairment.

	2025		
	Impact: increase / (decrease)		
	Stage 1	Stage 2	Stage 3
	Rs 000	Rs 000	Rs 000
<b>Loans and advances to customers at amortised cost</b>			
Decrease in corporate portfolio by Rs 99 M	(9,385)	-	-
Decrease in global business portfolio by Rs 563 M	(5,257)	-	-
Decrease in the corporate portfolio by Rs 54 M	-	(4,348)	-
Increase in corporate portfolio by Rs 14 M	-	-	(840)
Decrease in global business portfolio by Rs 8 M	-	-	(7,884)
<b>Loans and advances to banks at amortised cost</b>			
Acquisition of new clients in the financial institution by Rs 3,669 M	34,813	-	-
Repayment of credit facilities by financial institution of RS 1,757 M	(20,546)	-	-
<b>Investment securities at amortised cost</b>			
No acquisition of new securities	-	-	-
	2024		
	Impact: increase / (decrease)		
	Stage 1	Stage 2	Stage 3
	Rs 000	Rs 000	Rs 000
Loans and advances to customers at amortised cost			
Increase in corporate portfolio by Rs 586 M	(21,110)	-	-
Increase in global business portfolio by Rs 1,523 M	(32,761)	-	-
Decrease in the corporate portfolio by Rs 354 M	-	264	-
Decrease in corporate portfolio by Rs 181 M	-	-	(180,512)
Decrease in global business portfolio by Rs 3 M	-	-	109,198
Loans and advances to banks at amortised cost			
Acquisition of new clients in the financial institution by Rs 1,918 M	17,071	-	-
Repayment of credit facilities by financial institution of Rs 2,147 M	(6,902)	-	-
Investment securities at amortised cost			
Acquisition of new securities of Rs 150 M	836	-	-
	2023		
	Impact: increase / (decrease)		
	Stage 1	Stage 2	Stage 3
	Rs 000	Rs 000	Rs 000
Loans and advances to customers at amortised cost			
Increase in corporate portfolio by Rs 1,616 M	10,085	-	-
Increase in global business portfolio by Rs 2,648 M	28,231	-	-
Decrease in the corporate portfolio by Rs 1,045 M	-	(68,141)	-
Decrease in global business portfolio by Rs 466 M	-	(13,389)	-
Increase in existing provision of global business clients	-	-	165,871
Decrease in the textile and construction portfolio by Rs 52.3 M	-	-	(20,385)
Loans and advances to banks at amortised cost			
Acquisition of new clients in the financial institution by Rs 1,979 M	8,330	-	-
Repayment of credit facilities by financial institution of Rs 1,593 M	(5,018)	(10,065)	-
Investment securities at amortised cost			
Acquisition of new securities of Rs 150 M	2,147	-	-

## Concentration of Credit Risk

The Bank maintains a portfolio of credit risk that is adequately diversified and avoids unnecessarily excessive concentration risks. Diversification is achieved through setting maximum exposure guidelines to individual counterparties, sectors and geographic location.

### Large Exposures

The Bank adopts the definition of "Large exposures", as defined by the Bank of Mauritius Guideline on Credit Concentration Risk. The table below shows the "Large exposures" as at 31 December 2025.

Customer / Group of closely related customers	Total exposures (Rs'm)	% of Tier 1 capital
1	963	28.52%
2	696	20.61%
3	695	20.57%
4	617	18.26%
5	600	17.75%
6	579	17.15%
7	568	16.82%
8	564	16.69%
9	555	16.42%
10	550	16.27%
11	543	16.06%
12	507	15.00%
13	474	14.02%
14	469	13.89%
15	466	13.81%
16	465	13.75%
17	463	13.72%
18	462	13.68%
19	437	12.93%
20	387	11.45%
21	348	10.31%
22	347	10.26%
23	1148	34.00%
24	1004	29.72%
25	651	19.27%
26	612	18.13%
27	595	17.60%
28	385	11.40%
29	369	10.93%
<b>Aggregate exposure of "Large Exposures"</b>	<b>16,517</b>	<b>489%</b>

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Expected credit loss measurement (Continued)  
 5) Allowance for impairment (Continued)  
 Concentration of credit risk (Continued)

## Sector Wise Distribution

### Loans and advances to customers

Agriculture and fishing  
 Manufacturing  
 Tourism  
 Transport  
 Construction  
 Financial and business services  
 Traders  
 Personal  
 Professional  
 Global Business licence Holders  
 Others

### Total amount

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Agriculture and fishing	592,358	597,625	392,582
Manufacturing	260,065	507,045	908,867
Tourism	514,505	621,146	880,449
Transport	1	-	4,551
Construction	2,962,947	2,783,692	2,766,297
Financial and business services	3,079,792	3,796,039	2,440,276
Traders	2,079,351	2,140,490	1,593,512
Personal	446,278	448,495	355,203
Professional	-	4,565	5,921
Global Business licence Holders	3,215,665	2,613,434	2,354,594
Others	3,040,584	3,223,699	2,827,860
<b>Total amount</b>	<b>16,191,546</b>	<b>16,736,230</b>	<b>14,530,112</b>

## Country Wise Distribution

### Loans and advances to banks

Togo  
 Mauritius  
 Madagascar  
 France  
 Kenya  
 Morocco  
 Niger  
 Nigeria  
 Burkina Faso  
 Ivory Coast  
 Benin  
 Egypt  
 Tanzania  
 United Kingdom  
 Mali  
 Turkey  
 Vietnam

### Total amount

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Togo	721,658	1,326,645	1,590,078
Mauritius	694,735	480,948	48,238
Madagascar	-	-	-
France	139,714	215,247	-
Kenya	-	472,414	660,300
Morocco	7,720	-	55,260
Niger	-	-	52,856
Nigeria	231,100	-	490,100
Burkina Faso	248,242	-	-
Ivory Coast	1,142,115	147,914	350,616
Benin	162,780	-	-
Egypt	1,118,524	1,409,700	1,430,650
Tanzania	329,442	335,464	220,100
United Kingdom	231,100	681,355	220,100
Mali	197,297	-	99,375
Turkey	1,155,500	469,900	-
Vietnam	466,469	-	-
<b>Total amount</b>	<b>6,846,396</b>	<b>5,539,587</b>	<b>5,217,673</b>

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (b) Credit risk (Continued)  
 Expected credit loss measurement (Continued)  
 5) Allowance for impairment (Continued)  
 Country wise distribution (Continued)

**Loans and advances to customers**

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Togo	3,364	4,081	5,958
Mauritius	0.46	-	-
Madagascar	5,660	6,575	7,517
France	35,664	36,516	40,123
Kenya	8,168	8,299	9,179
Morocco	-	-	390
Niger	-	222	323
Nigeria	42,626	46,992	87,240
Burkina Faso	74,270	534,790	511,534
Ivory Coast	1,711	1,867	2,035
Benin	464,579	472,539	-
Egypt	419	1,219	27,083
Tanzania	52,941	-	-
United Kingdom	6,536	6,984	11,280
Mali	469,110	558,614	-
Turkey	12,273,701	11,692,814	11,369,115
Vietnam	1,303	1,776	2,211
Morocco	1,469,998	1,750,051	1,285,892
Netherlands	1	-	1
Reunion	65,602	72,833	83,129
Rwanda	4,467	1,723	1,800
Senegal	-	-	2
Singapore	1,657	1,727	123,093
South Africa	2,436	2,922	3,435
Switzerland	12,742	17,812	36,090
Togo	-	-	2
Russia	-	-	1
Monaco	-	-	7
United Arab Emirates	1,171,595	1,404,388	895,850
United Kingdom	18,536	104,645	24,403
Thailand	2,247	2,336	2,418
Liban	-	-	1
Turkey	-	1	-
Mayotte	3	4,503	-
Burkina Faso	-	1	-
Jersey	2,208	-	-
Hungary	0.02	-	-
Norway	0.14	-	-
South Korea	1	-	-
Spain	0.21	-	-
<b>Total amount</b>	<b>16,191,546</b>	<b>16,736,230</b>	<b>14,530,112</b>

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

## CREDIT RISK MITIGATION

### Collateral

Collateral, guarantees, derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Policies and procedures ensure that credit risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

The main types of collateral taken are:

- Mortgage/fixed charges over residential, commercial and industrial properties;
- Floating charge over plant and equipment and the assets of the company.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker counterparties. Guarantor counterparties include banks, parent companies, shareholders and associated counterparties. Credit worthiness is established for the guarantor as for other counterparty credit approvals.

The below table illustrates credit risk exposure before and after taking into account the effects of collateral.

	2025		2024		2023	
	Carrying Amount Rs 000	Collateral Rs 000	Carrying Amount Rs 000	Collateral Rs 000	Carrying Amount Rs 000	Collateral Rs 000
Retail and Corporate						
Stage 1 and 2	19,494,946	13,850,296	18,391,947	12,501,435	23,697,873	11,957,018
Stage 3	770,265	29,442	804,843	35,874	1,045,025	1,185,512

### (c) LIQUIDITY RISK

Liquidity risk is the risk that the Bank cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due. The nature of banking gives rise to continuous exposure to liquidity risk. Liquidity risk arises when the Bank, despite being solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so at materially disadvantageous terms. The Bank manages liquidity in accordance with approved policies, compliant with Bank of Mauritius guideline.

The liquidity risk management framework differentiates between:

- Tactical (shorter-term) risk management: managing intraday liquidity positions and daily cash flow requirements, and monitoring adherence to prudential and internal requirements and setting deposit rates as informed by the Treasury Committee.
- Structural (long-term) liquidity risk management: ensuring a structurally sound balance sheet, a diversified funding base and prudent term funding requirements.
- Contingent liquidity risk management: monitoring and managing early warning liquidity indicators while establishing and maintaining contingency funding plans, undertaking regular liquidity stress testing and scenario analysis, and setting liquidity buffers in accordance with anticipated stress events.

The primary governance committee overseeing this risk is the Risk Committee (Board Committee), the Asset & Liability Management Committee and Treasury Committee.

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-maturity /On Demand	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>2025</b>								
<b>Assets</b>								
Cash and cash equivalents	12,397,439	46,220	-	-	-	-	8,547	12,452,206
Loans and advances to banks	262,872	830,203	1,840,454	1,328,032	2,584,835	-	-	6,846,396
Loans and advances to customers	3,100,346	1,798,225	749,285	571,641	2,002,543	6,926,033	1,043,473	16,191,546
Investment securities	-	540,216	473,894	1,701,286	727,772	203,671	304,551	3,951,390
Other assets	-	-	-	-	-	-	123,991	123,991
<b>Total assets</b>	<b>15,760,656</b>	<b>3,214,865</b>	<b>3,063,633</b>	<b>3,600,959</b>	<b>5,315,150</b>	<b>7,129,704</b>	<b>1,480,562</b>	<b>39,565,529</b>
Less: allowances for impairment								(775,088)
	15,760,657	3,214,864	3,063,633	3,600,959	5,315,150	7,129,704	1,480,562	38,790,441
<b>Liabilities</b>								
Deposits from banks	4,161,181	733,719	753,573	-	488,936	213,384	5,834	6,356,627
Deposits from customers	1,340,034	2,745,065	3,060,071	1,683,124	406,694	188,312	13,444,388	22,867,688
Borrowed funds	-	-	832,093	772,093	2,240,363	820,191	-	4,664,740
Subordinated liabilities	-	-	16,123	1,561	-	899,686	-	917,370
Other liabilities and provisions	234	710	2,685	106,456	445	1,392	614,997	726,919
<b>Total liabilities</b>	<b>5,501,450</b>	<b>3,479,495</b>	<b>4,664,545</b>	<b>2,563,234</b>	<b>3,136,437</b>	<b>2,122,964</b>	<b>14,065,219</b>	<b>35,533,344</b>
<b>Equity</b>								<b>3,620,037</b>
<b>Total liabilities and equity</b>	<b>5,501,450</b>	<b>3,479,495</b>	<b>4,664,545</b>	<b>2,563,234</b>	<b>3,136,437</b>	<b>2,122,964</b>	<b>14,065,219</b>	<b>39,153,381</b>
<b>Net liquidity gap</b>	<b>10,259,206</b>	<b>(264,630)</b>	<b>(1,600,912)</b>	<b>1,037,725</b>	<b>2,178,713</b>	<b>5,006,740</b>	<b>(12,708,648)</b>	<b>4,032,186</b>
Less: allowances for impairment								(778,334)
								3,253,852

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(c) Liquidity risk (Continued)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-maturity /On Demand	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>2024</b>								
<b>Assets</b>								
Cash and cash equivalents	6,858,741	98,270	-	-	-	-	1,500,467	8,457,478
Loans and advances to banks	552,769	626,354	1,867,884	2,069,671	422,909	-	-	5,539,587
Loans and advances to customers	2,385,429	2,067,965	1,130,956	462,295	695,452	8,405,270	1,588,863	16,736,230
Investment securities	-	646,468	836,596	301,704	875,801	504,099	2,370	3,167,038
Other assets	-	-	-	-	-	-	1,575,897	1,575,897
	<b>9,796,939</b>	<b>3,439,057</b>	<b>3,835,436</b>	<b>2,833,670</b>	<b>1,994,162</b>	<b>8,909,369</b>	<b>4,667,597</b>	<b>35,476,230</b>
Less: allowances for impairment								(858,704)
<b>Total assets</b>								<b>34,617,526</b>
<b>Liabilities</b>								
Deposits from banks	4,047,267	1,106,231	1,104,393	965,371	-	-	16,823	7,240,085
Deposits from customers	2,391,397	2,383,621	951,740	1,250,907	659,965	256,253	10,312,178	18,206,061
Borrowed funds	97,970	-	247,479	5,911	670,023	2,556,595	-	3,577,978
Subordinated liabilities	-	-	18,739	1,725	-	911,841	-	932,305
Other liabilities and provisions	3	544	264	2,348	357	1,270	1,931,523	1,936,309
<b>Total liabilities</b>	<b>6,536,637</b>	<b>3,490,396</b>	<b>2,322,615</b>	<b>2,226,262</b>	<b>1,330,345</b>	<b>3,725,959</b>	<b>12,260,524</b>	<b>31,892,738</b>
<b>Equity</b>								<b>3,157,474</b>
<b>Total liabilities and equity</b>	<b>6,536,634</b>	<b>3,489,852</b>	<b>2,322,351</b>	<b>2,223,914</b>	<b>1,329,988</b>	<b>3,724,689</b>	<b>10,329,001</b>	<b>35,050,212</b>
<b>Net liquidity gap</b>	<b>3,260,302</b>	<b>(51,339)</b>	<b>1,512,821</b>	<b>607,408</b>	<b>663,817</b>	<b>5,183,410</b>	<b>(7,592,926)</b>	<b>3,583,492</b>
Less: allowances for impairment								(865,880)
								<b>2,717,612</b>
<b>2023</b>								
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-maturity	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>Assets</b>								
Cash and cash equivalents	7,648,560	245,050	-	-	-	-	110,199	8,003,809
Loans and advances to banks	607,787	1,022,183	1,989,061	1,158,442	440,200	-	-	5,217,673
Loans and advances to customers	1,370,178	1,282,664	1,246,983	351,149	1,301,444	7,557,754	1,419,940	14,530,112
Investment securities	256,218	638,598	445,220	226,270	907,270	-	153,683	2,627,259
Other assets	100,141	-	-	-	-	-	2,290,021	2,390,162
	<b>9,982,884</b>	<b>3,188,495</b>	<b>3,681,264</b>	<b>1,735,861</b>	<b>2,648,914</b>	<b>7,557,754</b>	<b>3,973,843</b>	<b>32,769,015</b>
Less: allowances for impairment								(1,013,981)
<b>Total assets</b>								<b>31,755,034</b>
<b>Liabilities</b>								
Deposits from banks	2,215,591	663,384	-	1,488,427	-	-	-	4,367,402
Deposits from customers	11,060,335	1,143,056	882,367	1,529,939	1,532,822	218,405	-	16,366,924
Borrowed funds	980,200	-	490,100	2,213,093	137,228	1,485,361	-	5,305,982
Subordinated liabilities	-	-	-	-	-	854,208	-	854,208
Other liabilities and provisions	31,140	11,926	37,036	54,231	11,953	39,787	2,411,104	2,597,177
<b>Total liabilities</b>	<b>13,679,208</b>	<b>3,089,133</b>	<b>374,031</b>	<b>1,907,507</b>	<b>2,712,367</b>	<b>785,337</b>	<b>2,411,104</b>	<b>29,491,693</b>
<b>Equity</b>								<b>2,710,643</b>
<b>Total liabilities and equity</b>	<b>14,256,126</b>	<b>1,806,440</b>	<b>1,372,467</b>	<b>5,231,459</b>	<b>1,670,050</b>	<b>2,557,974</b>	<b>-</b>	<b>32,202,336</b>
<b>Net liquidity gap</b>	<b>(4,304,382)</b>	<b>1,370,129</b>	<b>2,271,761</b>	<b>(3,549,829)</b>	<b>966,911</b>	<b>4,959,993</b>	<b>1,562,739</b>	<b>3,277,322</b>
Less: allowances for impairment								(1,013,981)
								<b>2,263,341</b>

## (d) MARKET RISK

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, caused by adverse movements in market variables such as currency exchange and interest rates, credit spreads, recovery rates, correlations, equity, bond and commodity prices, and implied volatilities in all of these variables.

The Bank's key market risks are

- Banking book interest rate risk; and
- Foreign currency risk.

The governance committees overseeing market risk are the Risk Committee (Board Committee), the Asset & Liability Management Committee and Treasury Committee.

### INTEREST RATE RISK IN THE BANKING BOOK

These are risks that have an impact on net interest income that arises from structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities. This is further divided into the following sub risk types:

- Repricing risk: timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities;
- Yield curve risk: shifts in the yield curve that have adverse effects on the income or underlying economic value; and
- Basis risk: hedge price not moving in line with the price of the hedged position.

The following demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables remaining constant, of the Bank's statement of profit or loss and other comprehensive income. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year based on the floating rate financial assets and liabilities held as at 31 December:

#### 2025

Impact Analysis	Effect on Profit before tax	Effect on Equity
Increase by 200 bps	65,145	65,145
Decrease by 200 bps	(65,145)	(65,145)

#### 2024

Impact Analysis	Effect on Profit before tax	Effect on Equity
Increase by 200 bps	16,883	16,883
Decrease by 200 bps	(16,883)	(16,883)

#### 2023

Impact Analysis	Effect on Profit before tax	Effect on Equity
Increase by 200 bps	50,477	50,477
Decrease by 200 bps	(50,477)	(50,477)



Notes to the financial statements (Continued)  
29. Financial risk review (Continued)  
(d) Market risk (Continued)  
Interest rate risk in the banking book (Continued)

2024	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>Assets</b>								
Cash and cash equivalents	8,102,425	220,541	-	-	-	-	134,512	8,457,478
Loans and advances to banks	552,769	626,354	1,867,884	2,069,671	422,909	-	-	5,539,587
Loans and advances to customers	2,385,429	2,067,965	1,130,956	462,295	695,452	8,405,270	1,588,863	16,736,230
Investment securities	-	646,468	836,596	301,704	875,801	504,099	2,370	3,167,038
Other assets	-	-	-	-	-	-	1,575,897	1,575,897
<b>Total assets</b>	<b>11,040,623</b>	<b>3,561,328</b>	<b>3,835,436</b>	<b>2,833,670</b>	<b>1,994,162</b>	<b>8,909,369</b>	<b>3,301,642</b>	<b>35,476,230</b>
Less: allowances for impairment								(858,704)
								<b>34,617,526</b>
<b>Liabilities</b>								
Deposits from banks	4,041,351	1,095,140	1,086,679	937,107	-	-	16,823	7,177,100
Deposits from customers	5,478,405	2,372,568	937,633	1,216,663	626,270	214,168	7,221,300	18,067,007
Borrowed funds	97,970	-	247,479	5,911	670,023	2,556,595	-	3,577,978
Subordinated liabilities	-	-	18,739	1,725	-	911,841	-	932,305
Other liabilities and provisions	3	544	264	2,348	357	1,270	1,931,522	1,936,308
<b>Total liabilities</b>	<b>9,617,729</b>	<b>3,468,252</b>	<b>2,290,794</b>	<b>2,163,754</b>	<b>1,296,650</b>	<b>3,683,874</b>	<b>9,169,645</b>	<b>31,690,698</b>
Interest rate sensitivity gap	1,422,894	93,076	1,544,642	669,916	697,512	5,225,495	(5,868,003)	3,785,532
Less: allowances for impairment								(865,880)
								<b>2,919,652</b>
Impact Analysis (decrease/increase) on 200 bps								58,393
<b>2023</b>								
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>Assets</b>								
Cash and cash equivalents	5,741,066	333,603	-	-	-	-	1,929,140	8,003,809
Loans and advances to banks	607,787	1,022,183	1,989,061	1,158,442	440,200	-	-	5,217,673
Loans and advances to customers	1,342,602	1,282,664	1,246,983	351,149	1,301,444	7,585,330	1,419,940	14,530,112
Investment securities	-	101,548	300,435	128,869	907,270	-	1,189,137	2,627,259
Other assets	17,537	-	-	-	-	-	2,372,625	2,390,162
<b>Total assets</b>	<b>7,708,992</b>	<b>2,739,998</b>	<b>3,536,479</b>	<b>1,638,460</b>	<b>2,648,914</b>	<b>7,585,330</b>	<b>6,910,842</b>	<b>32,769,015</b>
Less: allowances for impairment								(1,013,981)
								<b>31,755,034</b>
<b>Liabilities</b>								
Deposits from banks	2,210,980	660,300	-	1,441,977	-	-	2,037	4,315,294
Deposits from customers	10,704,633	1,135,938	870,962	1,480,280	1,428,814	184,826	353,050	16,158,503
Borrowed funds	980,200	-	490,100	2,213,093	137,228	1,485,361	-	5,305,982
Subordinated liabilities	-	-	-	-	-	854,208	-	854,208
Other liabilities and provisions	10,507	8,562	21,025	38,770	8,005	11,721	2,498,587	2,597,177
<b>Total liabilities</b>	<b>13,906,320</b>	<b>1,804,800</b>	<b>1,382,087</b>	<b>5,174,120</b>	<b>1,574,047</b>	<b>2,536,116</b>	<b>2,853,674</b>	<b>29,231,164</b>
Interest rate sensitivity gap	(6,197,328)	935,198	2,154,392	(3,535,660)	1,074,867	5,049,214	4,057,168	3,537,851
Less: allowances for impairment								(1,013,981)
								<b>2,523,870</b>
Impact Analysis (decrease/increase) on 200 bps								50,477

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (d) Market risk (Continued)

## Currency Risk

The Bank's primary exposures to foreign currency risk arise as a result of the translation effect on the respect to designated financial instruments, foreign-denominated cash balances and accruals and intragroup foreign-denominated debt.

	MUR	USD	GBP	EUR	Other	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>2025</b>						
<b>Assets</b>						
Cash and cash equivalents	1,961,801	7,594,615	612,453	2,180,806	102,530	12,452,205
Loans and advances to banks	-	4,226,870	74,279	2,472,092	73,155	6,846,396
Loans and advances to customers	5,939,747	7,901,971	486	2,349,342	0.49	16,191,546
Investment securities	2,732,766	678,407	-	540,217	-	3,951,390
Other assets	103,977	5,877	2,697	11,206	235	123,992
<b>Total assets</b>	<b>10,738,291</b>	<b>20,407,740</b>	<b>689,915</b>	<b>7,553,662</b>	<b>175,921</b>	<b>39,565,530</b>
Less : allowances for impairment						(775,088)
						<b>38,790,442</b>
<b>Liabilities</b>						
Deposits from banks	404	4,319,154	-	2,036,987	-	6,356,546
Deposits from customers	6,882,398	11,167,307	685,953	3,965,697	166,158	22,867,513
Borrowed funds	-	3,350,128	-	1,314,259	-	4,664,387
Subordinated liabilities	-	914,583	-	-	-	914,583
Other liabilities and provisions	532,152	25,069	3,960	155,974	9,762	726,918
<b>Total liabilities</b>	<b>7,414,955</b>	<b>19,776,241</b>	<b>689,913</b>	<b>7,472,917</b>	<b>175,920</b>	<b>35,529,947</b>
<b>Net on-balance sheet position</b>	<b>3,323,336</b>	<b>631,499</b>	<b>2</b>	<b>80,745</b>	<b>1</b>	<b>4,035,584</b>
Less : allowances for credit impairment						(778,334)
<b>Net on-balance sheet position less allowances for credit impairment</b>						<b>3,257,250</b>

	MUR	USD	GBP	EUR	Other	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>2024</b>						
<b>Assets</b>						
Cash and cash equivalents	2,179,388	3,758,469	97,083	2,390,081	32,457	8,457,478
Loans and advances to banks	-	3,956,418	43,978	1,474,559	64,632	5,539,587
Loans and advances to customers	6,124,399	7,450,439	760	3,139,658	20,974	16,736,230
Investment securities	1,982,031	696,106	-	488,901	-	3,167,038
Other assets	1,545,847	7,941	5,854	16,032	223	1,575,897
	11,831,665	15,869,373	147,675	7,509,232	118,285	35,476,230
Less : allowances for impairment						(858,704)
<b>Total assets</b>						<b>34,617,526</b>
<b>Liabilities</b>						
Deposits from banks	27	4,189,447	-	2,987,626	-	7,177,100
Deposits from customers	6,798,688	8,039,484	139,684	2,998,001	91,150	18,067,007
Borrowed funds	-	2,161,529	-	1,416,449	-	3,577,978
Subordinated liabilities	-	932,305	-	-	-	932,305
Other liabilities and rovisions	405,107	31,979	2,329	1,496,669	224	1,936,307
<b>Total liabilities</b>	<b>7,203,822</b>	<b>15,354,744</b>	<b>142,013</b>	<b>8,898,744</b>	<b>91,374</b>	<b>31,690,698</b>
<b>Net on-balance sheet position</b>	<b>4,627,843</b>	<b>514,629</b>	<b>5,662</b>	<b>(1,389,513 )</b>	<b>26,912</b>	<b>3,785,5342</b>
Less : allowances for credit impairment						(865,880)
<b>Net on-balance sheet position less allowances for credit impairment</b>						<b>2,919,652</b>

Notes to the financial statements (Continued)  
29. Financial risk review (Continued)  
(d) Market risk (Continued)  
Currency risk (Continued)

	MUR	USD	GBP	EUR	Other	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
2023						
<b>Assets</b>						
Cash and cash equivalents	1,666,612	4,826,079	85,295	1,364,391	61,432	8,003,809
Loans and advances to banks	-	2,677,883	55,260	2,436,292	48,238	5,217,673
Loans and advances to customers	5,595,598	5,625,500	974	3,308,040	-	14,530,112
Investment securities	2,187,160	437,817	-	2,282	-	2,627,259
Other assets	149,792	227,098	1,023	2,011,508	741	2,390,162
	9,599,162	13,794,378	142,551	9,122,512	110,411	32,769,015
Less : allowances for impairment						(1,013,981)
<b>Total assets</b>						<b>31,755,034</b>
<b>Liabilities</b>						
Deposits from banks	26	3,491,551	-	823,717	-	4,315,294
Deposits from customers	6,029,924	7,550,092	141,151	2,332,921	104,415	16,158,503
Borrowed funds	-	1,837,946	-	3,468,036	-	5,305,982
Subordinated liabilities	-	854,208	-	-	-	854,208
Other liabilities and provisions	422,618	82,939	2,718	2,088,157	745	2,597,177
Total liabilities	6,452,568	13,816,736	143,869	8,712,831	105,160	29,231,164
Net on-balance sheet position	3,146,594	(22,358)	(1,318)	409,681	5,251	3,537,851
Less : allowances for credit impairment						(1,013,981)
Net on-balance sheet position less allowances for credit impairment						2,523,870

The foreign currency risk sensitivity analysis below reflects the expected financial impact on profit or loss and equity, in MUR equivalent, resulting from a change in foreign currency risk exposures, with respect to designated financial instruments, foreign-denominated cash balances and accruals and intragroup foreign-denominated debt, with fellow subsidiaries and related companies within BCP group. A 2% movement to foreign currency risk exposures was used for the year 2023, a 2% change for 2024 and a 5% change was used for year 2025.

	2025	2024	2023
	Rs000	Rs000	Rs000
Effect of change on profit or loss and equity	32,285	15,712	(8,525)

### **(e) CAPITAL MANAGEMENT**

The Bank's objective in its capital management function is designed to ensure that regulatory requirements are adhered to and that the Bank are capitalised in line with the regulatory requirements. During the past year, the Bank have complied fully with all its externally imposed capital requirements.

At the regulatory level, the minimum capital adequacy ratio set by the Bank of Mauritius for banks presently stand at 10% of risk-weighted assets, with newly unveiled Basel III rules which came into force as from 1 July 2014, in relation to the Guideline on Scope of Application of Basel III and Eligible Capital as well as the Guideline for dealing with Domestic – Systemically Important Banks.

As per the Bank of Mauritius Guideline on Eligible Capital for the implementation of Basel III, the following limits and minima are applicable:

- A minimum Core Equity Tier 1 ratio of 6.5%;
- A minimum Tier 1 ratio of 8%; and
- A Minimum Capital Adequacy Ratio of 10%.

## CAPITAL STRUCTURE

Regulatory capital adequacy is measured through three risk-based ratios:

- CET I: ordinary share capital, share premium and retained earnings divided by total risk weighted assets;
- Tier I: CET I plus perpetual, non-cumulative instruments with principal loss absorption features issued under the Basel III rules divided by total risk-weighted assets. Perpetual noncumulative preference shares issued under Basel I and II are included in tier I capital but are subject to regulatory phase-out requirements; and
- Total capital adequacy: Tier I plus other items such as the general allowance for credit impairments and subordinated debt with principal loss-absorption features issued under Basel III divided by total risk-weighted assets. Subordinated debt issued under Basel I and Basel II are included in total capital but are subject to regulatory phase-out requirements.

For each of the three categories above, the Bank of Mauritius has defined in its Guideline on Eligible Capital a single set of criteria that the instruments are required to meet before they can be included in the relevant category.

As at 31st December 2025, the Bank's capital instruments comprised of only Ordinary Shares issued.

The Bank's CET 1, Tier 1 and Tier 2 capital are as per below:

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
<b>BASEL III</b>			
<b>Tier 1 Capital</b>			
Authorised and fully paid up ordinary share capital (note 24)	2,398,825	2,398,825	2,398,825
Retained Earnings	819,058	470,245	153,584
Accumulated other comprehensive income and other disclosed reserves	281,485	288,404	158,234
Deduct:			
Intangible Assets (note 16)	(59,034)	(50,727)	(50,691)
Deferred Tax (note 9)	(62,704)	(69,864)	(64,979)
<b>CET 1 Capital</b>	<b>3,377,630</b>	<b>3,036,883</b>	<b>2,594,973</b>
<b>Additional Tier 1 Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>3,377,630</b>	<b>3,036,883</b>	<b>2,594,973</b>
<b>Tier 2 Capital</b>			
Subordinated liabilities (note 22)	816,181	932,305	854,208
Provisions or Loan-loss Reserves*	278,709	264,615	219,659
<b>Total Tier 2 Capital</b>	<b>1,094,890</b>	<b>1,196,920</b>	<b>1,073,867</b>
<b>Total Capital Base</b>	<b>4,472,520</b>	<b>4,233,803</b>	<b>3,668,840</b>

\* The portfolio provision is subject to a maximum of 125% of credit risk-weighted assets calculated under the standardised approach.

## RISK-WEIGHTED ASSETS CALCULATED UNDER THE STANDARDIZED APPROACH

### Risk Weighted Assets for Credit Risk

The Bank has adopted the Standardised Approach for credit risk capital allocation.

		2025		
Risk Weighted On-Balance Sheet Assets	Risk Weight %	Exposures after CRM Rs 000	Risk Weighted Assets Rs 000	
Cash items	0 – 20	7,730	-	
Claims on Sovereigns	0 – 150	3,646,839	-	
Claims on Central banks	0	10,132,636	-	
Claims on Multilateral development banks	0 – 150	-	-	
Claims on banks	20 – 150	9,624,220	7,601,986	
Claims on non-central government public sector entities	0 – 150	-	-	
Claims on corporates	20 – 150	12,046,647	11,698,376	
Claims included in the regulatory retail portfolio	75	45,433	34,075	
Claims secured by residential property	35-125	2,916,512	1,378,761	
Claims secured by commercial real estate	100-125	26,977	26,977	
Past due claims	50-150	142,257	169,639	
Other assets	100	613,632	613,632	
<b>Total Risk Weighted On-Balance Sheet Assets</b>		<b>39,202,883</b>	<b>21,523,446</b>	
Risk Weighted Off-Balance Sheet Assets	Credit Conversion Factor	Risk Weight	Exposures after CRM	Risk Weighted Assets
Transaction-related contingent items	50	0-100	437,911	218,955
Trade-related contingencies	20-100	0-100	939,712	363,518
Other commitments	20-50	0-100	4,292,456	1,164,460
Foreign exchange contracts	2	100	-	-
<b>Total Risk Weighted Off-Balance Sheet Assets</b>			<b>5,670,079</b>	<b>1,746,933</b>
<b>Total Risk Weighted On &amp; Off Balance Sheet Assets</b>			<b>44,872,963</b>	<b>23,270,379</b>

Notes to the financial statements (Continued)  
29. Financial risk review (Continued)  
(e) Capital management (Continued)  
Risk-weighted assets calculated under the standardized approach (Continued)  
Risk weighted assets for credit risk (Continued)

2024				
Risk Weighted On-Balance Sheet Assets		Risk Weight %	Exposures after CRM Rs 000	Risk Weighted Assets Rs 000
Cash items		0 – 20	8,507	-
Claims on Sovereigns		0 – 150	2,866,200	-
Claims on Central banks		0	6,987,943	-
Claims on Multilateral development banks		0 – 150	-	-
Claims on banks		20 – 150	7,471,348	6,052,159
Claims on non-central government public sector entities		0 – 150	-	-
Claims on corporates		20 – 150	12,702,245	12,212,435
Claims included in the regulatory retail portfolio		75	36,203	27,152
Claims secured by residential property		35-125	2,786,994	1,343,046
Claims secured by commercial real estate		100-125	29,924	29,924
Past due claims		50-150	126,114	138,199
Other assets		100	1,877,442	1,877,442
<b>Total Risk Weighted On-Balance Sheet Assets</b>			<b>34,892,920</b>	<b>21,680,357</b>
Risk Weighted Off-Balance Sheet Assets	Credit Conversion Factor	Risk Weight	Exposures after CRM	Risk Weighted Assets
Transaction-related contingent items	50	0-100	600,764	300,382
Trade-related contingencies	20-100	0-100	371,483	171,472
Other commitments	20-50	0-100	1,976,258	592,941
Foreign exchange contracts	2	100	-	-
<b>Total Risk Weighted Off-Balance Sheet Assets</b>			<b>2,948,505</b>	<b>1,064,795</b>
<b>Total Risk Weighted On &amp; Off Balance Sheet Assets</b>			<b>37,841,425</b>	<b>22,745,152</b>
2023				
Risk Weighted On-Balance Sheet Assets		Risk Weight %	Exposures after CRM Rs 000	Risk Weighted Assets Rs 000
Cash items		0 – 20	22,076	-
Claims on Sovereigns		0 – 150	2,496,500	-
Claims on Central banks		0	3,091,386	-
Claims on Multilateral development banks		0 – 150	-	-
Claims on banks		20 – 150	10,129,567	5,223,710
Claims on non-central government public sector entities		0 – 150	-	-
Claims on corporates		20 – 150	10,738,805	10,912,241
Claims included in the regulatory retail portfolio		75	34,224	25,668
Claims secured by residential property		35-125	2,687,364	1,271,240
Claims secured by commercial real estate		100-125	35,870	35,870
Past due claims		50-150	250,796	214,568
Other assets		100	2,649,725	2,649,725
<b>Total Risk Weighted On-Balance Sheet Assets</b>			<b>32,136,313</b>	<b>20,333,022</b>
Risk Weighted Off-Balance Sheet Assets	Credit Conversion Factor	Risk Weight	Exposures after CRM	Risk Weighted Assets
Transaction-related contingent items	50	0-100	896,098	448,049
Trade-related contingencies	20-100	0-100	1,212,717	242,543
Other commitments	20-50	0-100	2,349,140	653,783
Foreign exchange contracts	2	100	-	-
<b>Total Risk Weighted Off-Balance Sheet Assets</b>			<b>4,457,955</b>	<b>1,344,375</b>
<b>Total Risk Weighted On &amp; Off Balance Sheet Assets</b>			<b>36,594,268</b>	<b>21,677,397</b>

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(e) Capital management (Continued)

Risk-weighted assets calculated under the standardized approach (Continued)

## Risk Weighted Assets for Operational Risk

The Bank applies the Basic Indicator Approach in determining the required operational risk capital, mainly driven by its more conservative results and ease of computation. The capital charge, under the Basic Indicator Approach, is arrived at by applying 15% (denoted as alpha) to the average of positive annual gross income over the previous three years. This alpha percentage is set by regulator and relates to the industry-wide level of required capital.

The capital charge for the Bank has been computed as follows:

- **Annual gross income:** Rs 1,062 million (2024: Rs 1,034 million, 2023: Rs 809 million)
- **Average gross income over 3 years:** Rs 968 million (2024: Rs 816 million, 2023: Rs 653 million)
- **Capital charge for operational risk:** Rs 145 million (2024: Rs 122 million, 2023: Rs 98 million)

## Risk Weighted Capital Adequacy Ratio

The regulatory Capital Adequacy Ratio is as follows:

	2025	2024	2023
	Rs 000	Rs 000	Rs 000
Core Equity Tier 1 Capital	3,377,630	3,036,883	2,594,973
Total Tier 1 Capital	3,377,630	3,036,883	2,594,973
Total Tier 2 Capital	1,094,890	1,196,920	1,073,867
<b>Total Capital Base</b>	<b>4,472,520</b>	4,233,803	3,668,840
<b>Risk Weighted Assets*</b>	<b>24,749,879</b>	24,019,387	22,705,429
<b>CET 1 Ratio</b>	<b>13.65%</b>	12.72%	11.43%
Tier 1 Ratio	13.65%	12.72%	11.43%
Capital Adequacy Ratio	18.07%	17.63%	16.16%

\* Weighted assets relating to on-balance sheet and off-balance sheet exposures, operational risk and aggregate net open foreign exchange position.

## **(f) FAIR VALUES OF FINANCIAL INSTRUMENTS**

The tables that follow analyse the Bank's financial assets and liabilities that are measured at fair value at the end of the reporting period, by level of fair value hierarchy as required by IFRS. The different levels are based on the extent to which observable market data and inputs are used in the calculation of the fair value of the financial assets and liabilities. The levels of the hierarchy are defined as follows:

Level 1 – fair values are based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – fair values are calculated using valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes financial assets and liabilities valued using quoted market prices in active markets for similar financial assets or liabilities, quoted prices for identical or similar financial assets or liabilities in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly derived or corroborated from observable market data.

Level 3 – fair values are based on valuation techniques using significant unobservable inputs. This category includes financial assets and liabilities where the valuation technique includes unobservable inputs that have a significant effect on the financial asset or liability's valuation. This category includes financial assets and liabilities that are valued based on quoted prices for similar financial assets or liabilities and for which significant unobservable adjustments or assumptions are required to reflect differences between the financial assets or liabilities.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It also summarises carrying amounts and fair values of those financial assets not presented on the Bank's statement of financial position at their fair values. The fair value of those financial assets and financial liabilities approximates their carrying amounts because they comprise financial instruments which are liquid, have short-term maturity, are linked to prime lending rate, do not have a specific maturity, or are granted at a variable rate.

Notes to the financial statements (Continued)  
 29. Financial risk review (Continued)  
 (f) Fair values of financial instruments (Continued)

**Fair Values of Financial Instruments**

**Asset and Liabilities**

**2025**

**Assets**

	Level 1	Level 2	Level 3	Carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	12,449,792	-	12,449,792
Loans and advances to banks	-	6,787,116	-	6,787,116
Loans and advances to customers	-	15,388,315	90,630	15,478,944

**Liabilities**

Deposits from banks	-	6,356,546	-	6,356,546
Deposits from customers	-	22,867,513	-	22,867,513
Borrowed funds	-	4,664,387	-	4,664,387

**2024**

**Assets**

	Level 1	Level 2	Level 3	Carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	8,452,253	-	8,452,253
Loans and advances to banks	-	5,472,429	-	5,472,429
Loans and advances to customers	-	15,694,684	256,822	15,951,506

**Liabilities**

Deposits from banks	-	7,177,100	-	7,177,100
Deposits from customers	-	18,067,007	-	18,067,007
Borrowed funds	-	3,577,978	-	3,577,978

**2023**

**Assets**

	Level 1	Level 2	Level 3	Carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	8,003,310	-	8,003,310
Loans and advances to banks	-	5,195,145	-	5,195,145
Loans and advances to customers	-	13,338,164	203,215	13,541,379

**Liabilities**

Deposits from banks	-	4,315,294	-	4,315,294
Deposits from customers	-	16,158,503	-	16,158,503
Borrowed funds	-	5,305,982	-	5,305,982

2025	Level 1	Level 2	Level 3	Carrying amount
<b>Assets</b>	<b>Rs 000</b>	<b>Rs 000</b>	<b>Rs 000</b>	<b>Rs 000</b>
Investment securities	-	3,950,598	-	3,950,598
Derivatives financial instruments	-	-	-	-
2024	Level 1	Level 2	Level 3	Carrying amount
<b>Assets</b>	Rs 000	Rs 000	Rs 000	Rs 000
Investment securities	-	3,165,440	-	3,165,440
Derivatives financial instruments	-	-	-	-
2023	Level 1	Level 2	Level 3	Carrying amount
<b>Assets</b>	Rs 000	Rs 000	Rs 000	Rs 000
Investment securities	-	2,625,111	-	2,625,111
Derivatives financial instruments	-	-	-	-

### Level 2 financial assets and financial liabilities

The above table sets out the Bank's principal valuation techniques as at 31 December 2025 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy. The fair value of investment securities and derivative financial instruments were determined using the discounted cash flow model.

### Level 3 financial assets and financial liabilities

The fair value of an unquoted equity investment is deemed to be reliably measured if:

- The variability in the range of reasonable fair value estimates is not significant; or
- The probabilities of the various estimates within the range can be reasonably assessed.

**30. SEGMENTAL REPORTING**

The Bank of Mauritius requires the Bank to disclose its assets and liabilities, operating income classified into resident and non resident.

 **Stand-alone Balance Sheet**

	Note	2025			2024			2023		
		Total	Resident	Non-Resident	Total	Resident	Non-Resident	Total	Resident	Non-Resident
		Rs 000								
<b>ASSETS</b>										
Cash and cash equivalents	10	12,449,792	10,137,947	2,311,845	8,452,253	7,005,348	1,446,905	8,003,310	3,116,918	4,886,392
Loans and advances to banks	11	6,787,116	693,590	6,093,526	5,472,429	479,941	4,992,488	5,195,145	48,238	5,146,907
Loans and advances to customers	12	15,478,944	12,060,058	3,418,886	15,951,506	11,423,835	4,527,671	13,541,379	10,764,244	2,777,135
Investment securities	14	3,950,598	2,728,925	1,221,673	3,165,440	1,979,806	1,185,634	2,625,111	2,185,118	439,993
Property and equipment	15	176,110	176,110	-	25,120	25,120	-	36,429	36,429	-
Intangible assets	16	59,034	59,034	-	50,727	50,727	-	50,691	50,691	-
Deferred tax assets	9(c)	62,704	62,704	-	69,864	69,864	-	64,979	64,979	-
Other assets	17	243,814	192,182	51,632	1,683,892	79,691	1,604,201	2,443,534	140,297	2,303,237
<b>Total assets</b>		<b>39,208,112</b>	<b>26,110,550</b>	<b>13,097,562</b>	<b>34,871,231</b>	<b>21,114,332</b>	<b>13,756,899</b>	<b>31,960,578</b>	<b>16,406,914</b>	<b>15,553,664</b>
<b>LIABILITIES</b>										
Deposits from banks	18	6,356,546	938	6,355,608	7,177,100	57	7,177,043	4,315,294	61	4,315,233
Deposits from customers	19	22,867,512	18,990,572	3,876,940	18,067,007	14,954,126	3,112,881	16,158,503	13,319,879	2,838,624
Borrowed funds	20	4,664,387	-	4,664,387	3,577,978	-	3,577,978	5,305,982	-	5,305,982
Derivative financial instruments	21	-	-	-	177	-	177	746	-	746
Subordinated liabilities	22	914,583	-	914,583	932,305	-	932,305	854,208	-	854,208
Current tax liabilities	9(d)	46,256	46,256	-	22,882	22,882	-	18,025	18,025	-
Provisions	23(b)	106,312	98,161	8,151	74,949	70,189	4,760	93,204	60,600	32,604
Other liabilities	23(a)	620,607	330,622	289,985	1,861,359	185,440	1,675,919	2,503,973	250,133	2,253,840
<b>Total liabilities</b>		<b>35,576,203</b>	<b>19,466,549</b>	<b>16,109,654</b>	<b>31,713,757</b>	<b>15,232,694</b>	<b>16,481,063</b>	<b>29,249,935</b>	<b>13,648,698</b>	<b>15,601,237</b>
<b>Equity</b>										
Share capital	24	2,398,825			2,398,825			2,398,825		
Retained earnings		819,058			470,245			153,584		
Reserves		414,026			288,404			158,234		
<b>Total equity attributable to the equity holders of the Bank</b>		<b>3,631,909</b>			<b>3,157,474</b>			<b>2,710,643</b>		
<b>Total liabilities and equity</b>		<b>39,208,112</b>			<b>34,871,231</b>			<b>31,960,578</b>		

● **Annex 1: Operating Income**

Note	2025			2024			2023		
	Total	Resident	Non-Resident	Total	Resident	Non-Resident	Total	Resident	Non-Resident
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	1,802,121	1,113,802	688,319	1,841,603	1,076,077	765,526	1,465,654	760,129	705,525
Interest expense	(919,817)	(370,336)	(549,480)	(997,446)	(502,027)	(495,419)	(793,910)	(381,305)	(412,605)
<b>Net interest income</b>	<b>882,304</b>	<b>743,466</b>	<b>138,838</b>	<b>844,157</b>	<b>574,050</b>	<b>270,107</b>	<b>671,744</b>	<b>378,824</b>	<b>292,920</b>
Fee and commission income	121,950	104,022	17,928	118,737	93,224	25,513	91,395	33,701	57,694
Fee and commission expense	(24,545)	(10,092)	(14,453)	(21,962)	(8,228)	(13,734)	(23,308)	(6,385)	(16,923)
<b>Net fee and commission income</b>	<b>97,405</b>	<b>93,930</b>	<b>3,475</b>	<b>96,775</b>	<b>84,996</b>	<b>11,779</b>	<b>68,087</b>	<b>27,316</b>	<b>40,771</b>
Net trading income	82,525	76,788	5,736	91,491	45,828	45,663	64,826	33,388	31,438
Net gain/(loss) on derivative held at fair value through profit or loss	(8)	-	(8)	569	-	569	(879)	-	(879)
Other income	17	17	-	825	825	-	4,935	4,935	-
	<b>82,533</b>	<b>76,805</b>	<b>5,728</b>	<b>92,885</b>	<b>46,653</b>	<b>46,232</b>	<b>68,882</b>	<b>38,323</b>	<b>30,559</b>
<b>Operating Income</b>	<b>1,062,243</b>	<b>914,201</b>	<b>148,042</b>	<b>1,033,817</b>	<b>705,699</b>	<b>328,118</b>	<b>808,713</b>	<b>444,463</b>	<b>364,250</b>

Notes to the financial statements (Continued)  
30. Segmental Reporting (Continued)

**Annex 2 - Sectorwise Distribution of Loans and Advances\***

	Loans and Advances								
	2025			2024			2023		
	Total	Resident	Non-Resident	Total	Resident	Non-Resident	Total	Resident	Non-Resident
Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>Other Non-Financial Corporations</b>									
A - Agriculture, forestry and fishing	592,358	592,358	-	597,625	597,625	-	394,353	394,353	-
B - Mining and quarrying	963,250	-	963,250	983,532	-	983,532	539,496	-	539,496
C - Manufacturing	260,065	260,065	-	507,045	507,045	-	918,884	797,499	121,385
D - Electricity, gas, steam and air conditioning supply	1,510,418	1,510,418	-	1,667,112	1,667,112	-	1,684,058	1,684,058	-
E - Water supply; sewerage, waste management and remediation activities	14,469	14,469	-	17,038	17,038	-	19,721	19,721	-
F - Construction	63,624	63,624	-	31,253	31,253	-	45,889	45,889	-
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	2,079,351	1,383,290	696,061	2,140,490	1,220,099	920,391	1,601,062	1,158,672	442,390
H - Transportation and storage	1	1	-	-	-	-	4,551	4,551	-
I - Accommodation and food service activities	514,505	514,505	-	621,145	621,145	-	890,254	890,254	-
J - Information and communication	1,071	1,071	-	1,067	1,067	-	2,171	2,171	-
L - Real estate activities	67,980	67,980	-	66,775	66,775	-	74,117	74,117	-
M - Professional, scientific and technical activities	7	7	-	26	26	-	429	429	-
N - Administrative and support service activities	6,730	6,730	-	6,656	6,656	-	63,168	63,168	-
P - Education	-	-	-	-	-	-	6,860	6,860	-
Q - Human health and social work activities	476,660	3,156	473,504	481,392	-	481,392	450,966	-	450,966
R - Arts, entertainment and recreation	-	-	-	101	101	-	101	101	-
S - Other service activities	-	-	-	-	-	-	-	-	-
<b>Financial Corporations (excluding Global Business Companies)</b>	<b>8,531,719</b>	<b>969,762</b>	<b>7,561,957</b>	<b>8,238,524</b>	<b>857,831</b>	<b>7,380,693</b>	<b>7,479,398</b>	<b>724,729</b>	<b>6,754,669</b>
<b>Public Non-Financial Corporations</b>	-	-	-	-	-	-	-	-	-
<b>Global Business Corporations (GBCs)</b>	<b>3,215,665</b>	<b>3,215,665</b>	-	<b>2,613,434</b>	<b>2,613,434</b>	-	<b>2,370,754</b>	<b>2,370,754</b>	-
<b>Households</b>	<b>3,198,351</b>	<b>3,049,620</b>	<b>148,731</b>	<b>3,205,499</b>	<b>2,927,039</b>	<b>278,460</b>	<b>3,113,060</b>	<b>2,739,656</b>	<b>373,404</b>
	<b>21,496,224</b>	<b>11,652,721</b>	<b>9,843,503</b>	<b>21,178,714</b>	<b>11,134,246</b>	<b>10,044,468</b>	<b>19,659,292</b>	<b>10,976,982</b>	<b>8,682,310</b>

\*As per XBRL Return PSC 0100 and PSC 0104

**Annex 3 - Deposits from Customers**

	2025			2024			2023		
	Total	Resident	Non-Resident	Total	Resident	Non-Resident	Total	Resident	Non-Resident
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Retail Customers	<b>6,069,694</b>	<b>3,882,295</b>	<b>2,187,399</b>	5,361,958	3,564,188	1,797,770	4,698,079	3,289,982	1,408,097
- Current Accounts	1,857,241	998,138	859,103	1,530,266	777,838	752,428	1,044,884	663,394	381,490
- Savings Accounts	1,617,820	1,213,773	404,047	1,459,003	1,105,051	353,952	1,466,564	1,120,896	345,668
- Time Deposits	2,594,633	1,670,384	924,249	2,372,689	1,681,299	691,390	2,186,631	1,505,692	680,939
Corporate Customers	<b>16,797,446</b>	<b>15,107,906</b>	<b>1,689,540</b>	12,704,675	11,389,564	1,315,111	11,460,049	10,029,522	1,430,527
- Current Accounts	9,956,886	9,325,360	631,526	7,313,369	6,639,995	673,374	7,243,975	6,453,792	790,183
- Savings Accounts	12,069	12,069	-	9,166	9,166	-	100,873	100,800	73
- Time Deposits	6,828,491	5,770,477	1,058,014	5,382,140	4,740,403	641,737	4,115,201	3,474,930	640,271
Government	<b>372</b>	<b>372</b>	-	374	374	-	375	375	-
- Current Accounts	-	-	-	-	-	-	-	-	-
- Savings Accounts	372	372	-	374	374	-	375	375	-
- Time Deposits	-	-	-	-	-	-	-	-	-
	<b>22,867,512</b>	<b>18,990,573</b>	<b>3,876,939</b>	18,067,007	14,954,126	3,112,881	16,158,503	13,319,879	2,838,624

### **31. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

Groupe Banque Centrale Populaire, an entity incorporated under laws of Morocco is the Bank's immediate and ultimate holding company.

### **32. LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO**

The Bank computes the LCR and NSFR in accordance with Basel III and the Guideline on Liquidity Risk Management issued by the Bank of Mauritius.

As at 31 December 2025, the Bank's LCR stood at 301% (31 December 2024: 761% and 31 December 2023: 433%) and as at 31 December 2025 the Bank's NSFR stood at 139%, well above regulatory requirements.

### **33. SUBSEQUENT EVENT**

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated and remain ongoing. These events are considered non-adjusting events in accordance with IAS 10 Events after the Reporting Period, as they do not provide evidence of conditions that existed at 31 December 2025.

Management has performed an assessment of the potential implications of these developments on the Bank's operations and financial position including consideration of the Bank's direct and indirect exposures to affected regions, including lending, investment securities and counterparty relationships and the potential impacts on key risk areas such as credit risk, liquidity risk and market risk.

Based on the information available at the date of approval of these financial statements, management does not consider that these developments have had a material impact on the Bank's financial position or performance.

The Bank continues to closely monitor the situation as part of its ongoing risk management processes. Given the evolving nature of the geopolitical environment, the potential future impact, if any, remains uncertain.

There are no other material events that occurred subsequent to the reporting date that would require adjustment to the financial statements.

