MAURITIUS HOUSING COMPANY LTD

Consolidated and Separate Financial Statements
For the year ended 30 June 2025

MAURITIUS HOUSING COMPANY LTD

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CORPORATE INFORMATION

DIRECTORS	Me Rashad Racheed DAUREEAWOO	Up to 13 November 2024
	Mr Mohummad Shamad AYOOB SAAB	appointed on 02 March 2021
	Mr Sarwansingh PURMESSUR	appointed on 30 November 2020
	Mrs Marie Veronique Doriana LETANDRIE	Up to 09 December 2024
	Mr Khulwant Kumar UBHEERAM	Up to 15 November 2024
	Mr Anand BABBEA	Up to 21 November 2024
	Ms Maheswaree Naraini MADHUB	appointed on 09 November 2023
	Mr Mahomed Reshad MONAFF	Up to 15 November 2024
	Mrs Subashini RAMA	appointed on 09 November 2023

MANAGING DIRECTOR	Mr Anand BABBEA	Up to 21 November 2024

OFFICER IN CHARGE	Mr Surendra PUHOLOO	appointed on 22 November 2024

REGISTERED OFFICE	MHC Building Reverend Jean Lebrun Street Port Louis Republic of Mauritius

SECRETARY	Prime Partners Ltd 15th Floor, Air Mauritius Building John Kennedy Street Port Louis Republic of Mauritius

EXTERNAL AUDITORS	MOORE (Mauritius) LLP 6th Floor, Newton Tower Sir William Newton Street Port Louis Republic of Mauritius

BANKERS	The Mauritius Commercial Bank Ltd
	SBM Bank (Mauritius) Ltd
	ABSA Bank (Mauritius) Ltd
	Bank of Mauritius
	Banque Patronus Limitée (Formerly Habib Bank Ltd)
	The Hong Kong and Shanghai Banking Corporation Ltd
	Bank One Ltd
	Bank of Baroda Ltd
	MauBank Ltd
	SBI (Mauritius) Ltd
	AfrAsia Bank Ltd
	BCP Bank (Mauritius) Ltd
	ABC Banking Corporation Ltd

ANNUAL REPORT

The directors have the pleasure in submitting the annual report together with the audited consolidated and separate financial statements of Mauritius Housing Company Ltd, the "Company" or "MHC" and its subsidiary for the year ended

The Company and its subsidiary are together referred to the "Group".

INCORPORATION

The Company was incorporated in the Republic of Mauritius on 12 December 1989 as a public company with limited

PRINCIPAL ACTIVITIES

The principal activities of the Company are the granting of loans for the construction/purchase of houses, to engage in deposits taking and to promote property development. The Company operates under a deposit-taking business licence from the Bank of Mauritius.

RESULTS AND DIVIDENDS

The results for the year are as shown in the consolidated and separate statements of profit or loss and other comprehensive

For the year ended 30 June 2025, the directors have recommended a dividend of Rs 17,261,656 subject to the Bank of Mauritius's approval (2024: Rs 13,676,883 and 2023: Rs 10,371,182).

DIRECTORS

The present membership of the Board is set out on page 2.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In preparing those financial statements, the directors are required to:

· ensure that adequate accounting records and an effective system of internal controls and risk

· select suitable accounting policies and then apply them consistently;

· make judgements and estimates that are reasonable and prudent;

· state whether applicable accounting standards have been adhered to, subject to any material departures disclosed, explained and quantified in the financial statements;

· prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business;

· keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and Company while ensuring that the financial statements fairly present the state of affairs of the Group and Company, as at the financial year end, and the results of its operations and cash flows for that period; and

· ensure that the financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

· disclose with reasonable accuracy at any time the financial position of the Group and Company; and

· enable them to prepare the financial statements which comply with the Mauritius Companies Act 2001, applicable legislations and Bank of Mauritius guidelines and IFRS Accounting Standards as issued by the International Accounting Standards Board.

DIRECTORS' SHARE INTERESTS

The directors hold no share in the Group and the Company whether directly or indirectly.

DIRECTORS' REMUNERATION

The directors' remuneration relates to both the Executive Directors and Non-Executive Directors, for the three years ended 30 June 2025.

DIRECTORS' REMUNERATION (CONT'D)

The Group	2025	2024	2023
	Rs	Rs	Rs
Executive Director	**1,755,153**	6,102,230	7,573,490
Non-Executive Directors	**2,457,500**	3,820,927	3,654,356

The Company	2025	2024	2023
	Rs	Rs	Rs
Executive Director	**1,755,153**	6,102,230	7,573,490
Non-Executive Directors	**2,332,500**	3,520,927	3,364,356

SIGNIFICANT CONTRACTS

No contracts of significance existed during the year under review between the Group or the Company and its directors. Loans to the directors are granted in the normal course of business.

DONATIONS

No donations was made during the year ended 30 June 2025 (2024: Rs 135,000 and 2023: Rs 63,500).

AUDITORS

Fees, inclusive of VAT, payable to MOORE (Mauritius) LLP for the year ended 30 June 2025 and to Grant Thornton for the years ended 30 June 2024 and 2023 are as follows:

	2025	2024	2023
	Rs	Rs	Rs
Audit fees	**2,127,500**	1,638,750	1,541,000
Other services*	-	92,000	-

* audit-related services

DIRECTOR

DIRECTOR

DIRECTOR

Date: 29 SEP 2025

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The Group's and Company's external auditors, **MOORE (Mauritius) LLP**, 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.

DIRECTOR **DIRECTOR** **DIRECTOR**

Date: 29 SEP 2025

Mauritius Housing Company Ltd (the **"MHC"** or the **"Company"**), through its Board of Directors and Senior Management team composed of a mix of qualified and experienced members, is committed to upholding high standards of corporate governance, fostering transparency, and delivering long-term value for shareholders and stakeholders alike. The Company, qualifying as a Public Interest Entity, as per the provisions under the Financial Reporting Act 2004 (as amended), maintains the highest levels of integrity and professionalism, ensuring its management practices remain ethical, responsible, and sustainable.

The Company stands guided by the eight (8) guiding principles of the **National Code of Corporate Governance for Mauritius (2016) ("the Code")** and the *'Guidelines on Corporate Governance'* issued by the Bank of Mauritius. The Board of Directors uses the Code as its key governance benchmark and remains dedicated to embedding its core principles — transparency, independence, accountability, fairness, social responsibility, and professionalism — tailored to MHC's size, complexity, and evolving risks.

This *Corporate Governance Report* therefore outlines how the MHC has applied the principles of the Code during the financial year and explains any deviations or non-compliance where applicable.

The Company

The Mauritius Housing Company Ltd ("MHC") holds a Non-Bank Deposit Taking Institution ("NBDTI") from the Bank of Mauritius, and is the pioneer in Mauritius regarding promotion homeownership. Established in 1963 as the Mauritius Housing Corporation, recognized as a parastatal body under the Mauritius Housing Corporation Act of 1963 (repealed in 1989), it became a public company in 1989. The Company offers a wide array of affordable home loan solutions, savings schemes, and tailored financial products, including financing for acquisition, construction, renovations, and real estate projects. With a network spanning Mauritius and Rodrigues, the MHC also undertakes real estate development projects to support national housing needs. MHC also provide in-house architectural, technical, legal, and insurance services, and offer savings schemes like the Smart PEL (Plan Epargne Logement).

Our mission is to deliver competitive, responsible housing finance while maintaining transparency, sound risk management, and long-term stakeholder value. MHC continues to adapt to evolving challenges, staying committed to its vision of being the trusted partner for housing solutions across Mauritius and Rodrigues.

PRINCIPLE 1 - GOVERNANCE STRUCTURE

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

The Corporate Governance Framework of MHC comprises the shareholders, the Board of Directors, Board Committees, the Managing Director and senior Management. It also includes Internal and External Auditors as well as established policies and procedures across all its operations. The Governance structure of the MHC is set out below. The Managing Director is responsible of the day-to-day management of MHC and the execution of the Board' approved strategy. The Managing Directors reports directly to the Board of Directors through the Chairperson. The Company Secretary in turn ensures that the Board of Directors is properly apprised on the proposals and other discussion points brought forward by the Chairperson, either on his own initiative or in consultation with the Managing Director.

The MHC is headed by an effective Board which assumes responsibility for meeting all legal and regulatory requirements. The Board takes its fiduciary responsibility with great care and diligence. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the Company for it to prosper.

The Board of Directors (the "Board") affirms its commitment to providing strong leadership and independent judgement for complying with all legal and regulatory requirements as applicable to MHC and also ensuring long term success of the organisation.

The Board of MHC is collectively accountable and responsible for the affairs of the Company. The Board fulfills its duties and responsibilities as defined in the Company's Constitution and the Mauritius Companies Act 2001 ("the Act") and the Bank of Mauritius guidelines and regulations.

The directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Consequently, much emphasis is put on documented internal control processes, with defined monitoring and reporting obligations, enabling the Board to apprise the actual situation and act promptly and responsively. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has, to the effect adopted a Board Charter outlining the key specifications and the modus operandi of the Board, in accordance with the requirements of applicable laws and regulations.

The Board is also required to review and approve specific governance related documents or policies, principally upon recommendation of dedicated sub-committees, such as the Audit Committee and the Risk Management Committee. Among others, the following governance related documents, as approved by the Board, and are published on the Company's website:

- Board Charter;
- Code of Ethics for Directors; and
- A Statement of Key Governance Responsibilities and Accountabilities.

In principle, internal policies as approved by the Board are reviewed as and when required. Other compliance and governance related documents are reviewed as and when required by the executive team to reflect any change in the applicable laws and/or Board philosophy. All such amendments are discussed at the level of the Board and/or sub-committee prior to approval for same to be implemented. Recommendations from the Company's internal control functions and auditors are also considered.

Key Governance Responsibilities

The Board ensures that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

Chairperson of the Board

The current Chairperson of the Board is responsible for the activities of the Board and its committees. He acts as spokesperson for the Board and is the principal Board contact for the Company's executive team. The Chairperson of the Board and the executive team meet regularly. The Chairperson of the Board presides over shareholders' meetings.

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Key Governance Positions (Cont'd)

Duties of the Chairperson of the Board

In fulfilling his key responsibilities, the Chairperson of the Board shall ensure the following:

(i) The Board fulfills its duties;

(ii) Board members, when appointed, participate in an induction program and, if needed, in supplementary training programs;

(iii) Members receive all the information necessary for them to perform their duties;

(iv) The agenda of Board meetings are determined;

(v) The Board meetings are chaired in an effective manner;

(vi) The Board has sufficient time for deliberation and decision-making;

(vii) Participation of each director in discussions and Board matters;

(viii) Minutes of Board and Committee meetings are properly recorded and stored;

(ix) The committees function properly;

(x) Consultations are held with external advisors appointed by the Board;

(xi) The performance of Board members is evaluated regularly;

(xii) Problems related to the performance of individual Board members are addressed;

(xiii) Internal disputes and conflicts of interest concerning individual Board members, including the possible resignation of such members as a result thereof, are addressed;

(xiv) The Board has proper contact with the executive team; and

(xv) For each financial period, the compliance statement is submitted to the Bank of Mauritius.

Chairperson of the Audit Committee

The Chairperson of the Audit Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. He/she has the following responsibilities, amongst others:

(i) To ensure the annual financial statements comply with the appropriate accounting standards; and
(ii) To report on the deliberations of the Audit Committee to the Board.

Chairperson of the Risk Management Committee

The Chairperson of the Risk Management Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. He/she has the following responsibilities, amongst others:

(i) To provide risk expertise to the Committee;

(ii) To advise the Company on the overall current and future risk appetite;

(iii) To oversee senior management's implementation of risk appetite framework; and

(iv) To report on the state of risk culture of the Company and the deliberations of the Risk Management Committee to the Board.

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Key Governance Positions (Cont'd)

Chairperson of the Nomination and Remuneration Committee

The Chairperson of the Nomination and Remuneration Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. He/she has the following responsibilities, amongst others:

(i) To provide expertise in the areas of human resources;

(ii) To ensure the Company is compliant with the labour laws;

(iii) To ensure that the succession planning for directors and other senior executives; and

(iv) To report on the deliberations of the Nomination and Remuneration Committee to the Board.

Chairperson of the Corporate Governance Committee

The Chairperson of the Corporate Governance Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. He/she has the following responsibilities, amongst others:

(i) To provide expertise in the areas of corporate governance;

(ii) To ensure the Board is up to the standard with the Code; and

(iii) To report on the deliberations of the Corporate Governance Committee to the Board.

Chairperson of the Real Estate Development Monitoring Committee

The Chairperson of the Real Estate Development Monitoring Committee works in close collaboration with and provides support and advice to the Chairperson of the Board. He/she has the following responsibilities, amongst others:

(i) To provide expertise in the areas of real estate development;

(ii) To monitor closely the good running of housing projects and ensure deliverables are met within set timeline; and

(iii) To report on the deliberations of the Real Estate Development Monitoring Committee to the Board.

Following approval of the shareholders, a subsidiary under the name of MHC Properties Ltd was incorporated on 05 September 2022. The business purpose of the subsidiary was to take over all the activities of the Real Estate Development Monitoring Committee for it to be subsequently dissolved.

However, as of date, since the intended take over has not been finalized, the Real Estate Development Monitoring Committee has not yet been dissolved.

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Other Key Governance Positions

Chairperson of the Monitoring Committee

The Chairperson of the Monitoring Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. He/she has the following responsibilities, amongst others:

(i) To ensure that the milestones and approved objectives of the Company are achieved; and
(ii) To report on the deliberations of the Monitoring Committee to the Board.

Managing Director

The Managing Director assumes the same functions as the Chief Executive Officer of a financial institution.

The main functions of the Managing Director are:

- To develop and recommend to the Board a long-term vision and strategy for MHC which will generate satisfactory levels of shareholders' value and positive reciprocal relations with the relevant stakeholders;
- To devise and recommend to the Board annual business plans and budgets that support MHC's long-term strategy;
- To ensure that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board;
- To strive consistently to achieve MHC's financial and operational goals and objects and ensure the proper management and monitoring of the daily business of MHC;
- To execute and implement the strategy of the Board;
- To monitor the organisation's performance and to keep the Board informed accordingly;
- To foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity and meets social responsibility objectives and imperatives;
- To be the chief spokesperson for MHC in relation to all operational and day-to-day matters; and
- To attend meetings of shareholders and be ready to present material operational developments to the meeting as well as the annual business plans and budgets that support the organisation's strategy.

Senior Management Team

MHC's Senior Management team is composed of the below identified full-time senior officers, who heads specific business units with defined scope of work in order to ensure effective management of MHC's business operations and overall compliance with the governing legislations.

Name	Position	Qualifications	Date Joined
Mr **Babbea** Anand	Managing Director (From 01 May 2020 to 30 April 2022 and re-appointed on 24 May 2022)	Bachelor's degree with Honours in Financial Services and a Master's in Business Administration from the University of Mauritius	01 May 2020 **up to 21 November 2024**
Mr **Puholoo** Surendra	Officer in Charge and Head of Finance	ACCA Graduate (1996), ACCA Member (1997) and Fellow ACCA (2002)	02 Jul 1990 and appointed as Officer in Charge on 22 November 2024
Mr **Abeeluck** Rajeev	Head (Technical)	Bachelor's degree and Post- Graduate Diploma in Architecture from the	02 Jul 2001

		University of Natal in South Africa and is registered with the Professional Architects' Council of Mauritius (1995)	
Mr **Ramdhan** Ravindranath	Head (Information and Communication Technology) and Deputy Money Laundering Reporting Officer (DMLRO)	Degree in Computer Applications (2007) and a Master's in Business Administration in Information System (2009) from the University of Technology, Mauritius	10 Aug 2020
Mr **Boojhawon** Rakeshsing	Internal Auditor (as from 15 April 2024) Acting Manager (Risk and Compliance) (up to 14 April 2024)	ACCA Member (2009), Fellow ACCA (2014) and IRM Cert	07 Dec 1994
Mrs **Kalapnauth - Rajcoomar** Ashvina	Manager (Corporate Services)	Bachelor Degree of Science with Honours in Human Resource Management (2006) and a Master's in Business Administration in Human Resource Management (2011) from the University of Technology, Mauritius	30 Jul 2003
Mr **Maudarun** Sheik Muhammad Shakeel	Manager (Operations)	ACCA Member (2008), Fellow ACCA (2013) and Masters in Business Administration (2016) from the Edinburgh Business School - Herriot Watt University	08 Mar 1992
Mr **Heera** Iswarduth	Manager (Marketing and Communication)	Diploma in Marketing from the Institute of Commercial Management, UK and a Degree in Human Resource Management (2012) from the University of Technology, Mauritius	17 May 2023
Mrs **Pyneeandee** Rajamanee	Manager (Commercial)	Diploma in Marketing & Management (1995) from the Institute of Commercial Management, Bsc (Hons) Business Management (2012) and Msc Finance (2021) from the University of Mauritius	01 Dec 1992
Mr **Quirin** Robert Richard	Manager (Recovery)	BA(Hons) Financial Services (2002) from Napier University (Edinburgh) and a Masters of Science in Banking and Finance Development Programme (2008) from the University of Technology, Mauritius	08 Feb 1993

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Other Key Governance Positions (Cont'd)

Senior Management Team (Cont'd)

Mrs **Ramkhelawon** Hemantee	Manager (Credit Services)	Diploma in Management Studies (2010) and Bsc (Hons) Management Studies (2013) from the University of Mauritius and an MBA with Specialisation in Marketing Management (2018) from the Open University of Mauritius	17 Feb 1992
Mrs **Seesurn** Jayantee	Manager (Credit Underwriting)	Diploma in Legal Studies (2009), BA (Hons) Legal Studies and Management (2011) and a Masters in Business Administration in Financial Services (2016) from University of Mauritius	14 May 1985
Mr. **Soobhug** Kheshal Rai	Manager – Risk & Compliance (as from 16 Dec 2024) (also Compliance Officer, Money Laundering Reporting Officer, Data Protection Officer)	Bachelor degree in Business Economics with Information Systems and a Master in Business Administration with specialisation in Financial Management from the University of Mauritius	16 Dec 2024
Officers who ceased to hold office during the year			
Mr Mudaliar Rama Krishna	Internal Auditor (Retired on 22 January 2024)	FCCA	01 Jun 1992

Senior Management Profile

Mr Anand BABBEA, was the Managing Director of Mauritius Housing Company Ltd since 01 May 2020 to 30 April 2022. He was re-appointed as Managing Director on 24 May 2022 and has resigned on 21 November 2024. Mr Babbea has grown within the Banking, Financial and Payments Industry and is a professional reckoning more than 34 years of experience.

Mr Babbea started his career at the Ministry of Finance in 1990. He then joined the State Bank (Mauritius) Ltd in 1992, where he had a long and rich career of 21 years. He also worked as Head of eCommerce at CIM Finance Ltd for approximately 4 years. Prior to joining the Mauritius Housing Company Ltd, Mr Babbea was the Chief Executive Officer of the GPN Data (Mauritius) Ltd for more than 3 years. He had also been the Chairman of the Development Bank of Mauritius (DBM) Ltd from 2017 to 2020.

He holds a Bachelor Degree with Honours in Financial Services and a Masters in Business Administration from the University of Mauritius.

Following the resignation of Mr. Anand Babbea on 21 November 2024, for administrative convenience the Board has on 28 November 2024 assigned the duties of Officer in Charge of the Mauritius Housing Company Ltd to Mr. Surendra Puholoo, the Head of Finance with effect from 22 November 2024 until the filing of the vacancy in the grade of Managing Director.

Mr Surendra PUHOLOO is presently the Officer-in-Charge of the Mauritius Housing Company Ltd since 22 November 2024. He joined the Company on 02 July 1990 and is the Head (Finance) in a substantive capacity. He was admitted as an Associate of the Association of Chartered Certified Accountants in December 1997 and Fellow Member in December 2002.

Mr Rajeev ABEELUCK joined the Company as an Architect on 02 July 2001 before being appointed as Head (Technical Department) in October 2013. He holds a Bachelor Degree in Architecture (1994) and a Post Graduate Diploma in Architecture (1996) from the University of Natal in Durban, South Africa. He is registered with the Professional Architects' Council of Mauritius (1995).

Mr Ravindranath RAMDHAN joined the Company as Head (Information Technology) on 10 August 2020. He holds a degree in Computer Applications (2007) and a Masters of Business Administration with specialisation in Information System (2009) from the University of Technology, Mauritius.

Mr Surendranath Singh AYADASSEN, MBA FCIM FCMI CIHM DIPM CHARTERED MARKETER PHF, is the Head (Commercial) of the Company since 11 September 2024. Holder of a Master in Business Administration (MBA), he is also a Fellow & Chartered Marketer of the Chartered Institute of Marketing (UK), Fellow of the Chartered Management Institute (UK) and Member of the Chartered Institute of Housing (UK). Closely involved in social work through the Rotary Club of Phoenix, he is also holder of a Paul Harris Fellow.

Mrs Ashvina KALAPNAUTH-RAJCOOMAR joined the Company on 30 July 2003 and presently holds the post of Manager (Corporate Services). She is holder of a Bachelor Degree of Science with Honours in Human Resource Management (2006) and an MBA in Human Resource Management (2011) from the University of Technology, Mauritius. She is also an Executive Member (Secretary) of the Association of Human Resource Professionals of Mauritius (MAHRP).

Mr Rakeshsing BOOJHAWON joined the Company on 07 December 1994. He is presently employed as Internal Auditor. He was admitted as a Member of the Association of Chartered Certified Accountants in March 2009 and as a Fellow Member in April 2014. He also holds an International Certificate in Enterprise Risk Management from the Institute of Risk Management UK.

Mr Sheik Muhammad Shakeel MAUDARUN joined the Company on 09 March 1992 and presently holds the post of Manager (Operations) since 22 July 2024. Mr Maudarun was admitted as a Member of the Association of Chartered Certified Accountants in November 2008 and as a Fellow Member in November 2013. He is also holder of a Masters of Business Administration (2016) from Heriot-Watt University.

Mr Iswarduth HEERA joined the Company as Manager (Marketing and Communication) on 17 May 2023. He holds a Diploma in Marketing from the Institute of Commercial Management, UK and a Degree in Human Resource Management in 2012 from the University of Technology, Mauritius.

Mrs Jayantee SEESURN joined the Company on 14 May 1985 and presently holds the position of Manager (Credit Underwriting). She holds a Degree of Bachelor of Arts with Honours in Legal Studies and Management (2011) and a Masters in Business Administration with specialisation in Financial Services (2016) from University of Mauritius.

Mrs Hemantee RAMKHELAWON joined the Company on 17 February 1992 and presently holds the position of Manager (Credit Services). She holds a Bachelor Degree of Science with Honours in Management Studies (2013) from University of Mauritius and an MBA with specialisation in Marketing Management (2018) from Open University of Mauritius.

Mr Robert Richard QUIRIN joined the Company on 08 February 1993. He is presently employed as Manager (Recovery). He holds a degree of Bachelor of Arts with Honours in Financial Services (2022) from Napier University and an MSc in Banking and Finance (2008) from the University of Technology.

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Senior Management Profile (Cont'd)

Mr Kheshal Rai SOOBHUG joined the Company as Manager (Risk and Compliance) on 16 December 2024. He holds a Bachelor degree in Business Economics with Information Systems and a Master in Business Administration with specialisation in Financial Management from the University of Mauritius.

Officer who ceased to hold office during the year under review

Mr Rama Krishna Mudaliar joined MHC on 01 June 1992 as Internal Auditor.

He is a Fellow Member of the Association of Chartered Certified Accountant since November 1995. He has occupied all senior posts of the Company. He held the post of Internal Auditor at time of retirement on 22 January 2024.

Organisation Chart

The current organisational chart of the Company is as follows:

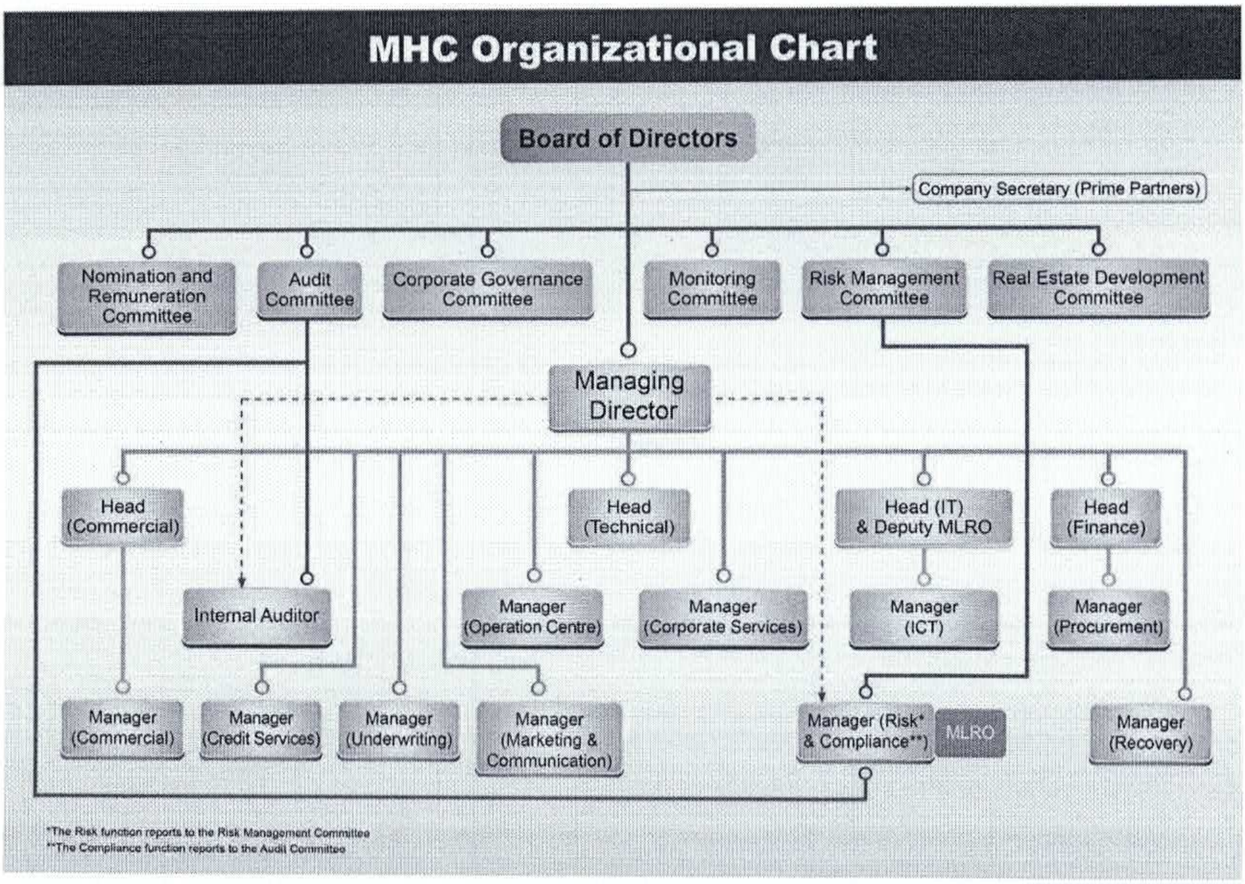

Figure 1 – Organisational Structure of MHC

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."

2.1 Nomination of Directors

All directors are elected or re-elected by the shareholders at the Company's Annual Meeting. The Company promotes fair gender representation by ensuring that at least one female director serves on the Board and its committees.

The size and composition of the Board are shaped by factors such as the Company's scale, nature, and complexity, the need for an effective group dynamic, the right balance of skills, industry expertise, and compliance with all legal and regulatory requirements.

The Board oversees succession planning and ensures that newly appointed directors complete a structured induction and orientation programme to help them understand the Company's operations and governance framework.

2.2 Access to Information for Directors

Directors receive timely and comprehensive information to support their active participation in Board discussions. They have unrestricted access to the Company Secretary for any further details they may require and may seek independent professional advice at the Company's expense when needed.

The Company Secretary maintains the interests register, which shareholders may inspect upon written request. All related-party transactions and conflicts of interest are handled in line with the Company's Conflict of Interest and Related Party Transaction Policy and its Code of Ethics. None of the directors hold directorships in other listed companies.

2.3 Board of Directors

The Board operates as a unitary Board and is collectively responsible for the Company's long-term success, sound governance, and reputation. The Board is accountable to shareholders and stakeholders for providing leadership, oversight, and ensuring that the Company complies with all applicable laws and regulations while pursuing its strategic objectives responsibly.

The Constitution of the Company provides for a minimum of five (5) and a maximum of nine (9) directors. The Board is unitary and consists of nine (9) directors. For the period under review, the composition of the Board was as follows:

- 1 Executive Director;
- 4 Non-Executive Directors; and
- 4 Independent Directors.

The Board is responsible for the stewardship of MHC, overseeing its strategy, conduct and affairs. The directors of MHC as at 30 June 2025 were:

Director Name	Role	Category
Mrs Subashini Rama (appointed on 09 November 2023)	Director	Non-Executive
Mr Mohummad Shamad Ayoob Saab (appointed on 02 March 2021)	Director	Non-Executive
Ms Maheswaree Naraini Madhub (appointed on 09 November 2023)	Director	Non-Executive
Mr Sarwansingh Purmessur (appointed on 30 November 2020)	Director	Non-Executive
Directors who ceased to hold office during the year under consideration		
Me Rashad Racheed Daureeawoo (appointed on 06 February 2020 up to 13 November 2024)	Director	Independent
Mr Anand Babbea (appointed on 01 May 2020 to 30 April 2022 and re-appointed on 24 May 2022 up to 21 November 2024)	Managing Director	Executive
Mrs Marie Veronique Doriana Letandrie (appointed on 30 November 2020 up to 09 December 2024)	Director	Independent
Mr Mahomed Reshad Monaff (appointed on 09 November 2023 up to 15 November 2024)	Director	Independent
Mr Khulwant Kumar Ubheeram (appointed on 30 November 2020 up to 15 November 2024)	Director	Independent

Table 1 - Directors of MHC

The Company Secretary

Prime Partners Ltd ("PPL"), which was founded in June 1997, is a wholly-owned subsidiary of The State Investment Corporation Limited (SIC), investment arm of the Government of Mauritius.

PPL provides a range of corporate secretarial services to a portfolio of client companies, mainly those within SIC Group and SIC/Government related companies/organisations involved in diverse sectors of the economy, including banking, insurance, investment, housing, social empowerment and public infrastructure, amongst others. PPL is also licensed under Section 14 of the Financial Services Act 2007 to act as Registrar and Transfer Agent. This service consists mainly of maintaining share register, acting as payment agent on behalf of its client companies, and providing registration facilities at Shareholders' Meetings. Furthermore, PPL is registered as a Member Firm of Accountants with the Mauritius Institute of Professional Accountants (MIPA) for provision of accounting services.

PPL was appointed as Secretary to the Board of MHC on 01 March 2019. The key role of PPL is to organise Board and Committee activities under the guidance of the respective chairpersons, ensuring adherence to relevant legislations, regulations and best practices.

PPL has a dedicated team of professionals who possesses extensive experience in delivering the aforesaid services.

Training/Continuous Professional Development

The staff of Prime Partners Ltd regularly follow ongoing courses organised either internally or by professional training institutions.

Board Diversity

The Board is unitary and its composition is "balanced", that is there is a mix of executive, non-executive and independent directors. The directors consider that the Board is of reasonable size and that its members possess the right mix of skills and experience to provide leadership, reflect integrity and make judgment for managing the affairs of the Company. The size of the Board is determined as per the Company's Constitution, whereas the composition is as per the Corporate Governance Guideline of the Bank of Mauritius. The directors have expertise in domains such as Investment, Economics, Finance, Accounting, Legal, Information System and Administration.

The Board of Directors affirms that during the year under review, four (4) out of the nine (9) directors did not have any relationship (other than the normal terms and conditions for being appointed as Board member) with MHC during the year under review. The other four (4) directors represent the majority shareholder on the Board of the Company and the Managing Director represents the Management Team.

The Board complies with the requirement for gender representation in its membership and in terms of the required number of independent directors as per the Bank of Mauritius Guideline on Corporate Governance. The Board reassesses its Charter and those of its sub-committees as far as possible on an annual basis.

In December 2024, post the resignation of the Managing Director, who was the sole Executive Director and other four (4) independent directors, the sitting Board members, who were principally representatives of the majority shareholder, were re-appointed by the shareholders to manage the affairs of the Company until the reconstitution of the full Board. The elected Board members designated an Officer in Charge to oversee the daily operations and coordinate decision-making.

Only directors are allowed to attend Board Meetings; however, following consultation with the Chairperson, meeting invitations are extended on an ad-hoc basis to members of the Executive Team and other subject-matter experts having to report on specific agenda items. The use of alternate director is discouraged. A clear division of responsibilities at Board level ensures that no director has unfettered powers in decision making.

All directors, as mentioned in Table 1 above, are resident in Mauritius.

The Chairperson of the Board and the Chairperson of Board Committees are all carefully selected based on their relevant knowledge and experience in these key governance roles.

Executive Directors

The Company is headed by a Managing Director who is Member of the Board and attends its committee meetings. He also assists the Non-Executive Directors in the decision-making process.

The Managing Director ('MD'), appointed by the Board, is entrusted with the day-to-day management of the Company's operations under the Board's direction. This position includes shaping and executing the Company's strategies and ensuring that all activities align with its objectives. The MD's key duties include, but are not limited to:

- Designing, implementing and executing the approved strategic plans;
- Leading and motivating a capable and high-performing executive team;
- Establishing strong systems for operational planning, financial oversight, and effective compliance risk management framework;
- Developing strategic operating plans that support the long-term goals and priorities set by the Board;
- Being fully accountable to the Board for the Company's overall performance;
- Providing the Board with accurate and timely information regarding the Company's performance, challenges, and opportunities;
- Tracking operational and financial results against approved plans and budgets;
- Working closely with the Chairperson of the Board, who acts as the principal contact for the MD;
- Taking timely corrective measures and keeping the Board informed of key developments;
- Ensuring the Company operates efficiently and effectively at all times.

The Code recommends the appointment of two Executive Directors on the Board. Taking into consideration the level of operations of the Company, the shareholders did not consider it appropriate to appoint a second Executive Director on the Board of MHC.

Director's Independence Review

The Board is determined to ensure on an annual basis as and when the circumstances require, whether or not a director is independent. In accordance with the relevant guidelines, regular reviews are conducted and particular consideration is given to directors who have served on the Board for more than six consecutive years, from the date of their first election.

The Board recognises that over time independent directors develop significant insights on the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a director has served as an independent director for over six years, the Board conducts a rigorous review of his/her continuing contribution and independence.

Role of Non-Executive Directors

The non-executive directors constructively challenge and help develop proposals on strategy, review the performance of management in attainting goals and objectives, monitor the reporting of performance and meet and/or hold discussion regularly without the presence of management.

Powers of the Board

The Board serves as the focal point and custodian of the Company's corporate governance framework. It is responsible for providing ethical and effective leadership to the Company. It agrees on the strategic direction and has approved the policy frameworks used to measure organisational performance.

The key roles and responsibilities of the Board of Directors are set out in the Board Charter and the Constitution, adapted to the provisions of the Companies Act 2001.

The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Intelligence and Anti-Money Laundering Act 2002 and the Financial Reporting Act 2004, among others. The Board also follows the principle of good corporate governance as recommended in the Code and the Guideline on Corporate Governance as issued by the Bank of Mauritius.

Board Meetings

The Board met seven (7) times during the financial year ended 30 June 2025.

The Board deliberated on a range of issues including:
- Examination and endorsement of the recommendations of various Board Committees;
- Review of operations and approval of strategies to improve performance of the Company;
- Setting of corporate objectives and budgets;
- Governance and internal audit issues;
- Approval of audited financial statements;
- Consideration for declaration of dividends;
- Review of tenders for allocation of contracts to service providers;
- Staff matters;
- Review of the Company's Code of Ethics to ensure that they are in line with the Company's objectives;
- Approval of related party transactions;
- Approval of IT related projects; and
- Approval of housing loan projects and products.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Meetings (Cont'd)

The Board, through the Corporate Governance Committee, regularly monitors and evaluates MHC's compliance with its Code of Ethics. Any ethical issues are considered by the Committee which makes appropriate recommendations to the Board.

Some of the key functions of the Board of Directors include:

- Determining MHC's purpose, strategy and values;
- Providing guidance, maintaining effective controls over MHC and monitoring management in carrying out Board's plans and strategies;
- Monitoring and evaluating the implementation of MHC's strategies, policies and management of its performance criteria and business plans;
- Exercising leadership, enterprise, intellectual honesty, integrity, objectivity and judgement in directing MHC so as to achieve sustainable prosperity;
- Ensuring that procedures and practices are in place to safeguard the MHC's assets and reputation and providing guarantee on the effectiveness of MHC's internal control system;
- Monitoring and evaluating regularly compliance with the Code of Ethics;
- Approving and monitoring MHC's risk management policies including the setting of limits by assessing its risk appetite, skills available for managing risk and its risk bearing capacity;
- Ensuring that succession is professionally planned in a timely manner; and
- Monitoring MHC's financial health and performance against budgets, including ensuring that the balance between "conformance" and "performance" is healthy. Conformance is linked to MHC's compliance with various laws, regulations and codes governing it while performance relates to the development of a commensurate enterprise culture that will ensure maximisation of shareholders' returns which is not detrimental to the interests of other stakeholders.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board and Committees Attendance

Board Meetings are scheduled well in advance to maximise directors' attendance. The following table depicts the attendance at Board/Board Committees meetings of the directors during the year under review:

Director	Category	Board	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Monitoring Committee	Real Estate Development Monitoring Committee
Mr Mohummad Shamad Ayoob Saab (appointed on 02 March 2021)	Non-Executive	6/7	-	-	2/2	1/2	-	-
Ms Maheswaree Naraini Madhub (appointed on 09 November 2023)	Non-Executive	7/7	-	1/1	-	2/2	-	-
Mr Sarwansingh Purmessur (appointed on 30 November 2020)	Non-Executive	7/7	-	1/1	2/2	2/2	-	-
Mrs Subashini Rama (appointed on 09 November 2023)	Non-Executive	6/7	-	-	2/2	-	0/1	-
Director who ceased to hold office during the year under consideration								
Me Rashad Racheed Daureeawoo (appointed on 06 February 2020 up to 13 November 2024)	Independent Chairperson	2/2	-	-	-	-	-	-
Mr Anand Babbea (appointed on 01 May 2020 to 30 April 2022 and re-appointed on 24 May 2022 up to 21 November 2024)	Executive	3/3	-	1/1	-	-	-	-
Mrs Marie Veronique Doriana Letandrie (appointed on 30 November 2020 up to 09 December 2024)	Independent	2/3	3/3	-	-	-	1/1	-
Mr Mahomed Reshad Monaff (appointed on 09 November 2023 up to 15 November 2024)	Independent	2/3	1/3	-	-	-	1/1	-
Mr Khulwant Kumar Ubheeram (appointed on 30 November 2020 up to15 November 2024)	Independent	3/3	3/3	1/1	-	-	1/1	-

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Committees

The Board has carefully considered the work that it needs to carry out to be effective and to implement its strategy successfully. To serve this purpose and to be compliant with the requirements of the Banking Act 2004, the following committees have been constituted:

(i) Audit Committee;
(ii) Risk Management Committee;
(iii) Nomination and Remuneration Committee; and
(iv) Corporate Governance Committee.

The following committees were also set up:

(i) Real Estate Development Monitoring Committee; and
(ii) Monitoring Committee.

The objectives of these Committees are as follows:

- To bring focus and appropriate expertise and specialization to the consideration of specific Board issues;
- To enhance Board efficiency and effectiveness;
- To enable consideration of key issues in depth; and
- To make recommendations to the Board, where appropriate.

The Board reviews each Committee's mandate, at such interval it deems appropriate in order to reflect its philosophy and/or to incorporate such recommendations from the Company's internal control functions or auditors. The mandates set out the roles, responsibilities, scope of authority, composition, terms of reference and procedures of each Committee. The Board ensures that the Company is being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

The Charter of each Committee is published on the website of the Company.

Audit Committee

The Audit Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was reviewed on 31 July 2024 and is available on the website of the Company.

The Board considers that the members of the Audit Committee are appropriately qualified to discharge their responsibilities.

The Audit Committee has the authority to investigate any matter within its terms of reference. In addition, the Audit Committee has full access to and co-operation of management as well as full discretion to invite any director to attend its meetings.

The main duties/functions of the Audit Committee include amongst others: -

- To oversee the internal financial reporting process to provide reasonable assurance that the financial statements represent a true and fair view of the financial affairs of the Company and comply with IFRS Accounting Standards as issued by the International Accounting Standards Board and applicable legislations and guidelines;

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Committees (Cont'd)

Audit Committee (Cont'd)

- To oversee the audit process (external and internal), to provide material comfort to Board, inter alia, as to the effectiveness of the internal control systems put in place by management as well as the overall Company's compliance status with both statutory and regulatory requirements;
- To approve the external and internal audit plans that are required to be risk-based. In addition, this process provides the Committee with an evaluation of the quality of risk enterprise framework set up by management;
- As per the nature of its responsibilities, all members of the Audit Committee are required to be strictly independent Board directors;
- To demonstrate a clear separation of powers and a complete independence in the discharge of this process as follows:
    - To recommend to shareholders the appointment, removal and remuneration of external auditors and to approve the engagement letter setting out the scope and terms of external audit;
    - To consider Internal Audit reports from the Head of Internal Audit in the discharge of his duty in providing objective assurance and consulting input to add value to the activities of the Company. The Head of Internal Audit has furthermore independent access to the Chairperson of the Audit Committee and to the Chairperson of the Board; and
    - To periodically have private interaction with (a) External Auditors; and (b) Internal Auditor respectively.
- To assess periodically the skills, resources and independence of the external auditors and their practices for quality control;
- To discuss with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors; and
- To review and monitor management responsiveness to Bank of Mauritius as well as Internal Audit findings and recommendations and to ensure that critical issues are escalated to the Board in a timely manner.

In performing its function, the Audit Committee meets with the internal and external auditors. Where necessary, the Audit Committee also meets separately with the internal and external auditors whereby any issues may be raised directly to the Audit Committee, without the presence of management. The internal and external auditors have unrestricted access to the Audit Committee.

The Committee met three (3) times during the year under review. It examined the annual financial statements, discussed issues raised by the internal and external auditors, compliance reports and deliberated on their recommendations.

During the year under review, the Audit Committee met three (3) times under the chairmanship of its designated Chairperson, Mr. K. K. Ubheeram. Post the resignation of the independent Board Members, the Audit Committee was not convened as of 30 June 2025. It is to be highlighted that the Audit Committee is yet to be constituted.

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Committees (Cont'd)

Audit Committee (Cont'd)

Members and attendance during the year under review:

Audit Committee		
Members	Role	Attendance
Mr K. K. Ubheeram	Chairperson	3/3
Mrs M.V.D. Letandrie	Member	3/3
Mr M. R. Monaff	Member	1/3

Risk Management Committee

The Risk Management Committee assists the Board in setting up risk strategies to assess and monitor the risk management process of MHC. The Committee also advises the Board on risk issues and monitors the risk of the different portfolios against the set risk appetite.

The Risk Management Committee has the responsibility for advising the Board on MHC's overall current and future risk appetite, overseeing senior management's implementation of the risk appetite framework and reporting on the state of risk culture at MHC.

The Risk Management Committee's Charter was reviewed and approved by the Board on 31 July 2024 and published on the website of the Company.

The major tasks of the Risk Management Committee include:

(a) Identification of principal risks, including those relating to credit, market, liquidity, operational, compliance and reputation of MHC, and actions to mitigate the risks;
(b) Appointment of a chief risk officer who, among other things, shall provide assurance that the oversight of risk management is independent from operational management and is adequately resourced with proper visibility and status in the organisation. Taking into consideration the current operations of the Company, it has been agreed that this function will fall under the responsibility of the Manager - Risk and Compliance;
(c) Ensuring independence of the Manager - Risk and Compliance from operational management without any requirement to generate revenues;

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Committees (Cont'd)

Risk Management Committee (Cont'd)

(d) Requirement of the Manager - Risk and Compliance is to provide regular reports to the Committee, Senior Management and the Board on his activities and findings relating to the institution's risk appetite framework;
(e) Receive from senior officers periodic reports on risk exposures and activities to manage risks; and
(f) Formulate and make recommendations to the Board on risk management issues.

During the year under review, Ms. M. N. Madhub was the Chairperson of the Risk Management Committee and with the resignation of the independent Board Members, one (1) meeting was convened as of 30 June 2025. It is to be highlighted that the Committee is yet to be constituted.

Members and attendance during the year under review:

Risk Management Committee		
Members	Role	Attendance
Ms M. N. Madhub	Chairperson	1/1
Mr A. Babbea	Member	1/1
Mr S. Purmessur	Member	1/1
Mr K. K. Ubheeram	Member	1/1

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is governed by a Charter which was reviewed and approved by the Board on 31 July 2024 and published on the website of the Company.

The main function of the Nomination and Remuneration Committee is to determine, agree and develop the Company's human resource strategies, policies and procedures in line with local legislation and regulations and to benchmark to best practice. It also recommends the nomination of directors to the Board.

The Nomination and Remuneration Committee met two (2) times during the year under review to consider staff matters.

Members and attendance during the year under review:

Nomination and Remuneration Committee		
Members	Role	Attendance
Mrs S. Rama	Chairperson	2/2
Mr M. S. Ayoob Saab	Member	2/2
Mr S. Purmessur	Member	2/2

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Committees (Cont'd)

Corporate Governance Committee

The Corporate Governance Committee is governed by a Charter in line with the provisions of the Code. The Charter was reviewed and approved by the Board on 31 July 2024 and published on the website of the Company.

The Corporate Governance Committee is a useful mechanism to oversee the implementation of the Corporate Governance Framework and make recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include the following:

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company`s Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson of the Board and Committees and recommend any amendment to the Board;
- Review annually the size and composition of the Board as a whole; and
- Consider and approve matters which were previously under the mandate of the Conduct Review Committee.

The Committee met twice during the year under review to consider the compliance requirements of the Code.

Members and attendance during the year under review:

Members	Role	Corporate Governance Committee
Mr S. Purmessur	Chairperson	2/2
Mr M. S. Ayoob Saab	Member	1/2
Ms M. N. Madhub	Member	2/2

Real Estate Development Monitoring Committee

The Real Estate Development Monitoring Committee is governed by a Charter which was approved by the Board on 31 July 2024 and published on the website of the Company.

The main function of the Real Estate Development Monitoring Committee is to monitor closely the good running of housing projects and to ensure that deliverables are met within set timeline.

The Real Estate Development Monitoring Committee did not meet during the year under review as a result of no specific business opportunities or consideration in the real estate sector.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Board Committees (Cont'd)

Real Estate Development Monitoring Committee (Cont'd)

Members and attendance during the year under review:

Real Estate Development Monitoring Committee		
Members	**Role**	**Attendance**
Mr M. S. Ayoob Saab (as from 28 November 2023)	Chairperson	N/A
Ms M. N. Madhub (as from 28 November 2023)	Member	N/A
Mrs S. Rama (as from 28 November 2023)	Member	N/A
Members who ceased to hold office during the year under review		
Mr S. Purmessur (up to 28 November 2023)	Member	N/A

The Board of Directors had at its meeting held on 16 December 2020 approved the setting up of a fully-owned subsidiary under the name of MHC Properties Ltd. Upon approval of the shareholders of MHC, the subsidiary was incorporated on 05 September 2022 to take over the activities of the Real Estate Development Monitoring Committee and the latter was dissolved.

However, taking into consideration that the real estate assets of MHC have not yet been transferred to MHC Properties Ltd, the Real Estate Development Monitoring Committee was revived to pursue its function.

Monitoring Committee

The Monitoring Committee is governed by a Charter which was reviewed and approved by the Board on 31 July 2024 and published on the website of the Company.

The main function of the Monitoring Committee is to ensure that the milestones and approved objectives of the Company are achieved.

The Monitoring Committee met once during the year under review.

Members and attendance during the year under review:

Members	Role	Monitoring Committee
Mr K. K. Ubheeram	Chairperson	1/1
Mrs M. V. Doriana Letandrie	Member	1/1
Mr M. R. Monaff	Member	1/1
Mrs S. Rama	Member	0/1

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Directors' Profile

Directors ceased office during the year under review

Me Rashad Racheed Daureeawoo *(appointed on 06 February 2020 up to 13 November 2024), former Independent Chairperson of Mauritius Housing Company Ltd,* was previously Chairperson of the Mauritius Duty Free Paradise Co Ltd. He is a Practising Barrister at Law by profession and is holder of a Degree in Commerce from University of Delhi and a Masters in Law from University of Paris. Over the past 20 years, he has been serving the Judiciary as Barrister and 5 years as Magistrate. He also served the Town of Beau Bassin/Rose-Hill as Councilor and Mayor. He has formerly held important positions including Member of Parliament, Deputy Chairman of Committees and chaired the Parliamentary Committee on ICAC (Independent Commission Against Corruption).

Details of **Mr Anand Babbea**, Former Managing Director, have been disclosed under Senior Management's Profile.

Mrs Marie Veronique Doriana Letandrie *(appointed on 30 November 2020 up to 09 December 2024), former Director of Mauritius Housing Company Ltd,* started her career in the private financial services sector as a Credit Control Officer. Over the years, she has been enriching her experience in different departments of financial institutions until she was appointed as Credit Analyst and Leasing Officer in a reputable private firm. She is a partly ACCA qualified.

Mr Mahomed Reshad Monaff *(appointed on 09 November 2023 up to 15 November 2024), former Director of Mauritius Housing Company Ltd,* holds a degree in Social Work from the University of Mauritius.

He joined the Sugar Industry Labour Welfare Fund (SILWF) in 1992 and served the fund for 28 years as Community Development Officer.

He also served several Boards namely Medical Council, Environment & Land Use Appeal Tribunal, Business Freeport Services Ltd (Landscope). ~~He is presently appointed as an Independent Director at the MHC.~~

Mr Khulwant Kumar *Ubheeram* *(appointed on 30 November 2020 up to 15 November 2024), former Director of Mauritius Housing Company Ltd,* is holder of a distinction-graded MBA, UK. He has also studied Actuarial Science at the University of Kent, UK and Management at the London School of Economics, UK.

Mr Ubheeram has worked as an Actuarial Consultant for some market leading financial institutions in the UK, like Aviva and Capita. He has also worked as a Statistical Analyst at the Ministry of Defence, UK.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Directors' Profile (Cont'd)

Existing Directors

Mrs Subashini Rama currently holds the position of Director, Digital Economy, and Capacity Building at the Ministry of Finance, Planning and Economic Development. In this capacity and as Lead Analyst, she has contributed for over 15 years to strategies and reforms in the sectors of education, labour market, ICT, Research and Innovation, and trade and business facilitation.

In previous roles, she was responsible for managing the portfolio of the National Pension Fund and the National Savings Fund and for undertaking management audits in various public sector organisations. In the trade and business facilitation space, she has worked on a number of projects with development partners on licensing reforms, e-judiciary and the setting up of the National E-Licensing platform. She has also been part of the Strategy Team and Steering Committee member for several IT projects on the digitalisation of public services including the Mauritius National ID project and its data sharing platform and has been active in the design and implementation of national innovation schemes.

Mr Mohummad Shamad Ayoob Saab, Non-Executive Director, holds a Diploma in Public Administration with specialisation in Public Management and a Masters in Business Administration.

He joined the Public Service in 1984 and has since then climbed up the ladder to the post of Senior Chief Executive. He has served in various ministries and presently occupies the post of Senior Chief Executive at the Ministry of Housing and Land Use Planning and Ministry of Tourism since 19 April 2024. He is the Responsible Officer of the Valuation Department. He is also Chairman of Morcellement Board and Town and Country Planning Board.

Mr Ayoob Saab has served several boards namely NPF, NSF, NPFL, FSC and NCCG. He is presently the Director on the Board of the following entities: Mauritius Housing Company Ltd, New Social Living Development Ltd, National Housing Development Company Ltd, State Investment Corporation Limited, Economic Development Board, Airports of Mauritius Co Ltd and Mauritius Duty Free Paradise Co Ltd. of the Corporate Governance Committee of the State Investment Corporation Ltd.

Ms Maheswaree Naraini Madhub is currently the Senior Chief Executive of the Ministry of Social Integration, Social Security and National Solidarity. She holds a BSc Makor in Biochemistry and Botany from the Australian National University, a Diploma in Public Administration and Management from the University of Mauritius and a Certificate on "La Bonne Gouvernance et Réforme de l'Etat from Institut Administration Publique/ l'Ecole Nationale d'Administration.

She started her career in the Public Service in 1988 as Assistant Secretary. She has wide experience in the Public Service, having served in the following Ministries: Ministry of Agriculture and Natural Resources, Office of the President, Ministry of Finance and Economic Development, Prime Minister's Office (External Communications Division) and Cabinet Office, Ministry of Industrial Development, SMEs and Cooperatives and Ministry of Housing and Land Use Planning. She has served as Supervising Officer to the Ministry of Health of Wellness and Ministry of Agro-Industry and Food Security. She has also served as Secretary to the Electoral Supervisory Commission and Electoral Boundaries Commission and has served as Chairperson/Director in several Statutory Bodies and Government-Owned Organisations.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

Directors' Profile (Cont'd)

Mr. Sarwansingh Purmessur, Non-Executive Director, holds the position of Senior Chief Executive and is posted at the Ministry of Financial Services and Economic Planning. He has a very long career in the civil service, having served nearly 44 years in various Ministries/Departments, namely in the Income Tax Department, the Ministry of Housing and Lands, the Ministry of Local Government, the Ministry of Technology Communication, Innovation, the Ministry of Foreign Affairs, Regional Integration and International Trade, the Ministry of National Infrastructure and Community Development, and the Ministry of Agro-Industry, Food Security, Blue Economy and Fisheries, and the Ministry of Health and Wellness. Among his various responsibilities, he also served as the Supervising Officer of the Beach Authority.

Mr Purmessur holds an MBA in Human Resource Management from the Indira Gandhi National Open University (IGNOU), India, an MSc IT in Business Information Systems, Keele University, UK and a Diploma in Public Administration and Management, University of Mauritius.

Mr Purmessur has also served on various Boards and Committees, namely, the National Housing Development Company Ltd, the Town and Country Planning Board, the Informatics Park Ltd, the Information and Communication Technology Authority, the Rights Management Society, the Financial Services Fund, the National Productivity and Competitiveness Council, the National Committee on Corporate Governance, the National Environment Fund Committee, the Heritage City Co. Ltd, SBM Holdings Ltd., the National Property Fund Ltd, the Financial Services Commission, the Financial Reporting Council, the Land Drainage Authority, the Mauritius Oceanography Institute, and the Cargo Handling Corporation Ltd..

He is currently the Chairman of the Mauritius Institute of Health and a director at the Mauritius Shipping Corporation Ltd.

Directorship in other companies as at 30 June 2025

Director	Companies	Directorship Type (Executive/Non-Executive/Independent)
Mrs Subashini Rama		
Mr Mohammud Shamad Ayoob Saab	The State Investment Corporation Limited	Non-Executive Director
	New Social Living Development Ltd	Non-Executive Director
	Economic Development Board	Non-Executive Director
	Airports of Mauritius Co Ltd	Non-Executive Director
	Mauritius Duty Free Paradise Co Ltd	Non-Executive Director
Ms Maheswaree Naraini Madhub	Omnicane Ltd	Independent Director
	Ascencia Ltd	Independent Director
	State Insurance Company of Mauritius Ltd	Non-Executive Director
	Cyber Properties Investment Ltd	Non-Executive Director
Mr Sarwansingh Purmessur	Mauritius Institute of Health	Non-Executive Director
	Mauritius Shipping Corporation Limited	Non-Executive Director

PRINCIPLE 3 - DIRECTORS' APPOINTMENT PROCEDURES

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

Appointment of Directors

* *Except for the executive director, all directors serve for a maximum term of six years unless an extension is otherwise approved by the Bank of Mauritius.*

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered:

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed director;
- Previous experience as a director;
- Specific roles required on the Board such as Chairperson of a Committee;
- Balance required on the Board such as gender and age;
- Independence where required;
- Amount of time the proposed director is able to devote to the business of the Board;
- Conflicts of interests; and
- Fit and proper criteria are met.

According to the Charter of the Nomination and Remuneration Committee, the role of the said Committee in respect of nomination of directors includes the following:

(i) To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and

(ii) To identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

Professional Development

The Board considers the professional development and training of directors. An assessment of the Board and Sub Committees was last conducted on 25 June 2024. As a Non-Bank Deposit Taking Financial Institution, considering the ongoing importance of internal systems and controls to combat laundering of criminal proceeds, financing of terrorism and the financing of proliferation of weapons of mass destruction in today's business environment, a refresher training session on AML/CFT was organised on 15 June 2024. With no full Board at the end of the period under review, no refresher session for Directors was organised.

PRINCIPLE 3 - DIRECTORS' APPOINTMENT PROCEDURES (CONTD)

Induction

On appointment, the Board affirms that all newly appointed directors benefit from an induction program aimed at deepening their understanding of the business environment in which the Company operates. It is designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company. The topics covered by the induction include the Constitution and latest Annual Report of the Company, which clearly outlines their duties and obligations, the Code for Corporate Governance in Mauritius, the Company's Profile and introduction to key stakeholders. Upon appointment, the Company Secretary circulates a comprehensive induction pack to the new directors who had acknowledged receipt and the new directors have also benefited from a briefing session with Management.

Following approval of the shareholders and the approval of the Bank of Mauritius, the newly appointed Directors on the Board of Mauritius Housing Company Ltd are provided with information about the Company and their responsibilities as Directors. An induction session on their responsibilities in accordance with the Companies Act 2001 and the Financial Intelligence and Anti-Money Laundering Act 2002, and underlying control processes adopted at MHC is also conducted by the Manager – Risk & Compliance.

Election and Re-election of Directors

Each director is elected by a separate resolution at the Annual Meeting of shareholders until the next Annual Meeting.

Article 13.1 of the Constitution provides that the total number of directors shall not at any time be less than five (5) nor exceed nine (9). The directors appointed during the course of the period hold office only until the next Annual Meeting and shall then be eligible for re-election.

Succession Planning

The Board considers its succession very carefully and assumes responsibility for succession planning. The Board affirms that the Nomination and Remuneration Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future. There is no formal succession plan. The Board liaises with the shareholders of the Company whenever required on this issue.

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

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

Legal Duties

All directors appointed on the Board of the Company are qualified professionals, and fully aware of their fiduciary duties as laid down in the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Intelligence and Anit-Money Laundering Act 2002, in conjuncture with the provisions of the Company's Constitution.

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTD)

Code of Ethics

The Board has reviewed and approved a Code of Ethics for Directors and a Code of Conduct for Employees. The Board, through the Nomination and Remuneration Committee, monitors and evaluates compliance with the Code of Ethics and Business Conduct for the Board/Code of Conduct for Employees.

Conflict of Interest

Board members have a fiduciary duty not to be involved in any conflict of interests with the Company. In their capacity as Board members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board member's obligations owed to the Company and the Board member's personal, business or other interests. The Conflict-of-Interest Policy is embedded in the Code of Ethics and Business Conduct for Board directors.

The Board ensures that directors declare any interest and report to the Chairperson and Company Secretary on any related party transactions. The Company Secretary maintains the interest register for directors and senior officers and is made available to the shareholders for inspection upon requests.

Information, IT and Cyber Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework at MHC.

The existing IT policies and procedures were reviewed in alignment with the setting-up of the new Centralised Banking Information System and last approved by the Board on 26 June 2023. IT related policies and procedures covering Information Security, Cyber Security, Change Management, Data Backup, Batch Processing, Incident Handling, System Access and User Request have been adopted. These IT related polices shall be reviewed as and when required to reflect any change in the legal and regulatory framework.

All expenses on IT are made according to the procurement policies based on the respective approval limits.

Board Information

The Chairperson is responsible for ensuring that the directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensures that directors have access to independent professional advice at the Company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All directors are required to keep information relating to the Company, gathered in their capacity as directors, strictly confidential and private and should not divulge them to anyone without the authority of the Board.

Directors & Officers Liability Insurance

Insurance of Directors and Officers in respect of legal action or liability that may arise against the Board members, the Company Secretary and other appropriate staff, are included in MHC's Public Liability Insurance Policy. The cover does not provide for insurance against fraudulent, malicious or willful acts or omissions.

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Board Evaluation

In view to enhance the Board's effectiveness, the Company has established a system of appraisal to assess the performance of the Board and sub-committees periodically. The Board and sub-committee evaluation for the year under review was conducted on 25 June 2024.

The Corporate Governance Committee at its Meeting held on 30 September 2024 considered and recommended the Board and Committees Evaluation Reports for the year ended 30 June 2024 to the Board. The Board at its Meeting held on 30 September 2024 took note of the Board Evaluation Report.

No independent Board/Committee evaluator was appointed.

For the year ended 30 June 2025, no annual board evaluation was conducted given that there was no full Board. It is however envisaged that for the next financial year, a full-fledged evaluation exercise shall be planned.

Statement of Remuneration Philosophy

The directors are remunerated for their knowledge, experience and insight. The remuneration policy is to reward the collective contribution of directors towards achievement of the Company's objectives. The directors' remuneration in similar companies is also used as a guide. The Board is of the view that the remuneration policy at MHC is fair. On 04 November 2024, the Shareholders have approved the revised monthly fees payable to the Board Members, effective 01 October 2024.

The total remuneration earned by directors during the year under review was as follows:

Directors	Category	Directors' emoluments (Mur)
Me R. R. Daureeawoo (appointed on 06 February 2020)	Independent Chairperson	447,000.00
Mr A. Babbea (appointed on 01 May 2020)*	Executive (Managing Director)	1,755,152.73
Mr M. S. Ayoob Saab (re-appointed on 02 March 2021)	Non-Executive Director/Chairperson	356,625.00
Mrs M.V.D. Letandrie (appointed on 20 November 2020)	Independent	149,250.00
Ms M. N. Madhub (appointed on 09 November 2023)	Non-Executive	359,250.00
Mr M. R. Monaff (appointed on 09 November 2023)	Independent	146,625.00
Mr S. Purmessur (appointed on 30 November 2020)	Non-Executive	367,125.00
Mrs S. Rama (appointed on 09 November 2023)	Non-Executive	359,250.00
Mr K.K. Ubheeram (appointed on 30 November 2020)	Independent	147,375.00

** During the year under review, Mr A. Babbea, former Managing Director of Mauritius Housing Company Ltd, earned a monthly salary. He was not paid additional fees as Member of the Board or Committee.*

The Non-Executive Directors' remuneration is fixed. There is no variable component to the effect that the Non-Executive Directors do not receive remuneration in the form of share options or bonuses associated with the Company's performance. However, the Executive Director, being an employee, is entitled to performance bonuses as per the Company's policy.

The remuneration of officers is reviewed by the Nomination and Remuneration Committee and thereafter makes recommendations to the Board.

PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL

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

The Board of Directors is ultimately responsible for risk governance and strategy, while ensuring management develops and implements a robust system for risk management. Besides other responsibilities, the Board has to determine the key risks that could impact the achievement of its corporate objectives and take appropriate action to mitigate them. It is also required to decide on the extent of risks that the Company is willing to take or bear in order to achieve its strategic objectives.

Risk Management

MHC's primary goal as regards to risk management is to ensure that there is a strong risk culture in the Company which will enable a common understanding of risks across all functions and in ensuring compliance with applicable rules, guidelines, legislations including mandatory obligations. Risk management objectives provide appropriate guidance to the Board, management and other stakeholders to enable risk-based decision making.

The Board likewise ensures that outcomes of risk-taking activities are congruent with the Company's strategies, risk appetite and the tolerance level that have been set thereon; simultaneously maintaining an appropriate balance between risks and rewards and to maximise shareholders' returns.

The Company has developed a risk management policy statement which is consistent with the ambitions of ensuring key principles of risk management practices are embedded throughout the organisation. The Company's policy is to apply best practice in the identification, evaluation, mitigation and monitoring of risks to ensure that they are managed, eliminated or reduced to an acceptable level. The policy and strategy also support opportunity risks and do not hinder innovation, rather it helps in delivering sustainable change in a well-managed and controlled way.

The Board and senior management recognise their responsibilities to manage risks effectively in order to control and protect the assets and liabilities including its employees against potential losses. The risk management framework supports a structured and focused approach to manage risks, in order to better achieve the Company's corporate objectives and enhance the value of the services MHC provides to the market. MHC also acknowledged that some risks will always exist and will never be fully eliminated. All employees consider risk and accept responsibility for risks associated within their respective area of authority.

All risks identified during preliminary stages were assessed, prioritised as per their likelihood to happen and impact on MHC's business and/or operations. The risks material to the business have been clearly described, referenced and related controls properly documented in the Company's Risk Register, which shall be reviewed annually and approved by the Risk Management Committee. To ensure achievement of the risk management objectives, MHC, through the risk and compliance team in consultation with the senior management team monitors the performance of the key risks indicators and exceptions are reported to the management committee, and on a quarterly basis to the Risk Management Committee for decision making.

Internal Control

Internal control is defined as the process effected by the Company's Board of Directors, management and other personnel, designed to provide reasonable assurance for the achievement of set objectives. Internal control is among other tools used in the Company for risk management, in order to bring it to an acceptable level and each line of defence has specific roles in the process. Management is responsible for the design, implementation and monitoring of the internal control system.

Business lines and operational managers sitting on the first line of defence are the risk owners and responsible for its management. They are responsible for maintaining effective internal controls, through execution of risk and controls procedures and processes, and also for implementing appropriate actions to address process and control deficiencies. Operational management guides the development and implementation of internal policies and procedures and ensures that activities are consistent with business goals and objectives.

On the second line of defence, MHC has the risk and compliance functions, which guide the business lines in implementing appropriate controls, they are also involved in the monitoring of risks and controls. The risk management function facilitates and monitors the implementation of effective risk management practices by operational management across the organisation and also assists the risk owners in defining the appetite and maximum risk exposure. The compliance function monitors the compliance risks associated with regulatory requirements, applicable legislations and also internal policies.

As the third line of defence of the organisation, the internal audit function is responsible for providing independent and objective assurance to the Board, Audit Committee and senior management on the effectiveness of the risk management processes. They are also required to provide assurance on the governance process, internal controls and on the effectiveness of the first and second lines of defences.

The Company's risk management objectives are as follows:

- promote an open and proactive culture and an effective communication of risk management matters;
- maintain a robust framework for identifying, evaluating, monitoring and reporting risks;
- establish clear and accountable roles and reporting lines for risks; and
- minimise the risk of damage and loss to the Company, its stakeholders and employees through ongoing management of risks.

Assurance on risk management processes

The directors derive assurance on the effectiveness of the risk management processes through the Audit and Risk Management Committees respectively. Reports issued by compliance, risk management and internal audit functions, management, regulator and external auditors are discussed at appropriate committees and minutes of respective committees are escalated to Board for discussion/consideration.

Reports issued by respective functions help the Board in ensuring that available resources are being used effectively and efficiently; and also in ascertaining the adequacy and accuracy of information used in the financial statements.

The compliance and internal audit functions report to the Audit Committee on a regular basis regarding issues flagged during respective compliance and audit reviews; their reports are accompanied with recommendations and agreed action by owners including completion timelines where applicable. The external auditors report to the shareholders and Board on findings regarding controls failures, non-compliance and any material misstatements noted during their audit.

The risk management function at MHC among other activities, also carry the following roles and responsibilities:

- overseeing the implementation of a consistent risk management framework across the Company;
- assisting senior management, managers, risk champions, the Risk Management Committee and the Board to fulfil their risk management responsibilities through ongoing education and training; and
- acting as a facilitator to effective risk management across the business and co-ordinates risk reporting to senior management and the Risk Management Committee.

Credit Risk Management

Credit risk is the loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations towards the Company whenever they fall due. In view of minimising the impact of this loss on the bottom line, MHC has set up appropriate structures, policies and processes to manage the credit risk inherent in the entire portfolio including those in individual credits or transactions. There is also a defined appetite as regard to credit risk.

The Credit Risk Management Framework has been devised to ensure that applicable legal and regulatory requirements are complied with. The framework clearly sets out the principles, policies, roles and responsibilities at different levels where credits and exposures are managed.

Among the Company's fundamental principle, before a credit facility is granted, a worthiness test is conducted on the borrower's profile, income, including information available on the Mauritius Credit Information Bureau.

Policies are in place to direct the credit handling process. These policies are regularly reviewed by management to ensure its relevance and compliance with applicable provisions of new guidelines and legislations. The credit risk management framework provides clear definitions on the key elements required for sound management; the key elements are summarised below:

- Credit process/appraisal

  Adequate procedures and processes are in place in the appraisal stage to ensure proper diligence prior to extending a credit facility to a particular customer. Several criteria are considered during this process, such as the customer risk profile, the ability to service the credit obligation, adequacy of collateral for secured credits.

- Credit risk measurement

  A credit risk scoring system is in place to assess the quality of individual credits and for monitoring and controlling the risk inherent in individual credits, as well as the credit portfolios of the Company. Business and financial risks are considered while determining the credit score of a potential borrower. The scoring model has been devised taking into consideration the size, nature and complexity of MHC's business operations, and is flexible to accommodate current and future risk profile.

- Credit approval/sanction

  MHC has implemented written guidelines regarding credit approval/process which includes an approval matrix with clear authorities for different credit thresholds. The approval authorities cover new credit approvals, renewals of existing credits as well as changes in terms and conditions of previously approved facilities.

  MHC has ensured that there is adequate and clear segregation of duties to avoid any potential conflict of interests or responsibilities. There is adequate control in place to ensure that credit facilities are approved within authorised limits and are done at arm's length.

  As regards to related party transactions, as per the Credit Underwriting Policy approved by the Board of Directors on 29 May 2025, all loan transactions involving a related party to MHC shall irrespective of the amount, be approved by the Management Credit Forum ("MCF"). However, the Manager – Credit Underwriting shall to that effect table an information paper to the Board of Directors, with relevant details on the transactions and concerned third parties. A similar approach has been extended to the savings and deposits transaction, whereby the Head of Unit/Section is required to table an information paper to the Board of Directors.

- Credit documentation

  Documentation is a key factor in every phase of the credit cycle, starting from the application, approval, monitoring, management, among others, to ensure completeness and accuracy of records maintained. MHC also ensures that credit files are neatly maintained and well referenced.

- Credit administration

  In line with the objective for proper administration of the credit portfolio, MHC has implemented relevant procedures to ensure that credit agreements are complete and also systems to monitor the credit over the tenure. The monitoring system ensures that prompt action is taken whenever warnings are flagged on the deterioration on the financial health of the borrower.

Credit Underwriting Unit

MHC has in place a credit underwriting unit which performs independent evaluation through clearly established policies and procedures on the credit risk exposures of the Company. The unit also analyses the quality of credits and recommends appropriate actions to relevant stakeholders.

Operational Risk Management

Operational risk is inherent in all business activities.

Relative to MHC's nature of business, the Board and senior management team are well aware that the threats which may disrupt the business operations. As such, taking into consideration MHC's business model and the legal requisites in terms of the internal control and safeguards, MHC has established a business risk assessment framework. With the risk borne by its ongoing processed been assessed, relative control or risk mitigating actions have been defined. Objective is to ensure that operational risks are detected and addressed in a timely manner, with option to escalate/report to higher level, including Board, regulatory and/or enforcement level in a structured, systematic and consistent manner.

The operational risks have been categorised as follows:

- People risk: potential losses due to human error, done willingly or unconsciously;
- Technology risk: potential loss from disruption to business activities because of inadequate or obsolete technology, or from a failure or interruption in technology caused by events within or outside the institution;
- Information asymmetry risk: relates to incorrect or inappropriate decisions being made due to inaccurate accounting and other key business information;
- Process risk: relates to operational risks that are embedded in the processes relating to the delivery of products and services to MHC's customers.
- Data Protection risk: losing or misusing sensitive information, such as customer or company data. It often comes from cyberattacks, weak security systems, or accidental leaks; and
- Fraud Risk: Principally linked to people, who may deliberately act dishonestly to cause a loss, such as employees stealing money, falsifying records, or colluding with external scammers.

To ensure proper monitoring of these operational risks, the Board has delegated the authority for approval and oversight of the overall business risk assessment to the Risk Management Committee. It is to be highlighted that for the year under review, in absence of a properly constituted Risk Management Committee, the sitting Board members approved a number of amended and new policies on the basis of recommendations from the Bank of Mauritius and MHC's internal control functions.

In ensuring effective monitoring of the evolving operational risks, MHC has through its Risk and Compliance Unit adopted the following strategies:

(i) Adopted the concept of Risk and Compliance Champion. A representative is designated by each Head of Unit/Section and monthly meetings are convened by the Manager – Risk and Compliance to debrief on the ongoing issues and progress;

(ii) Provided for a quarterly business specific meeting with the concerned Head of Unit/Section and his/her key officers. Objective is to have an open discussion on the compliance related constraints and challenges. A solution-oriented approach is adopted and the Management Committee is apprised on the way forward.

The Risk and Compliance unit coordinates the reporting to the Risk Management Committee and monitors actions with respective risk champions, risk owners and other concerned stakeholders.

Market Risk Management

MHC defined market risk as the risk of losses in on-balance sheet and off-balance sheets positions arising from movements in the market prices; which comprises of interest rate and foreign exchange risks.

The Company has an Asset and Liability Policy which covers market risk management with clearly defined line of responsibilities, accountability and reporting within the operational framework. It also sets out the strategy for market risk-taking to maximise returns while keeping the market risk exposure at or below the pre-determined level. The Board has considered economic and market conditions including the resulting effects on market risk while establishing its strategy.

The Board of Directors and senior management periodically review the Company's financial results to determine whether changes are required to achieve the corporate objectives.

Market intelligence tools are used to observe fluctuations in interest and exchange rates, devise appropriate strategies to counter potential losses.

Liquidity Risk Management

Liquidity reflects the capacity of a financial institution 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. Liquidity risk is the risk of loss resulting from the failure to meet short-term financial obligations due to the inability to convert assets into liquid funds.

MHC is exposed to the risk of inability to raise funds from its customers through deposits or borrowings from banks and financial institutions, at a reasonable price within reasonable time to meet its financial obligations. As a non-bank deposit taking financial institution, the Company is subject to regulatory obligations, such as compliance with the cash ratio.

The Company maintains adequate cost-effective funds which help in honouring its financial commitments pertaining to both contractual as well as those determined on the basis of behaviour, as and when they become due. Thus, all the Company's commitments are met through readily available and secured sources of funding.

Amongst the Company's principal sources of funding, it has self-revolving funds, deposits raised from customers through savings and termed products as well as borrowings from other financial institutions.

The maturity profile between funds raised and loans granted/investments are constantly monitored in order not to expose the Company to liquidity-related risks.

MHC's primary goal towards liquidity management is to protect the financial strength of the Company in maintaining its ability to withstand stressful events in the financial markets. To help us in this mission, MHC has in place appropriate structures to manage the liquidity profile of the Company and also the risks associated with the statement of financial position.

The key features of the Company's liquidity risk management framework are highlighted hereunder:

- General strategies (short and long-term), specific goals and objectives in relation to liquidity risk management, process for strategy formulation including the level of approval;
- Roles and responsibilities of individuals performing liquidity management functions;
- Contingency planning, management reporting, lines of authority and responsibility for liquidity decisions;
- The structure for monitoring and reviewing liquidity profiles;

- The appropriate tools for identifying, measuring, monitoring and controlling liquidity risk (including the types of liquidity limits and ratios in place including the rationale for establishing limits and ratios); and
- Developing appropriate strategies to handle liquidity crisis.

In addition to the above, MHC has in place an Asset Liability Committee (ALCO), that also contributes for effective management of liquidity risk through stress testing or scenario-based analysis; the minutes of the meeting are circulated to the Risk Management Committee.

The following key responsibilities as regard to liquidity risk management is included in the ALCO mandate:

- Review changes in the liquidity profile to ensure compliance with regulatory limits;
- Consider liquidity stress testing scenarios and identify appropriate remedial action;
- Identify and assess the impact of new sources of funding and review all funding limits for compliance;
- Review the Company's cash flows to identify possible impacts on inflows and outflows; and
- Review and approve the contingency funding plan.

Interest Rate Risk Management

MHC's objective towards interest rate risk management, is to manage the Company's exposure and implement appropriate strategies to minimise losses that may arise from adverse interest rate movements.

Movements in interest rates on the market affect the Company's interest-sensitive income and expenses, hence impacting on the net earnings. Therefore, implementation of appropriate and efficient strategies to manage interest rate risk is essential for the safety and soundness of MHC's financial performance and position.

The Company's internal policy is used as a basis to manage the interest rate risk to which MHC is exposed. MHC's interest risk profile is put under stress by applying multiple scenarios, results of these tests are discussed at ALCO meetings and where required, appropriate strategies are devised to keep the risk within the Company's appetite.

Concentration of Credit Risk

Credit concentration is governed by the Guideline on Credit Concentration Risk issued by the Bank of Mauritius where the maximum exposure on credits has been defined therein. In compliance with the guideline's requirement, credits granted to single borrower or group of related borrowers are properly assessed to minimise concentration risks. MHC also has internal policies, as regard to concentration limits; the ratios are monitored by the ALCO.

Compliance Risks

Compliance risks pertain to legal or regulatory sanctions that may impact the Company financially or reputationally, consequent to non-adherence to regulatory and legal requirements. As a Non-Bank Deposit Taking Financial Institution licensed by the Bank of Mauritius, MHC is required to ensure compliance with applicable guidelines, legislations and supervisory requirements including internal policies, to protect its deposit-taking licence.

Compliance risk comprises of two key features, namely:

- Regulatory risk - refers to the risk of loss that Company may be exposed to, in case of non-compliance with applicable legislations and regulatory requirements and exclusion of same in its operational procedures and corporate strategies; and

- Reputation risk- refers to the risk of damage caused the Company's image that can occur following negative publicity from the media due to non-compliance with applicable legislations and regulatory requirements. Reputational damage may also be caused through improper and unethical practices by the Company's employees in the conduct of business at the detriment of the customers, the community, shareholders and other stakeholders.

The Risk and Compliance Unit monitors the compliance risks and reports outcomes of their reviews including recommendations and agreed remedial actions by respective process owners to the Audit Committee.

Business Continuity Risk

Business continuity encompasses planning and preparation to ensure that an organisation can continue to operate in case of serious incidents or disaster and also the ability to recover to an operational state within reasonable time. It is a holistic management process to identify threats and their impacts if ever materialised; providing a framework for organisational resilience with a capability for an effective response to safeguard key stakeholders' interests, reputation, brand and value creating activities.

Senior management has established a business continuity plan including procedures which describe the availability of critical activities and data in case major events materialised and disrupt the normal course of business. The plan pertaining to disaster recovery was tested twice during the year and results including actions for improvement were reported to the Risk Management Committee. The Disaster Recovery and Business Continuity Policy was last amended on 08 September 2023. It is to be highlighted that same is being reviewed to reflect the latest developments at MHC but also across the locations where we operate.

MHC also follows latest development in the market and the economic environment, in view of identifying indicators that may cause potential threats to the Company's business model.

As per MHC's Business Continuity Risk Assessment, some continuity risks, such as system failures, business development, among others, have been identified that may adversely impact the business. Appropriate controls have been designed and implemented in order to mitigate the likelihood and impact of those risks.

Technological Risk

Technological risk refers to the potential loss from disruption to the Company's business activities due to inadequate or obsolete technology, failure or interruption in technology caused by either internal or external events. As most organisations, MHC is dependent on information and communication technologies, which includes its facilities, platforms, computer systems (hardware and software), data files and other technology related systems/equipment which support the operations.

To ensure that MHC is aligned with the strategy towards technology, the Company has established relevant processes and controls as per latest guidelines which cater for technological development and maintenance. With effect from 16 September 2024, MHC has in accordance with the requirements of the Bank of Mauritius appointed a Chief Information Security Officer ("CISO") who oversees the Company risk posture to potential cyber-attack, and to take such actions as deemed appropriate in order mitigate the potential threats and damage. Changes in or new technological tools and systems are subject to proper authorisation, testing and documentation, including contractual clauses focused on data protection and security, prior their introduction in the operative environment.

Appropriate safeguarding processes and procedures have been established to restrict access to authorised person only, in view of protecting the integrity of technological facilities, hardware, software and data files. In line with the Company's Information Security Policy, all modifications on system are tracked through audit trails and incident logs.

The Board and Risk Management Committee rely on reports issued by senior management and the Risk and Compliance team, inclusive of the CISO, to ensure that technological risks are properly managed and monitored.

Climate Related and Environmental Financial Risk

Aligned to the expectations of the Bank, as the regulatory authority, as stipulated in the Guideline on Climate-related and Environmental Financial Risk Management, this policy paper outlines MHC's approach in integrating climate risk assessment and management into its overall risk management strategy.

With reference to the characteristics of its products and services (i.e. savings, term deposits and home loan), a comprehensive framework adopting a set of proactive measures has been defined with the ultimate aim of embedding sound governance and risk management framework for climate-related and environmental financial risks within its existing risk management framework.

With the increasing global warming phenomenon, it is of no doubt that the climatic condition is evolving day by day, requiring financial institutions, such as MHC to review its strategy and adopt such mitigating strategies to either minimise the potential impact and/or to simply avoid such risk exposures.

To that effect, this policy, relative to the below identified risk factors and exposures, provides for the following mitigation plan applicable to all functional units: Credit, Treasury, Operations, Risk, Compliance, and Senior Management. Covers both Physical Risks (climate events) and Transition Risks (regulatory, market, and reputational).

MHC Ltd shall, as a minimum, consider the following risk management approaches for prudential risks.

- Credit Risk
  - To consider material climate-related and environmental financial risks into the entire credit life cycle, including client due diligence as part of the onboarding process and ongoing monitoring of clients' risk profiles.
  - To identify, measure, evaluate, monitor, report and manage the concentrations within risk types associated with climate-related and environmental financial risks such as exposure to geographies and sectors with higher climate-related and environmental financial risk.

- Market Risk
  - To understand the impact on the value of financial instruments in the portfolios, evaluate the potential risk of losses from increased volatility of the portfolio, and establish effective processes to control or mitigate the associated impact, in the short, medium and long term.

- Operational Risk
  - To determine the potential impacts of physical risk drivers on business continuity and consider same when developing business continuity plans.

- Liquidity Risk
  - To assess the impacts of climate-related and environmental financial risks on net cash outflows, such as, increased drawdowns of credit lines, accelerated deposit withdrawals, or the value of assets comprising their liquidity buffers.

- Liability Risk
  - To assess legal impediments, with the risk of being sued for obstruction or breach of the provisions annexed to the Building and Land Use Permit ("BLUP") or any such conditions imposed in relation to the construction or purchase of property.

Climate and environmental risks are a threat to MHC's business model given that it affects finance, credit risk exposure, valuation of collaterals and the nature and measurement of climate risks. MHC, as a financial institution, is required to integrate climate criteria into decision-making and risk models, supported by robust assessment methods and stronger cooperation with the local regulators.

A forward-looking scenario analysis is essential to understand how lending choices affect long-term financial stability. Given the specifications of MHC's offerings, the measures which are part of its comprehensive framework are aligned with the UN Sustainable Development Goals, particularly SDG 13 (Climate Action), SDG 7 (Affordable and Clean Energy), and SDG 8 (Decent Work and Economic Growth). It is envisaged that MHC's business strategy to incorporate the guiding principles of the UN SDGs.

Protection of Whistle Blowers

MHC is committed to the highest standards of openness, probity and accountability; to this respect, MHC has included in its Anti-Corruption Policy a section on the protection of whistle blowers. The staff are encouraged to report in good faith acts of corruption, malpractice, fraud, or suspicions of illegal activities. All information reported are treated with strict confidentiality.

In accordance with the guidelines from the Bank of Mauritius and the Financial Intelligence Unit, provision has been made for distinct reporting channels whereby any suspected, attempted or realized case of money laundering or fraud or any other wrongdoing can be reported by MHC employees for further investigation. It is envisaged that same be extended to external stakeholders by providing a reporting section on MHC's new website.

Financial Risk Factors

Please refer to Note 4 of the financial statements.

Solvency Risk

Solvency risks pertain to risk that the Company is unable to meet its financial obligations whenever they become due even after disposal of its assets. The Company manages and monitors solvency risks to ensure they are within appetite; appropriate strategies are put in place for detection of early warnings threats.

PRINCIPLE 6 - REPORTING WITH INTEGRITY

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

The Annual Report is published in full on the Company's website.

The following elements are clearly described in the Annual Report:

- Performance review;
- Economic and market review;
- Risks;
- KPIs, performance and outlook;
- Corporate social responsibility and donations; and
- Environmental policy.

In addition, the following documents are published on the website of the Company:

- Annual report, accounts and management report;
- Board and Committee charters;
- Code of Ethics; and
- Details on Board and governance structure.

The financial statements include the Annual Report, dividend declaration and the financial highlights. Upon approval, they will be published on MHC's website. However, the Company does not consider it appropriate to publish its Dividend Policy on the website.

Organisational Overview

MHC is the pioneer in home loan finance. It emanates from the former Mauritius Housing Corporation, a parastatal body set up in 1963. It started its activities with the prime objective to accommodate many Mauritian families who were facing housing problems. MHC was incorporated as a public company in 1989, and since then it has maintained a consistent and healthy growth in its operations, to remain amongst the market leaders in mortgage finance.

The main purpose of the Company is to enhance the residential housing sector in Mauritius through the provision of housing finance in a systematic and professional manner, so as to promote home and land ownership. MHC aspires to provide its customers with unique home loan solutions and make home ownership easy and simple. Besides housing lending business, the Company is a licensee of the Bank of Mauritius and classified as a non-bank deposit-taking financial institution. The Company also provides architectural, technical, legal and insurance services to its customers.

Overview of the External Environment

Business Model

Key Performance Indicators, Performance and Outlook

The Board has identified the key performance indicators and align same with MHC's strategy, namely Customer Excellence, Loan Business, Deposit Business and Good Corporate Governance, amongst others. These are used to evaluate the performance of the Company. As regard to the Company's outlook, the business segment in which MHC operates is set to remain volatile, with continuing challenges and constraints where most of them are not within its control, however necessary measures have been designed and implemented to counter these challenges.

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

Corporate Social Responsibility and Donations

No political donation nor other donation relating to social and charitable activities were made during the year under review.

Environmental Policy

The Company ensures that its operations have no major impact on the environment. The following measures were taken during the financial year to reduce Carbon Emission:

1. *Office environment*

a) At MHC, the replacement of fluorescent lighting with LED substitutes is 95% complete. .

b) All halogen spotlights have been replaced by LED alternatives.

c) As regard to AC units using R22 refrigerant, except for 10 AC units at the Head Office, all other AC units have been replaced.

d) The electrical installation on each floor was reviewed, where several zoning and circuits were provided to limit the number of outlets onto switch-on mode at a given time.

e) CEB Greenfield Renewable Energy Scheme – Phase 2

Subsequent to the reopening of the CEB Greenfield Renewable Energy Scheme for all Public Sector Entity in March 2023, MHC submitted its application on 24 May 2023 and is currently awaiting feedback from the CEB. MHC is committed to to promote a zero-carbon environment and reduce the Green House Gas emission by using Solar PV Technology and aligning with the vision of the Government to achieve 60% Renewable Energy Production in the national grid by 2030. MHC will generate additional savings on electricity bills as it is less costly to maintain and also energy can be used for cooling, lighting and other activities requiring heavy dependence on electricity. MHC will also operate as an Independent Power Producer (IPP) and all the energy generated will be exported to the CEB grid.

2. *Electricity Usage*

Lights, air conditioners, machines, computers, elevators, and other appliances consume a lot of electricity at MHC but a wise usage of these appliances can result in energy savings. In this respect, employees have been advised to switch off these appliances once usage is completed and respective Heads of Units have requested to ensure that these measures are followed.

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

Environmental Policy (Cont'd)

3. *Paper Usage*

   Management has always strived to make minimum use of paper. Heads of Units have been informed to closely monitor the printing activities in their respective areas and also to encourage the use of a printer's two-sided print feature in case printing is absolutely required. The use of blank verso side of a printed paper is also encouraged.

   In addition, all Board and Sub-Committees papers are now shared through iPad and not printed papers. This approach in itself has helped hugely to decrease the use of papers.

4. *Reduce Paperwork*

   Most of MHC policies and procedures are available on MHC's intranet. This infrastructure addresses both energy and resource efficiency, it also allows saving of space and provide staff with the flexibility to access them and work from anywhere.

5. *Plastic Free*

   Paper bags and cups are being used for all MHC's activities; these have replaced the plastic-based items to be in line with applicable legislation.

6. *Shredding of old files for Recycling*

   Old files are sent for shredding and recycling as and when required.

7. *Supporting Sustainable Homeownership through MHC Eco Loan*

   The MHC Eco Loan is a specialised financial product designed to support the construction and enhancement of eco-friendly homes. By offering favourable loan terms and incorporating green design principles, the Eco Loan makes sustainable homeownership accessible to a broader audience. This initiative not only aligns with MHC's commitment to environmental sustainability but also contributes to the achievement of several Sustainable Development Goals (SDGs). Through this loan, MHC provides customers with the necessary resources and technical guidance to build homes that are energy-efficient, environment-friendly responsible and aligned with modern sustainability goals, thereby promoting a greener future for Mauritius.

Climate Change Sustainability

The Company remains committed to support a low carbon economy that will improve the resilience of the economy. In line with the impact of climate change, the Eco Loan product is a new sustainable product to support the social and eco lifestyle in view to protect the communities, natural environment, and the effect of climate change. This product brings a new ecological concept in building a house whereby; the construction is done by using green material such as cements, bricks, solar panel, eco bins, eco paints and others.

In addition, to support the customers facing natural risks, the Company is offering insurance products to cover the collaterals against fire, cyclones, lightning, flood, hurricane, storms, tempest and tidal wave. This action helps the customer to have peace of mind of their homes in case of natural calamities. MHC has also enhanced its assessment of credits by ensuring that the collaterals are secured and less exposed to risks such as climate changes impact.

PRINCIPLE 6 – REPORTING WITH INTEGRITY (CONT'D)

Climate Change Sustainability (Cont'd)

Apart from the above, the Company is moving to a digital platform to better serve the customers and save on the usage of paper. The Company has recently implemented the e-correspondence whereby customers are taking advantage of electronic correspondence. MHC is considerably decreasing the usage of papers across all processes by making use of electronic platform. Besides, the Company has implemented MHC mobile app in August 2024 and is also considering implementation of internet banking services. Customers will have access to their accounts at any time so that they can do business electronically.

Safety and Health Issues

MHC is committed to safeguarding the health and safety of employees and visitors at the workplace. The Company strives for ongoing improvement in safety performance and is dedicated to preventing workplace injuries and illnesses. Recognising the importance of collaboration among all stakeholders, MHC works diligently to meet its safety objectives. The Company's safety and health policies and procedures adhere to the current legislative requirements. In addition, the Safety and Health Committee meetings are held every two months to address all pertinent issues.

Third Party Management Agreement

There has been no management agreement between third parties and the Company during the year under review.

Material Clauses of the MHC's Constitution:

(1) To promote property development within the Republic of Mauritius on its own or in partnership or as agent or as shareholder of a company;
(2) To grant loans for the purchase of residential lands;
(3) To set up such housing savings scheme as would be appropriate;
(4) To carry on business in the nature of insurance in respect of its client/s and/or its guarantor/s and client's/s' and/or guarantor's/s' property/ies; and
(5) To do all such other things as are incidental or conducive to the above objects.

Related Party Transactions

Related party transactions are disclosed in Note 32 of the financial statements.

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems;
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that year, and which comply with IFRS Accounting Standards as issued by the International Accounting Standards Board;
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- Ensuring that the IFRS Accounting Standards as issued by the International Accounting Standards Board have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to, in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

PRINCIPLE 7 - AUDIT

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

Internal Audit

The role of Internal Audit is to provide independent and objective assurance to Management and the Board of Directors through the Audit Committee. The Internal Audit, through systematic and disciplined approach in various assignments, it helps the Company to accomplish targeted objectives by evaluating and recommending improvements to operations, internal controls, risk management systems and the governance process.

The Board confirms that MHC has an independent Internal Audit function which is headed by Mr R Boojhawon the Internal Auditor. The latter is a professional accountant, also a certified a risk professional with experience in financial reporting, risk management, compliance, internal auditing including a wide exposure and experience in MHC Ltd activities. The internal auditor is currently assisted by three officers, who are well versed in the company's business processes

The internal auditor, functionally reports to the Audit Committee and administratively to the Managing Director/Officer in Charge. The Internal Auditor has unrestricted access to review all activities and transactions undertaken within the Company; using available information, the latter conducts an independent assessment and reports on findings including recommendations where appropriate. During the reviewed period, the Internal Auditor confirms that no restriction was placed over the right of access to information, records, Management or employees of the organisation. Significant risk areas were included in the audit work plan which is approved and reviewed annually by the Audit Committee.

The Internal Auditor has no operational responsibility or authority over any of the activities audited. Accordingly, he is not involved in implementation of internal controls, developing procedures, installing systems, preparing records, or engaging in any other activity that may impair the Internal Auditor's judgment.

After each audit assignment, the Internal Auditor submits its report to the Audit Committee. The key areas, systems and processes covered by the internal audit during the financial year were as follows:

- Interest computation;
- Bank reconciliation;
- Review of quarterly Financial Statements;
- Audit on Savings and Deposits;
- Review on Enhanced Due Diligence process;
- Transaction monitoring and suspicious transaction reporting;
- Procurement process;
- Foreclosed properties;
- Audit on Marketing;
- Credit facilities sanctioning process;
- Audit at branches and
- Cash counts

The following assignments have been rolled over in our audit work plan 2025/26:
- The recovery process;
- Payroll and other benefits.

The audit pertaining to cyber security risks was outsourced during the year and report was considered by the Audit Committee in November 2024.

The profile of the Internal Auditor is published on the website of the Company.

PRINCIPLE 7 - AUDIT (CONT'D)

External Audit

In line with Section 39 of the Banking Act 2004 and following a tender exercise, Grant Thornton was re-appointed as the external auditors for the financial year ended 30 June 2024 at the Annual Meeting of Shareholders held on 06 December 2023. They were in office for the fifth period for the audit of the financial statements of the Company.

In line with Section 39 of the Banking Act 2004, "*No firm of auditors appointed shall be responsible for the audit of a financial institution for a continuous period of more than 5 years*".

In light of the above, following a tender exercise, and following the approval of Board and Shareholders, Moore (Mauritius) LLP was appointed as the external auditors for the financial year ended 30 June 2025.

The Audit Committee ensures that the external auditors are rotated at least every 5 years. The approach to appointing the external auditors is done through a tendering process. The last tender for the appointment of Moore (Mauritius) LLP was conducted on 05 December 2024 for a period of 5 years, renewable annually, subject to satisfactory performance.

Meeting with Audit Committee

The External Audit Firm has open lines of communication and reporting with the Audit and Corporate Governance Committees. The external auditors met with the Audit Committee, both with and without the presence of management.

Evaluation of the Auditors

The Audit Committee evaluates the external auditors in fulfilling their duty annually, to make an informed recommendation to the Board for their re-appointment. The Audit Committee assesses the qualifications and performance of the auditors, the quality of the auditors' communications with the Audit Committee and the auditors' independence, objectivity and professional skepticism.

Moore (Mauritius) LLP has the required experience and resources to undertake the audit of the financial statements of the Company. The external audit firm is licensed by the Financial Reporting Council and their appointment was approved by the Bank of Mauritius. The quality processes of Moore (Mauritius) LLP are based on international best practice.

The officers assigned to the team for the assignment at MHC have the required expertise, including industry knowledge to effectively audit the financial statements of the Company. The external audit's scope is to address the financial reporting risks facing the Company, including the provision of an internal control review as required by the Bank of Mauritius.

The key issues raised by the external auditors are discussed at the Audit Committee and management is invited to provide explanations and take appropriate actions where required.

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

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

SHAREHOLDING STRUCTURE

The shareholding structure of Mauritius Housing Company Ltd as at 30 June 2025 was as follows:

	Name of Shareholders	Shareholding (%)
1.	Government of Mauritius	60.01
2.	State Investment Corporation Ltd	13.33
3.	State Insurance Company of Mauritius Ltd	13.33
4.	National Pensions Fund	13.33

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

SHAREHOLDING STRUCTURE (CONT'D)

All of the above-mentioned shareholders hold more than 5% share capital of the Company at the reporting date.

Dividend Policy

The Company has formalised its Dividend Policy with a dividend pay-out rate of at least 10% of net profit on 07 October 2021. Payment of dividends is subject to the performance of the Company, cash flow, working capital and capital expenditure requirements, satisfying the solvency test and prior approval from the Bank of Mauritius.

For the financial year ended 30 June 2024, the Board approved a dividend of Rs13,676,883/- (representing 10% of profits) and payment was effected on 27 August 2025.

COMPANY KEY STAKEHOLDERS

The Company continuously engages with its stakeholders to understand their concerns and priorities. The Company's key stakeholders and its interactions are as follows:

Shareholders

MHC aims at understanding properly the information needs of its shareholders and places great importance on an open and meaningful dialogue. It ensures that shareholders are kept informed on matters affecting the Company. Besides official press communiqués to shareholders, open lines of communication are maintained to ensure transparency and optimal disclosure.

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

All shareholders have the same voting rights.

Customers/Public

By offering competitive financial products, namely housing loans and deposits and providing them with timely information about the services and facilities being offered by MHC.

Employees

By fostering a working environment that supports sustainable performance, MHC promotes continuous professional/personal development and decent conditions of employment.

The Company conducted various training / workshops over the last financial year, covering a range of topics such as money laundering, data protection, team building, human resources and IFRS updates amongst others. These trainings were conducted in various formats including classroom style lectures, online courses, workshops, and hands-on practical training.

The areas of training were selected in order to enhance the skills and knowledge of employees and improve their job performance, which would lead to increased productivity and also to foster a culture of continuous learning and development within the organisation. Overall, the training and workshops attended by the Company's staff highlight the organisation's commitment to investing in the development of its employees.

Suppliers

Dealing through strict procurement procedures to ensure fairness and equity.

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

COMPANY KEY STAKEHOLDERS (CONT'D)

Regulators

Relationships with the regulators, mainly the Bank of Mauritius, Registrar of Companies, Mauritius Revenue Authority and the Financial Reporting Council are considered as critical for good running of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislations and guidelines.

These stakeholders are viewed as strategic partners to ensure that the Company upholds and maintains best practices with full transparency.

CONDUCT OF SHAREHOLDERS' MEETINGS

During the Annual Meetings, the shareholders are given the opportunity to communicate their views and to engage with the Board and management with regard to the Company's business activities and financial performance.

All Directors and External Auditors are invited to attend shareholders' meetings.

The Constitution allows a shareholder of the Company to appoint a proxy, whether a shareholder or not, to attend and vote on its behalf.

At the shareholders' meeting, each of the following issues is proposed in a separate resolution:

- The approval of the Annual Report and Audited Financial Statements;
- The ratification of dividend (if applicable);
- The election or re-election of directors of the Board until the next Annual Meeting;
- The appointment or re-appointment of external auditors under Section 200 of the Mauritius Companies Act 2001; and
- Any other matter which may require the shareholders' approval.

COMMUNICATION WITH THE SHAREHOLDERS

Communication between the Company and its shareholders takes place on a regular basis.

Annual report containing the audited financial statements, performance review and other essential information is sent to all shareholders. The shareholders are also invited to the Annual Meeting where they are encouraged to interact with directors, external auditors and management, and ask questions or seek clarifications regarding operations of the Company. Furthermore, any queries addressed to management and/or the Company Secretary, are promptly attended to.

Annual Meeting of Shareholders

The next Annual Meeting of the Company is scheduled in December 2025. Appropriate notice of meeting is given to the shareholders, who are provided with the opportunity to communicate their views and to engage with the Board of Directors and management with regards to the Company's business activities and financial performance.

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

CALENDAR OF IMPORTANT EVENTS

The following is a schedule of forthcoming events:

Date	Event
December 2025	Annual Meeting
30 June 2025	End of Financial Year

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

Name of PIE: Mauritius Housing Company Ltd
Reporting period: 30 June 2025

We, the directors of Mauritius Housing Company Ltd, the "Company", confirm to the best of our knowledge that the Company has complied as far as possible with its obligations and requirements under the Code of Corporate Governance except for the following sections:

Principle 1: Governance Structure

The Code recommends that the Constitution of organisations, amongst other documents, be included on their website.

However, the Company does not consider it appropriate to publish its Constitution on the website.

The Code also recommends that the approval, monitoring and review processes (including frequency) of the Company's Constitution, Board Charter, Code of Ethics, job descriptions of the key senior governance positions, Organisational Chart and Statement of Major Accountabilities, be published on the website.

The Company does not deem it necessary to publish the above for confidential reasons.

Principle 2: Composition of the Board

The recommendation of the Code is to have at least two Executive Directors.

Relative to the shareholding structure of MHC, with the Government of Mauritius as the majority shareholder, and MHC's business model, it has been deemed appropriate that only one (1) executive Director, in particular the Managing Director, be a member of the Board.

Principle 6: Dividend Policy

The recommendation of the Code is to consider inclusion of the Dividend Policy of the companies on their website.

However, given the Company's shareholding structure, we do not consider it appropriate to publish its Dividend Policy on the website.

Signed on behalf of the Board of Directors:

....	....	....
Director	**Director**	**Director**

Date: 29 SEP 2025

SECRETARY'S CERTIFICATE

We confirm that, based on the records and information made available to us by the Directors and Shareholders of the Company, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001,save and except the Annual Report, Corporate Governance Report and the Audited Financial Statements for the financial year ended 30 June 2025.

For **Prime Partners Ltd**

Secretary

Date: 29 SEP 2025

MOORE

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAURITIUS HOUSING COMPANY LTD

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified opinion

We have audited the consolidated and separate financial statements of **Mauritius Housing Company Ltd** (the "Company" or the "Public Interest Entity") and its subsidiary (together referred to as the "Group") set out on pages 60 to 130, which comprise the consolidated and separate statements of financial position as at 30 June 2025 and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate statements financial statements, including a summary of material accounting policies.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the consolidated and separate statements financial statements on pages 60 to 130 give a true and fair view of the financial position of the Group and the Company as at 30 June 2025 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for qualified opinion

As described in Note 3(a), the Company has insurance contracts (Property Insurance Scheme) that are within the scope of IFRS 17 Insurance Contracts. However, management has continued to account for these contracts using policies developed under IFRS 4—for example, recognising incurred-but-not-reported (IBNR) reserves and presenting premiums written and claims incurred—rather than measuring insurance contract assets and liabilities in accordance with IFRS 17 (including fulfilment cash flows comprising unbiased, probability-weighted estimates of future cash flows discounted for the time value of money and a risk adjustment for non-financial risk, recognition of a contractual service margin, and the presentation of insurance revenue and insurance service expenses) and providing the disclosures required by that Standard. In our judgment, this constitutes a departure from IFRS, and the financial statements do not comply, in this respect, with IFRS. Had the Company applied IFRS 17, insurance contract assets or liabilities, insurance revenue, the insurance service result, related equity and the associated disclosures would have been affected. Management has not prepared the information necessary to quantify these effects; accordingly, we were unable to determine whether any adjustments might have been necessary to these amounts.

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAURITIUS HOUSING COMPANY LTD

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters

1. Provision for Expected Credit Losses	
Key Audit Matter	***How our Audit Addressed the Key Audit Matter***
Management determines expected credit losses (ECL) on financial assets in accordance with IFRS 9. The estimate is inherently judgmental and complex because it depends on statistical models, forward-looking information, staging assessments, data quality and discounting assumptions. The matters giving rise to significant audit attention include: • **Model estimations** – Estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); use of term structures for PD and LGD; model calibration, validation and governance. • **Macroeconomic forecasts and scenario weighting** – Use of forward-looking macroeconomic variables and probability-weighted scenarios to derive point-in-time estimates. • **Significant increase in credit risk (SICR) and staging** – Judgement in determining transfers to Stage 2 and identification of Stage 3, expected recoveries and collateral valuations. • **Data and discounting** – Reliance on complete and accurate data and the application of the effective interest rate (EIR) for discounting. • **Opening balances** – The ECL provisions from prior years required significant audit attention. We identified the provision for expected credit losses as a key audit matter due to the level of judgement and estimation uncertainty inherent in the modelling assumptions, volume of data and the significance of the balances subject to ECL under IFRS 9.	Our audit procedures included: ▪ Reviewing the IFRS 9 impairment policy and assessing whether the modelling framework (segmentation, staging, PD/LGD/EAD, discounting) is consistent with IFRS 9 and risk management practices. ▪ Evaluating the process for developing macroeconomic forecasts and scenario weightings, and agreeing key inputs with credible external sources; performing sensitivity analysis over alternative paths and weights. ▪ Performing sensitivity analysis on the model coefficients used to calculate PD and LGD. ▪ Testing the application of staging criteria (including days-past-due, watch-list and internal rating movements) across the loan portfolio. ▪ Performing end-to-end tests of data completeness and accuracy from source systems to the ECL calculation; independently recalculating ECL for selected loans by re-performing PD×LGD×EAD per period and discounting at EIR; checking mathematical accuracy of key spreadsheets. ▪ Applying data-analytics procedures over the loan population to test data completeness and accuracy from the source loan system to the ECL workings; performing portfolio-wide stratification and outlier analysis and investigating exceptions flagged by automated routines. ▪ Performing detailed procedures on the opening balances of ECL provisions, including reconciliation to prior-year audited results, assessment of the roll-forward into current models, and validation that the adjustments made to opening balances were appropriately incorporated into the current year's disclosures. ▪ Testing and ensuring correct classification of each loan receivable category in the financial statements. ▪ Inspecting for a sample of Stage 3 exposures, credit files; evaluating expected cash flows and collateral valuations, and testing the reasonableness of timing and probability assumptions. ▪ Assessing whether disclosures in the financial statements meet the requirements of IFRS 7/IFRS 9, including sensitivity to key assumptions.
Refer to Note 3 (f) (accounting policy) and Note 15 of the accompanying financial statements	

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAURITIUS HOUSING COMPANY LTD

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other matter relating to comparative information

The consolidated and separate financial statements of the Group and the Company as at and for the years ended 30 June 2024 and 30 June 2023 (from which the opening consolidated and separate statements of financial position as at 1 July 2024 have been derived), prior to the retrospective adjustments referred to in Note 36 to the consolidated and separate financial statements, were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 30 September 2024.

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2025, we have audited the retrospective adjustments described in Note 36 that were applied to restate the comparative information presented for the year ended 30 June 2024 and the opening consolidated and separate statements of financial position as at 1 July 2024.

We were not engaged to audit, review, or perform any procedures on the consolidated and separate financial statements for the years ended 30 June 2024 and 30 June 2023 or on the opening consolidated and separate statements of financial position as at 1 July 2024, other than with respect to the retrospective adjustments described in Note 36. Accordingly, we do not express an opinion or any other form of assurance on such financial statements.

In our opinion, the retrospective adjustments described in Note 36 are appropriate and have been properly applied in the consolidated and separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Directors' responsibilities for the consolidated and separate financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAURITIUS HOUSING COMPANY LTD

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company'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 Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAURITIUS HOUSING COMPANY LTD

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

In our opinion, except for the matter explained in the Basis for Qualified Opinion section, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Banking Act 2004

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

Financial Reporting Act 2004 - Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") as disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on Corporate Governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code and satisfactory explanation disclosed on the principles of the Code which have not been complied with.

Use of this report

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

MOORE (Mauritius) LLP
Chartered Accountants

Port Louis
Republic of Mauritius

Arvin ROGBEER, ~~FCA, FCCA~~
Licensed by FRC

Date: 29 SEP 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	THE GROUP			
	Notes	30 June 2025	Restated 30 June 2024	Restated 30 June 2023
		Rs'000	Rs'000	Rs'000
ASSETS				
Cash and cash equivalents	13(a)	**370,203**	327,714	148,120
Treasury deposits	13(b)	**2,240,493**	1,323,568	2,272,543
Property development inventories	14	**193,128**	207,523	120,575
Loans to customers	15	**11,243,725**	10,061,660	9,284,153
Investment property	16(a)	**206,400**	114,016	155,200
Investment in subsidiary	16(b)	-	-	-
Property and equipment	17	**586,687**	542,211	501,716
Right-of-use assets	17(i)	**11,444**	9,606	3,132
Intangible assets	18	**75,914**	96,998	115,431
Other assets	19(a)	**81,193**	55,067	16,135
Assets held for sale	19(b)	**42,239**	44,733	53,092
Total assets		**15,051,426**	12,783,096	12,670,097
LIABILITIES				
PEL and other savings accounts	20(a)	**2,419,193**	2,169,340	1,964,026
Housing deposits certificates	20(b)	**7,856,508**	6,063,015	6,370,693
Borrowings	21	**435,793**	490,791	511,599
Lease liabilities	21(a)	**11,138**	9,180	3,872
Retirement benefit obligations	22	**615,512**	642,527	500,500
Other liabilities	23	**208,029**	123,904	71,549
Total liabilities		**11,546,173**	9,498,757	9,422,239
Insurance funds	24	**136,973**	136,973	123,973
SHAREHOLDERS' EQUITY				
Share capital	25	**200,000**	200,000	200,000
Revaluation reserves	17(b)	**594,229**	551,159	550,425
Building insurance reserve	27	**116,810**	116,810	116,810
Life insurance reserve	24(a)	**110,494**	110,494	127,769
Retained earnings	28	**2,040,157**	1,862,313	1,822,291
Statutory reserve	29(b)	**200,000**	200,000	200,000
Other reserves	29(a)	**89,214**	106,590	106,590
Performing exposures reserve	15(d)	**17,376**	-	-
Total equity		**3,368,280**	3,147,366	3,123,885
Total equity and liabilities		**15,051,426**	12,783,096	12,670,097

These financial statements have been approved and authorised for issue by the Board of Directors on 29 SEP 2025 and signed on its behalf by:

DIRECTOR **DIRECTOR** **DIRECTOR**

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		THE COMPANY		
	Notes	30 June 2025	Restated 30 June 2024	Restated 30 June 2023
		Rs'000	Rs'000	Rs'000
ASSETS				
Cash and cash equivalents	13(a)	**370,203**	327,714	148,120
Treasury deposits	13(b)	**2,240,493**	1,323,568	2,272,543
Property development inventories	14	**193,128**	207,522	120,575
Loans to customers	15	**11,243,725**	10,061,660	9,284,153
Investment property	16(a)	**206,400**	114,016	155,200
Investment in subsidiary	16(b)	**25,000**	25,000	25,000
Property and equipment	17	**586,687**	542,211	501,716
Right-of-use assets	17(i)	**11,444**	9,606	3,132
Intangible assets	18	**75,914**	96,998	115,431
Other assets	19(a)	**81,493**	55,267	16,235
Assets held for sale	19(b)	**42,239**	44,733	53,092
Total assets		**15,076,726**	12,808,295	12,695,197
LIABILITIES				
PEL and other savings accounts	20(a)	**2,419,193**	2,169,340	1,964,026
Housing deposits certificates	20(b)	**7,856,508**	6,063,015	6,370,693
Borrowings	21	**435,793**	490,791	511,599
Lease liabilities	21(a)	**11,138**	9,180	3,872
Retirement benefit obligations	22	**615,512**	642,527	500,500
Other liabilities	23	**232,111**	148,183	96,199
Total liabilities		**11,570,255**	9,523,036	9,446,889
Insurance funds	24	**136,973**	136,973	123,973
SHAREHOLDERS' EQUITY				
Share capital	25	**200,000**	200,000	200,000
Revaluation reserves	17(b)	**594,229**	551,159	550,425
Building insurance reserve	27	**116,810**	116,810	116,810
Life insurance reserve	24(a)	**110,494**	110,494	127,769
Retained earnings	28	**2,041,375**	1,863,233	1,822,741
Statutory reserve	29(b)	**200,000**	200,000	200,000
Other reserves	29(a)	**89,214**	106,590	106,590
Performing exposures reserve	15(d)	**17,376**	-	-
Total equity		**3,369,498**	3,148,286	3,124,335
Total equity and liabilities		**15,076,726**	12,808,295	12,695,197

These financial statements have been approved and authorised for issue by the Board of Directors on 29 SEP 2025 and signed on its behalf by:

DIRECTOR **DIRECTOR** **DIRECTOR**

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

		THE GROUP		
			Restated	Restated
	Notes	**30 June 2025**	30 June 2024	30 June 2023
		Rs'000	Rs'000	Rs'000
Interest income		**873,909**	802,610	628,024
Interest expense		**(404,832)**	(372,687)	(290,107)
Net interest income	6	**469,077**	429,923	337,917
Fee and commission income		**46,422**	42,810	38,767
Rent received		**2,927**	2,941	7,486
Policy fees and charges on loans		**18,590**	14,274	11,251
Other operating income	7	**54,472**	62,042	51,785
Non-interest income		**122,411**	122,067	109,289
Revenue from contracts with customers	7(a)	**27,252**	41,609	36,715
Cost of property development inventories sold	14	-	(35,680)	(36,762)
Cost of sales of properties under VEFA	14	**(26,315)**	-	-
Gains/(losses) on properties sold		**937**	**5,929**	**(47)**
Operating income		**592,425**	557,919	447,159
Personnel expenses	8	**(280,784)**	(268,198)	(222,708)
Depreciation and amortisation	17 & 18	**(43,035)**	(39,609)	(37,544)
Other expenses	9(a)	**(95,108)**	(87,332)	(77,314)
Non-interest expense		**(418,927)**	(395,139)	(337,566)
Operating profit		**173,498**	162,780	109,593
(Net impairment loss on financial assets including write-off)/release of allowance for credit impairment	15(b)	**(24,938)**	(16,091)	(46,000)
Other provisions	13(b)	**(991)**	2,809	(786)
Prudential provisions	15(d)	**(5,842)**	-	-
Gain on sale of foreclosed properties		**2,553**	9,546	584
Impairment loss on property development	14	-	-	(1,300)
(Decrease)/increase in fair value of investment property	16	**28,042**	4,816	1,375
Profit before tax		**172,322**	163,860	63,466
Income tax expense	31	-	-	-
Profit for the year		**172,322**	163,860	63,466
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of post-employment benefit obligations	22(a)(iv)	**19,202**	(113,469)	(59,884)
Gain on revaluation of land & buildings	17	**43,070**	734	-
Transfer from life insurance reserve	24	-	(17,275)	-
Items that will be reclassified to profit or loss		-	-	-
Other comprehensive income/(loss) for the year	26	**62,272**	(130,010)	(59,884)
Total comprehensive income for the year		**234,594**	33,850	3,582
Profit attributable to:				
Owners of the parent		**172,322**	163,860	63,466
Total comprehensive income attributable to:				
Owners of the parent		**234,594**	33,850	3,582
Earnings per share (Rs)	12	**8.62**	8.19	3.17

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

		THE COMPANY		
			Restated	Restated
	Notes	**30 June 2025**	30 June 2024	30 June 2023
		Rs'000	Rs'000	Rs'000
Interest income		**873,909**	802,610	628,024
Interest expense		**(404,832)**	(372,687)	(290,107)
Net interest income	6	**469,077**	429,923	337,917
Fee and commission income		**46,422**	42,810	38,767
Rent received		**2,927**	2,941	7,486
Policy fees and charges on loans		**18,590**	14,274	11,251
Other operating income	7	**54,572**	62,142	51,885
Non-interest income		**122,511**	122,167	109,389
Revenue from contracts with customers	7(a)	**27,252**	41,609	36,715
Cost of property development inventoties sold	14	**-**	(35,680)	(36,762)
Cost of sales of properties under VEFA	14	**(26,315)**	-	-
Gains/(losses) on properties sold		**937**	**5,929**	**(47)**
Operating income		**592,525**	558,019	447,259
Personnel expenses	8	**(280,784)**	(268,198)	(222,708)
Depreciation and amortisation	17 & 18	**(43,035)**	(39,609)	(37,544)
Other expenses	9(a)	**(94,913)**	(86,962)	(76,964)
Non-interest expense		**(418,732)**	(394,769)	(337,216)
Operating profit		**173,793**	163,250	110,043
(Net impairment loss on financial assets including write-off)/release of allowance for credit impairment	15(b)	**(24,938)**	(16,091)	(46,000)
Other provisions	13(b)	**(991)**	2,809	(786)
Prudential provisions	15(b)	**(5,842)**	-	-
Gain on sale of foreclosed properties		**2,553**	9,546	584
Impairment loss on property development	14	**-**	-	(1,300)
(Decrease)/increase in fair value of investment property	16	**28,042**	4,816	1,375
Profit for the year		**172,617**	164,330	63,916
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of post-employment benefit obligations	22(a)(iv)	**19,202**	(113,469)	(59,884)
Gain on revaluation of land & buildings	17	**43,070**	734	-
Transfer from life insurance reserve	24	**-**	(17,275)	-
Items that will be reclassified to profit or loss		**-**	-	-
Other comprehensive income for the year	26	**62,272**	(130,010)	(59,884)
Total comprehensive income for the year		**234,889**	34,320	4,032
Profit attributable to:				
Owners of the parent		**172,617**	164,330	63,916
Total comprehensive income attributable to:				
Owners of the parent		**234,889**	34,320	4,032
Earnings per share (Rs)	12	**8.63**	8.22	3.20

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

THE GROUP	Attributable to Owners of the Parent Company								
	Share capital	Revaluation reserves	Building insurance reserve	Retained earnings	Life insurance reserve	Statutory reserve *	Other reserves **	Performing Exposures reserves	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2024									
- As previously reported	-	-	-	-	-	-	-	-	-
- Effect of prior year adjustments	**200,000**	**551,159**	**116,810**	**1,862,313**	**110,494**	**200,000**	**106,590**	-	**3,147,366**
At 01 July 2024 - As restated	**200,000**	**551,159**	**116,810**	**1,862,313**	**110,494**	**200,000**	**106,590**	-	**3,147,366**
Profit for the year	-	-	-	**172,322**	-	-	-	-	**172,322**
Other comprehensive income/(loss) for the year	-	**43,070**	-	**19,202**	-	-	-	-	**62,272**
Total comprehensive income/(loss) for the year	-	**43,070**	-	**191,524**	-	-	-	-	**234,594**
Transfer to performing exposure reserves	-	-	-	-			**(17,376)**	**17,376**	-
Dividends (Note 11)	-	-	-	**(13,680)**	-	-	-	-	**(13,680)**
At 30 June 2025	**200,000**	**594,229**	**116,810**	**2,040,157**	**110,494**	**200,000**	**89,214**	**17,376**	**3,368,280**
At 01 July 2023									
- As previously reported	-	-	-	-	-	-	-	-	-
- Effect of prior year adjustments	200,000	550,425	116,810	1,822,291	127,769	200,000	106,590	-	3,123,885
At 01 July 2023 - As restated	200,000	550,425	116,810	1,822,291	127,769	200,000	106,590	-	3,123,885
Profit for the year	-	-	-	163,860	-	-	-	-	163,860
Other comprehensive income/(loss) for the year	-	734	-	(113,469)	(17,275)	-	-	-	(130,010)
Total comprehensive income/(loss) for the year	-	734	-	50,391	(17,275)	-	-	-	33,850
Transfer of fair value reserves to retained earnings	-	-	-	-	-	-	-	-	-
Dividends (Note 11)	-	-	-	(10,369)	-	-	-	-	(10,369)
At 30 June 2024	200,000	551,159	116,810	1,862,313	110,494	200,000	106,590	-	3,147,366
At 01 July 2022									
- As previously reported	-	-	-	-	-	-	-	-	-
- Effect of prior year adjustments	-	-	-	-	-	-	-	-	-
At 1 July 2022	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-
Released	-	-	-	-	-	-	-	-	-
Transfer of fair value reserves to retained earnings	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-	-	-

* As per Banking Act 2004, 15% of the net profit for the year is transferred to a statutory reserve until the balance is equal to the amount of stated capital.
** See Note 29

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

THE COMPANY

	Share capital	Revaluation reserves	Building insurance reserve	Retained earnings	Life insurance reserve	Statutory reserve *	Other reserves **	Performing Exposures reserves	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2024									
- As previously reported	**200,000**	**550,174**	**116,810**	**2,195,285**	**110,494**	**200,000**	**106,590**	-	**3,479,353**
- Effect of prior year adjustments	-	**985**	-	**(332,052)**	-	-	-	-	**(331,067)**
At 01 July 2024 - As restated	**200,000**	**551,159**	**116,810**	**1,863,233**	**110,494**	**200,000**	**106,590**	-	**3,148,286**
Profit for the year	-	-	-	**172,617**	-	-	-	-	**172,617**
Other comprehensive income/(loss) for the year	-	**43,070**	-	**19,202**	-	-	-	-	**62,272**
Total comprehensive income/(loss) for the year	-	**43,070**	-	**191,819**	-	-	-	-	**234,889**
Transfer to performing exposure reserves	-	-	-	-			**(17,376)**	**17,376**	-
Dividends (Note 11)	-	-	-	**(13,677)**	-	-	-	-	**(13,677)**
At 30 June 2025	**200,000**	**594,229**	**116,810**	**2,041,375**	**110,494**	**200,000**	**89,214**	**17,376**	**3,369,498**
At 01 July 2023									
- As previously reported	200,000	550,174	116,810	2,182,355	127,769	200,000	106,590	-	3,483,698
- Effect of prior year adjustments	-	251	-	(359,614)	-	-	-	-	(359,363)
At 01 July 2023 - As restated	200,000	550,425	116,810	1,822,741	127,769	200,000	106,590	-	3,124,335
Profit for the year	-	-	-	164,330	-	-	-	-	164,330
Other comprehensive income/(loss) for the year	-	734	-	(113,469)	(17,275)	-	-	-	(130,010)
Total comprehensive income/(loss) for the year	-	734	-	50,861	(17,275)	-	-	-	34,320
Transfer of fair value reserves to retained earnings	-	-	-	-	-	-	-	-	-
Dividends (Note 11)	-	-	-	(10,369)	-	-	-	-	(10,369)
At 30 June 2024	200,000	551,159	116,810	1,863,233	110,494	200,000	106,590	-	3,148,286
At 01 July 2022									
- As previously reported	200,000	582,736	116,810	2,137,746	127,769	200,000	106,590	-	3,471,651
- Effect of prior year adjustments	-	251	-	(319,819)	-	-	-	-	(319,568)
At 1 July 2022	200,000	582,987	116,810	1,817,927	127,769	200,000	106,590	-	3,152,083
Profit for the year	-	-	-	63,916	-	-	-	-	63,916
Other comprehensive income/(loss) for the year	-	-	-	(59,884)	-	-	-	-	(59,884)
Total comprehensive income/(loss) for the year	-	-	-	4,032	-	-	-	-	4,032
Released	-	(32,562)	-	782	-	-	-	-	(31,780)
Transfer of fair value reserves to retained earnings	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
At 30 June 2023	200,000	550,425	116,810	1,822,741	127,769	200,000	106,590	-	3,124,335

* As per Banking Act 2004, 15% of the net profit for the year is transferred to a statutory reserve until the balance is equal to the amount of stated capital.
** See Note 29

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

MAURITIUS HOUSING COMPANY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		THE GROUP		
	Notes	**30 June 2025**	30 June 2024	30 June 2023
		Rs'000	Rs'000	Rs'000
Operating activities				
Profit for the year		**172,322**	163,860	63,466
Adjustments for:				
Allowance for credit impairment (net)	15(b)	**24,555**	15,709	46,000
Prudential provisions	15(b)	**5,842**	-	-
Other provisions	9(b)	**991**	(2,809)	786
Depreciation	17	**17,389**	14,700	13,399
Amortisation	18	**25,646**	24,909	24,145
Gain on sale of foreclosed properties		**(2,553)**	(9,546)	(584)
Impairment loss on property development		**-**	-	1,300
Decrease/(increase) in fair value of investment property	16	**(28,042)**	(4,816)	(1,375)
Interest in suspense		**(14,098)**	(2,193)	3,906
(Profit)/loss on disposal of property and equipment	7	**(547)**	(790)	(663)
Profit on disposal of property development		**(937)**	(5,929)	47
Transfer from insurance funds		**-**	(4,275)	-
Provision for retirement benefit obligations		**30,745**	28,559	21,498
		231,313	217,379	171,925
Changes in operating assets and liabilities				
Changes in other assets		**(26,116)**	(37,044)	8,176
Changes in assets held for sale		**5,047**	17,905	4,469
Changes in treasury deposits		**(916,925)**	950,000	(900,000)
Changes in other liabilities		**70,451**	52,451	(1,358)
Changes in accrued interest payable		**15,097**	(122,287)	61,566
Changes in loans to customers		**(1,198,365)**	(790,894)	(582,664)
Net cash generated from operating activities		**(1,819,498)**	287,510	(1,237,886)
Investing activities				
Purchase of property and equipment	17	**(13,593)**	(5,083)	(2,013)
Purchase of intangible assets	18	**(4,562)**	(6,476)	(7,276)
Proceeds from disposal of property and equipment		**547**	790	1,498
Proceeds from disposal of property development		**27,252**	40,309	36,715
Additions to property development	14	**(76,263)**	(121,328)	(21,557)
Net cash from investing activities		**(66,619)**	(91,788)	7,367
Financing activities				
Housing deposits certificates (HDC)	20 (b)	**1,753,784**	(224,866)	785,583
Plan Epargne Logement Savings (PEL)	20 (a)	**274,465**	244,789	37,460
Movement in borrowings	21	**(81,821)**	(10,760)	239,339
Movement in lease liabilities	21 (d)	**(6,087)**	(4,874)	(4,261)
Movement in Retirement Benefit Obligations		**(38,558)**	-	-
Dividends paid	11	**-**	(10,369)	(7,578)
Net cash from financing activities		**1,901,783**	(6,080)	1,050,543
Change in cash and cash equivalents		**15,666**	189,642	(179,976)
Movement in cash and cash equivalents				
Cash and cash equivalents at start of the year		**326,981**	137,339	317,315
Change in cash and cash equivalents		**15,666**	189,642	(179,976)
Cash and cash equivalents at end of the year		**342,647**	326,981	137,339
Cash and cash equivalents is made up of :				
Cash at bank and in hand (Note 13(a))		**370,203**	327,714	148,120
Bank overdrafts (Note 21)		**(27,556)**	(733)	(10,781)
		342,647	326,981	137,339
Non-cash transaction:				
Investment in subsidiary	16 (b)	**-**	-	(25,000)
Other liabilities		**-**	-	25,000

The notes on pages 68 to 130 form an integral part of these financial statements.
Auditors' report on pages 55 to 59.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		THE COMPANY		
			Restated	Restated
	Notes	**30 June 2025**	30 June 2024	30 June 2023
		Rs'000	Rs'000	Rs'000
Operating activities				
Profit for the year		**172,617**	164,330	63,916
Adjustments for:				
Allowance for credit impairment (net)	15(b)	**24,555**	15,709	46,000
Prudential provisions	15(b)	**5,842**	-	-
Other provisions	9(b)	**991**	(2,809)	786
Depreciation	17	**17,389**	14,700	13,399
Amortisation	18	**25,646**	24,909	24,145
Gain on sale of foreclosed properties		**(2,553)**	(9,546)	(584)
Impairment loss on property development		**-**	-	1,300
Decrease/(increase) in fair value of investment property	16	**(28,042)**	(4,816)	(1,375)
Interest in suspense		**(14,098)**	(2,193)	3,906
(Profit)/loss on disposal of property and equipment	7	**(547)**	(790)	(663)
Profit on disposal of property development		**(937)**	(5,929)	47
Transfer from insurance funds		**-**	(4,275)	-
Provision for retirement benefit obligations		**30,745**	28,559	21,498
		231,608	217,849	172,375
Changes in operating assets and liabilities				
Changes in other assets		**(26,213)**	(37,047)	8,076
Changes in assets held for sale		**5,047**	17,905	4,469
Changes in treasury deposits		**(916,925)**	950,000	(900,000)
Changes in other liabilities		**70,253**	51,984	(1,709)
Changes in accrued interest payable		**15,097**	(122,287)	61,566
Changes in loans to customers		**(1,198,365)**	(790,894)	(582,664)
Net cash generated from operating activities		**(1,819,498)**	287,510	(1,237,887)
Investing activities				
Purchase of property and equipment	17	**(13,593)**	(5,083)	(2,013)
Purchase of intangible assets	18	**(4,562)**	(6,476)	(7,276)
Proceeds from disposal of property and equipment		**547**	790	1,498
Proceeds from disposal of property development		**27,252**	40,309	36,715
Additions to property development	14	**(76,263)**	(121,328)	(21,557)
Net cash from investing activities		**(66,619)**	(91,788)	7,367
Financing activities				
Housing deposits certificates (HDC)	20 (b)	**1,753,784**	(224,866)	785,583
Plan Epargne Logement Savings (PEL)	20 (a)	**274,465**	244,789	37,460
Movement in borrowings	21	**(81,821)**	(10,760)	239,339
Movement in lease liabilities	21 (d)	**(6,087)**	(4,874)	(4,261)
Movement in Retirement Benefit Obligations		**(38,558)**	-	-
Dividends paid	11	**-**	(10,369)	(7,577)
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Other liabilities		**-**	-	25,000

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Auditors' report on pages 55 to 59.

1. GENERAL INFORMATION

Mauritius Housing Company Ltd, the "Company" or "MHC", was incorporated on 12 December 1989 as a public company with limited liability. The principal activities of the Company are the granting of loans for the construction/purchase of houses, to engage in deposits taking and to promote property development. The registered office of the Company is MHC Building, Reverend Jean Lebrun Street, Port Louis, Republic of Mauritius. The Company holds licence from the Bank of Mauritius.

The Company and its subsidiary are together referred to as the "Group".

The consolidated and separate financial statements of the Company (also referred to as the "financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board in all material aspects and comply with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Bank of Mauritius Guidelines.

2. APPLICATION OF NEW AND REVISED STANDARDS

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

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

	Effective Date: Years being on or after
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	01 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	01 January 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01 January 2024
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	01 January 2024
IFRS S2 *Climate-related disclosures*	01 January 2024

2.2 Standards and interpretations issued but not yet effective

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

	Effective Date: Years being on or after
Lack of exchangeability – Amendments to IAS 21	01 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Postponed indefinitely
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: •IFRS 1: Hedge accounting by a first-time adopter •IFRS 7: Gain or loss on derecognition •IFRS 7: Disclosure of deferred difference between fair value and transaction price •IFRS 7: Introduction and credit risk disclosures •IFRS 9: Lessee derecognition of lease liabilities •IFRS 9: Transaction price •IFRS 10: Determination of a 'de facto agent' •IAS 7: Cost method	01 January 2026
IFRS 18 *Presentation and Disclosure in Financial Statements*	01 January 2026
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	01 January 2027

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group and Company in future periods.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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.

(a) Basis of preparation

The financial statements of the Group and Company comply with the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Bank of Mauritius Guidelines, and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board except for IFRS 17 Insurance Contracts (see below paragraph). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs 000), except where otherwise indicated.

Where necessary, comparative figures have been amended to conform with change in presentation in the current period. The financial statements are prepared under the historical cost convention, except that land and buildings and investment properties are stated at their fair values, and relevant financial assets and liabilities are stated at their fair values or amortised cost. Management has, at the time of approving the financial statements, a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, the Group and Company have applied the going concern basis of accounting in preparing the financial statements.

In the extremely rare circumstances of this reporting period, management has concluded that compliance with IFRS 17 Insurance Contracts would be so misleading as to conflict with the objective of financial statements set out in the Conceptual Framework. Accordingly—and as permitted by the applicable financial reporting framework—the Group and Company have departed from IFRS 17 for its insurance activities and has continued to apply accounting policies developed under IFRS 4 (including recognition of premiums written and claims incurred, measurement of incurred-but-not-reported (IBNR) reserves, and the related presentation and disclosures).

Management's judgment is based on the specific features of the Group's and Company's insurance arrangements and the information available for reliable measurement in the current period. The insurance contracts combine non-separable lender-linked cover with highly constrained legacy data that cannot be reconstructed without undue cost and delay; modelling under IFRS 17 would require allocations that management considers arbitrary and would produce amounts that lack faithful representation for users at this time. Management therefore determined that presenting IFRS 17 measures in the current period would be so misleading that it would conflict with the objective of providing useful information about the Group's and Company's financial position, performance and cash flows. Had IFRS 17 been applied, insurance contract assets/liabilities would have been measured using fulfilment cash flows (explicit, unbiased, probability-weighted, discounted) plus a risk adjustment for non-financial risk and a contractual service margin; insurance revenue and insurance service expenses would have replaced premiums written and claims incurred; and additional IFRS 17 disclosures would have been presented. The effects have not yet been quantified.

(b) Property and equipment

Land and buildings are stated at their fair values, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

Owned-used property is defined as property held for use in the supply of services or for administrative purposes.

Depreciation is calculated to write off the cost of each asset or its revalued amount to its residual value over its estimated useful life, with the exception of freehold land and housing estates.

Land is not depreciated.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same assets are charged against the revaluation reserves; all other decreases are charged to profit or loss.

The annual rates and method used are as follows:

Freehold buildings	2%	Straight line method
Furniture and equipment	10% and 33 1/3%	Straight line method
Motor vehicles	20%	Straight line method

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting date.

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

Gains and losses on disposal of property and equipment are determined by the difference between their carrying values and their net disposal proceeds and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(c) **Intangible assets**

Computer software

Intangible assets consist of computer software. Management has assessed the useful life of the new computer software to be 8 years and it is amortised on a straight line basis. Computer software are also tested for impairment at each reporting date.

Core banking integrated system

The Core Banking Integrated System is recognised as an intangible asset in accordance with IAS 38 Intangible Assets when, and only when:
• It is identifiable and controlled by the entity;
• It is probable that future economic benefits attributable to the system will flow to the entity; and
• The cost of the system can be measured reliably.

The Core Banking Integrated System is initially measured at cost. Cost comprises the purchase price and any directly attributable expenditure necessary to prepare the system for its intended use. Such expenditure includes professional fees, customisation, installation, testing, and other costs directly attributable to bringing the system into use. Research costs are expensed as incurred. Development costs are capitalised only if they meet the recognition criteria of IAS 38. After initial recognition, the Core Banking Integrated System is carried at cost less accumulated amortisation and accumulated impairment losses.

At each reporting date, the entity assesses whether there is any indication that the Core Banking Integrated System may be impaired. If such an indication exists, the recoverable amount is estimated in accordance with IAS 36 Impairment of Assets. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

The Core Banking Integrated System is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition, determined as the difference between the disposal proceeds and the carrying amount, is recognised in profit or loss.

(d) **Assets held for sale - Foreclosed property**

Foreclosed property is reclassified as assets held for sale and represents houses acquired through auction at the Master's Bar following the default by clients. Foreclosed property is held for trading and is stated at the price paid at Master's Bar on the acquisition.

Upon disposal of the foreclosed property, the realised loss/gain is accounted in profit or loss.
At each reporting date, the properties are revalued and assessed for any impairment.

(e) **Investment properties**

Investment properties are properties which are held to earn rental income and/or for capital appreciation and not occupied by the Group and Company. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value determined by external valuers. The qualified independent professional valuers hold recognised and relevant professional qualification and have recent experience in the location and category of the properties being valued. Subsequent costs relating mainly to infrastructure costs (costs to bring investment properties into saleable conditions) are capitalised as part of investment properties. Changes in fair values are included in profit or loss.

Properties that are being constructed or developed for future use as investment properties are treated as investment properties. Investment properties are derecognised when they are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of derecognition.

Rental income from investment properties is recognised in revenue on a straight-line basis over the term of the lease. The effect of straight-lining of income is adjusted for in the fair value of investment properties.
If an investment property becomes owner occupied, it is reclassified to property, plant and equipment. Its fair value at the date of reclassification becomes its book value for subsequent accounting purposes.

(f) **Financial instruments**

Initial recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the Group and Company become a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(f) **Financial instruments (Cont'd)**

Initial recognition (cont'd)

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

For all financial assets the amounts presented on the statement of financial position represent all amounts receivable including interest

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

Classification of financial assets

Amortised cost

Financial assets that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Other types of financial assets

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group and Company may make the following irrevocable election/designation at initial recognition of a financial asset:

• the Group and Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

• the Group and Company may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so, eliminates or significantly reduces an accounting mismatch.

Business model assessment

The Group and Company determine its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

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

> How the performance of the business model and the financial assets held within that business model are evaluated and reported to key management personnel;

> The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

> How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

> The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

The SPPI test

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

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

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

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

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Measurement of ECL

The key inputs into the measurement of ECL are the following:
(i) probability of default (PD);
(ii) loss given default (LGD); and
(iii) exposure at default (EAD).

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

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the Company is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice.

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:
- Loans to customers
- Treasury deposits

ECLs are required to be measured through a loss allowance at an amount equal to:
- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as stage 2 and stage 3).

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(f) **Financial instruments (Cont'd)**

Measurement of ECL (Cont'd)

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

ECLs are a probability-weighted estimate of 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 Group and Company expect 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.

The Group and Company have established the criteria for provision for credit losses and for adjustment in respect of interest income suspended and these criteria are in line with the spirit of 'social mission' which guides the Group and Company.

Collateral valuation

To mitigate its credit risks on financial assets, the Group and Company seek to use collateral, where possible. The collateral comes in various forms, such as cash, securities and real estate. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. However, the fair value of collateral affects the calculation of ECLs.

To the extent possible, the Group and Company use active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers which are appointed by the Company.

At 30 June 2025, the Group and Company had Rs 42,003,936,549 held as collaterals.

Collateral repossessed

The Group's and Company's policy are to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's and Company's policy.

In its normal course of business, the Group and Company do not physically repossess properties or other assets in its retail portfolio, but initiate legal action to recover the funds. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are recorded in the statement of financial position as asset held for sale.

Credit-impaired financial asset

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for the financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

Definition of default

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

The Group and Company consider the following as constituting an event of default:

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

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(f) **Financial instruments (Cont'd)**

Measurement of ECL (Cont'd)

Definition of default (Cont'd)

Exceptions:

Where a credit is being serviced regularly but have been impacted by the changes in interest rate is considered as a standard asset and classified at Stage 1 although the amount due exceeds 90 days.

This definition of default is used by the Group and Company for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group and Company take into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group and Company use a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk

The Group and Company monitor all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Group and Company measures the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and Company compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group and Company consider back stop indicators as well as qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's and Company's historical experience and expert credit assessment including forward-looking information.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group and Company's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly to certain industries, as well as internally generated information of customer payment behaviour.

The PDs used are forward looking and the Group and Company use the same methodologies and data used to measure the loss allowance for ECL for both retail and corporate lending. There is a particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that credit worthiness of the specific counterparty has deteriorated.

The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However, the Group and Company still consider separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated as unemployment, bankruptcy or death.

As a back-stop when an asset becomes 30 days past due (rebuttable presumption), the Group and Company consider that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. If there is evidence of credit impairment, the assets are classified in Stage 3 of the impairment model.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

Measurement of ECL (Cont'd)

Modification of financial asset

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

The Group and Company renegotiate loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, renegotiation is performed on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to renegotiation policy. For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Group and Company's ability to collect interest and principal based on the Company's previous experience on similar renegotiation.

Generally modification of financial assets is a qualitative indicator of a significant increase in credit risk and may constitute evidence that the exposure is credit-impaired/ in default. A customer needs to demonstrate consistently good payment behaviour over a period of time, as prescribed by the Guideline on Credit Impaired Measurement and Income Recognition before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Where the restructuring occurs prior to the classification of a loan as impaired, the restructured loan is classified as impaired when, in the aggregate, the period of time the loan is in arrears before and after restructuring is 90 days or more.

Where the restructuring occurs after a loan has been classified as impaired, the restructured loan is continued to be classified as impaired until repayments have been received by the Group and Company, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan.

Where the loan has been restructured more than once, the restructured loan shall continue to be classified as impaired until repayments have been received by the Group and Company in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

Incorporation of forward-looking information

The Group and Company incorporate forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on analysis from the Group's and Company's Risk Management Committee and consideration of a variety of external actual and forecast information, the Group and Company formulates a view of the future direction of relevant economic variables.

The Group and Company have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered for the year ended 30 June 2024: GDP and interest rates.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group and Company have stopped pursuing the recovery. A write off constitutes a derecognition event. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(f) **Financial instruments (Cont'd)**

Derecognition of financial assets

The Group and Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the Group and Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instalment to the extent that they are not settled in the period in which they arise. Borrowings are subsequently measured at amortised cost.

Plan Epargne Logement (PEL) and other savings accounts and Housing deposits certificates

PEL and other savings accounts and Housing deposits certificates are stated at their amortised cost using the effective interest method.

Other liabilities

Other liabilities are stated at their amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group and Company derecognise financial liabilities when, and only when, the Group and Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

Portfolio provision

A portfolio provision for credit impairment is maintained on the aggregate amount of all loans and advances to allow for potential losses not specifically identified but which experience indicates are present in the portfolio loans. The Bank of Mauritius's Guideline on Credit Impairment Measurement and Income Recognition prescribes that the portfolio provision should be no less than 1 per cent of the aggregate amount of loan and advances excluding impaired advances, excluding loans granted to or guaranteed by the Government of Mauritius and excluding loans to the extent that they are supported by collateral of liquid assets held by the Group and Company. The charge for portfolio provision is recognised in profit or loss. Effective 30 September 2024, the Guideline on Classification, Provisioning and Write Off of Credit Exposures has replaced the Guideline on Credit Impairment

(g) Retirement benefit obligations

Defined benefit plans and defined contribution plans

The defined benefit plan is a pension plan which defines the amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The benefits on the defined contribution plan is dependent on the contribution made.

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

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

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

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Pension contributions

Contributions to the Family Protection Scheme (FPS) and payments for employees' social contribution are expensed to profit or loss in the period in which they fall due.

(h) Statutory reserve

As required by Section 21 of the Banking Act 2004, the Group and Company have set up a statutory reserve in which 15% of the net profit is transferred annually to this reserve until the balance is equal to the stated capital. Such reserve is not distributable.

(i) Cash at banks and in hand

Cash at banks and in hand comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings.

(j) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction from proceeds.

(k) Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that control ceases.

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(l) Net interest income

Interest income and expense for all financial instruments are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest, other than bank interest, is recognised on an accrual basis as income in profit or loss of the accounting period in which it is receivable.

Interest income is suspended when loans become non-performing.

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

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

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

(m) Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.

(n) Fees and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in the part of the Group's and Company's statement of profit or loss include, amongst others, fees charged for servicing a loan when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Fee and commission expenses with regards to services are accounted for as the services are received.

Penalty on late payments

There is a surcharge equivalent to 5% per annum on monthly unpaid capital for cases falling under the Borrowers Protection Act if payment is effected after fifteen days from the last day of the month when the payment falls due. This surcharge is accounted for in profit or loss as and when received.

(o) Life assurance and building insurance

The Group and Company are empowered by virtue of Section 4(b) of the Mauritius Housing Corporation (Transfer of Undertaking) Act 1989 to transact life assurance in connection with loans granted by the Company. Insurers have to comply with the provisions of the Insurance Act 2005 but the Group and Company does not fall within the scope of the Insurance Act 2005. However, the provisions of the Mauritius Civil Code pertaining to insurance apply to the Company's insurance operations.

The Group and Company operate the following insurance schemes:

Secured loans holders are required to make contribution to the Group and Company to provide life assurance cover for a sum equal to the balance outstanding in their account. Premium is calculated on the basis of monthly reducing balances and credited to the statement of profit or loss. Claims arising upon occurrence of the insured event is charged to the statement of profit or loss as claims paid and includes changes in the provision for outstanding claims including provision for claims incurred but not reported. It is the policy of the Company to appoint a qualified actuary to carry a liability adequacy test of the Life Assurance Fund every two years.

Building insurance premium is charged to those who have taken loans for construction purposes. The premium is based on the expected valuation of the building. Premium is calculated monthly and credited to the statement of profit or loss. Claims arising upon occurrence of the insured event is charged to the statement of profit or loss as claims paid.

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(p) **Provisions**

Provisions are recognised when the Group and Company have a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimates to settle the present obligation, its carrying amount is the present value of more cash flows.

(q) **Impairment of assets**

At each reporting date, the Group and Company review the carrying amounts of its assets to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated, being the higher of the asset's fair value less costs to sell and its value in use, to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised in profit or loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(r) **Leased assets**

The Company as a lessee

The Group and Company consider whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group and Company assess whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and Company;

• the Group and Company have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

• the Group and Company have the right to direct the use of the identified asset throughout the period of use. The Group and Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group and Company recognise a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the right-of-use assets are measured as follows:

1. Fair value model

The Group and Company applies the fair value model to right-of-use assets that meet the definition of investment property (e.g. subleased land and/or building). At each reporting date, the right-of-use assets are remeasured to their fair values, with changes in the carrying amount of right-of-use assets recognized in profit or loss for the period.

2. Revaluation model

The Group and Company applies the revaluation model to right-of-use assets that meet the definition of property plant and equipment (e.g. subleased land and/or building). At each reporting date, the right-of-use assets are amortised over earlier of the end of the useful life of the right-of-use asset or the end of the lease term and remeasured to their fair values, with changes in the carrying amount of right-of-use assets recognised in other comprehensive income for the period.

3. Amortization model

All other right-of-use assets are amortised on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group and Company also assess the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group and Company measure the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group and Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(r) **Leased assets (Cont'd)**

Operating leases

All other leases are treated as operating leases. Where the Group and Company are a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(s) **Dividend distribution**

Dividend distribution to the Group and Company's shareholders is recognised as a liability in the financial statements when the dividends are approved by the Board of Directors and Bank of Mauritius.

(t) **Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group and Company if they have the ability, directly or indirectly, to control the Company, or exercise significant influence over the Group and Company in making financial and operating decisions, (or vice versa) or if they and the Group and Company are subject to common control. Related parties may be individuals or entities.

(u) **Property development**

Property development is recognised to the extent of costs incurred to construct the complex. Upon disposal of a property, the cost is matched against the sales proceeds to calculate any gain or loss which is taken to the statement of profit or loss and other comprehensive income.

(v) **Expense recognition**

All expenses are are accounted for on an accrual basis.

(w) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(x) **Revenue from contracts with customers**

Performance obligations and timing of revenue recognition

Sale of property development inventories - Le Hochet project

With respect to the sale of the property development inventories, the performance obligation to the customer involves the sale of the actual property as well as the common areas. Part of the transaction price is allocated to the common areas.

The revenue recognition for the sale of property is at a point in time when control transfers and is recognised in profit or loss on the date the deed of sale is signed and the corresponding debtor accounted in the statement of financial position. All other prepayments collected in respect of sale of these properties are credited to contract liabilities in the statement of financial position.

Payments are received when legal title transfers, i.e. when contracts are signed.

For the common areas that have not yet been completed upon delivery of the property, the corresponding portion of the contracted sales price is deferred and recognised as revenue when the performance obligation is satisfied.

Sales under "Vente en État Futur d'Achèvement (VEFA)"- Residence Clos Verger project

The Group has entered into contracts with customers for the construction of apartments and penthouses and sale to customers on the basis of "Vente En État Future D'Achèvement (VEFA)". The transaction price is included in the agreement and payment is to be effected based on the relevant milestones achieved. The units being sold to the customers have no other alternative use and the Group has rights to payment for performance completed to date. Control passes on to the customer as and when construction progresses and hence, revenue is recognised over time.

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

(x) **Revenue from contracts with customers (Cont'd)**

Performance obligations and timing of revenue recognition (Cont'd)

Sales under "Vente en État Futur d'Achèvement (VEFA)"- Residence Clos Verger project (Cont'd)

The Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation relative to the total expected inputs to the completion of the property. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Determining the transaction price

Transaction price is defined as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. For the purpose of determining the transaction price, the Group assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified. The transaction price is based on the amount to which the Group expects to be earned. This amount is meant to reflect the amount to which the Group has rights under the present contract. Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating transaction price to performance obligations

The costs of fulfilling contracts do not result in the recognition of a separate asset because for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the assets is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

(y) **Property development inventories**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the group develops and intends to sell before, or on completion of development. Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for development; and
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.
When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

4. **FINANCIAL RISKS**

In its ordinary operations, the Group is exposed to various risks such as capital risk, interest rate risk, credit risk and liquidity risk. The Group has devised a set of specific policies for managing these exposures.

Strategy in using financial instruments

The use of financial instruments is a major feature of the Group's operations. The Group accepts deposits from customers under different schemes and secures borrowings from financial and non-financial institutions at variable rates and seeks to earn above-average interest margins by investing these funds.

In pursuance of its objectives of maximising returns on investments, the Group takes into account the maintenance of sufficient liquidity to meet all claims that might fall due and to provide loans facilities for housing purposes.

Capital risk management (Applicable to the Company)

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements where regulated activities are undertaken, to support its credit rating and to support its growth and strategic options.

The Company's capital management objective is to ensure that adequate capital resources are available for sustained business growth as well as coping with adverse situations. The minimum capital adequacy ratio that has to be maintained by the Company is 10% of risk weighted assets computed as follows:

The Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000 Restated	Rs'000 Restated
Tier 1 capital	**2,340,461**	2,141,235	2,082,310
Tier 2 capital	**368,536**	319,962	315,883
Total capital base	**2,708,997**	2,461,197	2,398,193
Risk weighted assets	**9,451,357**	8,052,033	7,999,153
Capital adequacy ratio	**28.7**	30.6	30.0

Categories of financial assets and financial liabilities

The Group	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Financial assets			
Measured at amortised cost	**13,925,563**	11,760,037	11,712,077
	13,925,563	11,760,037	11,712,077
Financial liabilities			
Measured at amortised cost	**10,919,245**	8,849,037	8,902,284
	10,919,245	8,849,037	8,902,284

The Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Financial assets			
Measured at amortised cost	**13,925,862**	11,760,237	11,712,177
	13,925,862	11,760,237	11,712,177
Financial liabilities			
Measured at amortised cost	**10,918,327**	8,848,316	8,901,934
	10,918,327	8,848,316	8,901,934

The above tables exclude prepayments amount to Rs10.1 million (2024: Rs7.97 million)

The carrying amounts of the Company's financial assets and financial liabilities approximate their fair values.

4. **FINANCIAL RISKS (CONT'D)**

Credit risk

Credit risk represents the loss the Group and Company would suffer if a borrower fails to meet its contractual obligations. Such risk is inherent in traditional financial products such as loans and commitments. The credit quality of counterparties may be affected by various factors such as an economic downturn, lack of liquidity, an unexpected political event or death. Any of these events could lead the Group and Company to incur losses.

All loans are secured loans and the Group amd Company has formulated policies for determining the stage where a loan becomes impaired. The Group and Company have established procedures for the recovery of bad debts.

Additionally, customers are required to procure a life assurance and building and mortgage insurance in order to cater for any unforeseen event. Management believes that impairment in the portfolio at the reporting date is adequately covered by allowances and provisions.

Credit risk management

The Group and Company's Credit Committee is responsible for managing its credit risk by:

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

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk

The Group and the Company monitor their credit risk exposures on a quarterly basis to assess whether there has been a significant increase in credit risk since initial recognition. This assessment incorporates both internal and external information, including borrower-specific factors and forward-looking macroeconomic indicators. Credit exposures are analysed by portfolio type (e.g. retail loans, treasury deposits, and corporate loans) to ensure that changes in credit risk are identified and measured consistently. The table below summarises the Group's and the Company's loan portfolio and treasury deposits by product type, together with the related average probability of default (PD) and loss given default (LGD) assumptions applied for expected credit loss measurement.

The Group and the Company

Credit Risk Exposure by Portfolio Type	30 June 2023		
	EAD	Average PD	Average LGD
	Rs 000	%	%
Retail loans	10,402,437	5.07	28.05
Treasury deposits	2,275,000	0.24	45.00
Corporate loans	78,504	0.12	45.00

The Group and the Company

Credit Risk Exposure by Portfolio Type	30 June 2024		
	EAD	Average PD	Average LGD
	Rs 000	%	%
Retail loans	11,201,259	5.80	23.67
Treasury deposits	1,325,000	0.24	45.00
Corporate loans	69,796	0.12	45.00

4. **FINANCIAL RISKS (CONT'D)**

Credit risk (Cont'd)

Significant increase in credit risk (Cont'd)

The Group and the Company

Credit Risk Exposure by Portfolio Type	**30 June 2025**		
	EAD	**Average PD**	**Average LGD**
	Rs 000	**%**	**%**
Retail loans	**12,406,425**	**5.78**	**22.18**
Treasury deposits	**2,242,916**	**0.24**	**45.00**
Corporate loans	**61,560**	**0.12**	**45.00**

The average PDs and LGDs disclosed above are indicative parameters used in the Group's and Company's expected credit loss model for Stage 1 and Stage 2 exposures. For Stage 3 exposures, impairment is measured on the basis of the gross carrying amount less adjusted collateral values and other expected recoveries. Accordingly, the averages shown do not directly reconcile to the impairment allowance recognised in the financial statements.

The Group and Company use different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises per type of asset the range above which an increase in lifetime PD is determined to be significant, as well as some indicative qualitative indicators assessed.

Incorporation of forward-looking information

The table below summarises the principal macroeconomic indicators used at 30 June 2025 for the years 2026 to 2030, for Mauritius, which is the country where the Group and Company operate and therefore is the country that has a material impact in ECLs.

The Group and the Company

Macroeconomic indicators	**Year 2026**	**Year 2027**	**Year 2028**	**Year 2029**	**Year 2030**
Inflation rate %	3.60%	3.50%	3.50%	3.50%	3.50%
Key repo rate %	4.50%	4.75%	5.00%	4.50%	4.50%
GDP growth rate %	3.00%	3.00%	3.00%	3.00%	3.00%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 10 years.

The Group and Company have performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumptions used to calculate ECL change by 1%. The table below outlines the total ECL per portfolio as at 30 June 2023, 30 June 2024 and 30 June 2025, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 1%. The changes are applied in isolation for illustrative purposes, and are applied to each probability weighted scenarios used to develop the estimate of expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

Portfolio: Loan and advances - June 2023	**ECL**	**Average PD**	**Average LGD**
	Rs 000	**%**	**%**
Inflation rate			
Base rate	68,192	5.07	28.05
Increased by 1%	64,826	4.82	28.05
Decreased by 1%	72,006	5.35	28.05

Portfolio: Loan and advances - June 2024	**ECL**	**Average PD**	**Average LGD**
	Rs 000	**%**	**%**
Inflation rate			
Base rate	71,940	5.80	23.67
Increased by 1%	67,777	5.46	23.67
Decreased by 1%	76,636	6.18	23.67

Portfolio: Loan and advances - June 2025	**ECL**	**Average PD**	**Average LGD**
	Rs 000	**%**	**%**
Inflation rate			
Base rate	**77,916**	**5.78**	**22.18**
Increased by 1%	**73,421**	**5.45**	**22.18**
Decreased by 1%	**82,985**	**6.17**	**22.18**

4. **FINANCIAL RISKS (CONT'D)**

Credit risk (Cont'd)

The Group and the Company	**Stage 1**	**Stage 1**	**Stage 2**	**Stage 2**	**Stage 3**	**Stage 3**
Year: 30 June 2023	**ECL**	**Exposure**	**ECL**	**Exposure**	**ECL**	**Exposure**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Loans to customers	(68,158)	8,073,155	-	-	(919,840)	2,403,588
Treasury deposits	(2,457)	2,275,000	-	-	-	-
Staff loans	(34)	3,668	-	-	(321)	530
Total	(70,649)	10,351,823	-	-	(920,161)	2,404,118

	Stage 1	**Stage 1**	**Stage 2**	**Stage 2**	**Stage 3**	**Stage 3**
Year: 30 June 2024	**ECL**	**Exposure**	**ECL**	**Exposure**	**ECL**	**Exposure**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Loans to customers	(71,905)	8,801,952	-	-	(931,810)	2,464,769
Treasury deposits	(1,431)	1,325,000	-	-	-	-
Staff loans	(35)	3,791	-	-	(312)	543
Total	(73,371)	10,130,743	-	-	(932,122)	2,465,312

	Stage 1	**Stage 1**	**Stage 2**	**Stage 2**	**Stage 3**	**Stage 3**
Year: 30 June 2025	**ECL**	**Exposure**	**ECL**	**Exposure**	**ECL**	**Exposure**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Loans to customers	**(83,694)**	**10,224,477**	-	-	**(950,702)**	**2,235,293**
Treasury deposits	**(2,422)**	**2,242,916**	-	-	-	-
Staff loans	**(63)**	**8,215**	-	-	-	-
Total	**(86,179)**	**12,475,608**	-	-	**(950,702)**	**2,235,293**

Credit quality

An analysis of the Group and Company's credit risk concentrations per class of financial asset is provided in the following tables.

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Loan to customers at amortised cost (total loans advanced)	**12,467,985**	11,271,055	10,480,941
Treasury deposits at amortised cost	**2,240,493**	1,323,568	2,272,543

	30-Jun-25	30-Jun-24	30-Jun-23
Credit risk - exposure and past due	**Rs'000**	Rs'000	Rs'000
Loans that are neither past due nor impaired	**10,232,692**	8,805,743	8,076,823
Loans that are past due but not impaired	-	-	-
Impaired loans	**2,235,293**	2,465,312	2,404,118
	12,467,985	11,271,055	10,480,941

Non-performing loans

The carrying amount of impaired loans and specific allowance held are shown below:

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Impaired loans	**2,235,293**	2,465,312	2,404,118
Specific provision and other provisions in respect of impaired loans*	**1,140,502**	1,137,455	1,128,596
Discounted fair value of collaterals of impaired loans	**1,504,060**	1,804,762	1,784,524

* These include specific provision (note 15(b)), interest suspended and penalty suspended (note 15(a)).

The collaterals mainly represent properties held by the Group and Company as security against credit advances. The security is usually in the form of fixed and floating charges on the properties.

4. **FINANCIAL RISKS (CONT'D)**

Credit risk (Cont'd)

Credit quality (Cont'd)

Maximum exposure to credit risk before collateral and other credit risk enhancements.

The Group	**30-Jun-25**	**30-Jun-24**	**30-Jun-23**
	Rs'000	Rs'000	Rs'000
Loans to customers	**11,243,725**	10,061,660	9,284,153
Cash at banks and in hand	**370,203**	327,714	148,120
Treasury deposits	**2,240,493**	1,323,568	2,272,543
Other assets (net of prepayments)	**71,142**	47,095	7,261
	13,925,563	11,760,037	11,712,077

The Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Loans to customers	**11,243,725**	10,061,660	9,284,153
Cash at banks and in hand	**370,203**	327,714	148,120
Treasury deposits	**2,240,493**	1,323,568	2,272,543
Other assets (net of prepayments)	**71,441**	47,295	7,361
	13,925,862	11,760,237	11,712,177

As discussed above in the significant increase in credit risk section, under the Group's and Company's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans to customers. The table below provides an analysis of the gross carrying amount of loans to customers and staffs by past due status.

The Group and the Company

Year ended	**30-Jun-25**		**30-Jun-24**		**30-Jun-23**	
Loans to customers & staffs	**Gross carrying amount**	**Expected Credit Loss**	**Gross carrying amount**	**Expected Credit Loss**	**Gross carrying amount**	**Expected Credit Loss**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Stage 1	**10,232,692**	**83,757**	8,805,743	71,940	8,076,823	68,192
Stage 2	**-**	**-**	-	-	-	-
Stage 3	**2,235,293**	**950,702**	2,465,312	932,122	2,404,118	920,161
Total	**12,467,985**	**1,034,459**	11,271,055	1,004,062	10,480,941	988,353

Collateral held as security and other credit enhancements

The Group and Company holds collaterals to mitigate credit risk associated with financial assets. The main types of collaterals are land and buildings, cash and deposits. The collaterals presented relate to instruments that are measured at amortised cost.

Mortgage lending

The Group and Company hold residential properties as collateral for the mortgage loans it grants to its customers. The Company monitors its exposure to retail mortgage lending using the loan to value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is typically based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals. The tables below show the exposures from mortgage loans by ranges of loan to value.

The Group and the Company

Year ended	**30-Jun-25**		**30-Jun-24**		**30-Jun-23**	
	Gross carrying amount	**Expected Credit Loss**	**Gross carrying amount**	**Expected Credit Loss**	**Gross carrying amount**	**Expected Credit Loss**
Mortgage lending (L-T-V ratio)	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Less than 75%	**8,533,615**	**645,763**	7,350,739	680,933	6,656,271	586,781
75% to 89%	**1,798,560**	**135,853**	1,692,765	110,719	1,656,928	137,374
90% to 100%	**976,304**	**94,084**	928,960	70,670	898,591	72,345
above 100%	**1,159,506**	**158,759**	1,298,591	141,740	1,269,151	191,853
Total	**12,467,985**	**1,034,459**	11,271,055	1,004,062	10,480,941	988,353

4. **FINANCIAL RISKS (CONT'D)**

Credit risk (Cont'd)

Personal lending

The Group's and Company's personal lending portfolio consists of computer loans, staff personal loans, and vehicle loans.

Corporate lending - Loan to Promoters

The Group and Company requests collateral and guarantees for corporate lending. The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if the loan is put on "watch-list" and is therefore monitored more closely.

Assets obtained by taking possession of collateral - Foreclosed properties

The Group and Company obtained the following financial and non-financial assets during the year by taking possession of collateral held as security against loans to customers and held at the year end. The Group and Company's policy is to realise collateral on a timely basis. The Group and Company does not use non-cash collateral for its operations.

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs' 000	Rs' 000	Rs' 000
Foreclosed properties	**42,239**	44,733	53,092

Market risk

Market risk is the risk of loss arising from movement in observable market variables such as interest rates, exchange rates and equity markets. The market risk management policies at the Group and Company are set by and controlled by the Risk Management Committee.

Market risk management

The Group's and Company's market risk management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

As with liquidity risk, the Asset and Liability Management Committee (ALCO) is responsible for ensuring the effective management of market risk throughout the Company. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate committees.

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

Cash flow and interest rate risks

Cash flow risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company exercise a close follow-up on the market interest rates and adapts its interest margins in response to changes in the rates. The Group and Company set limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily. The Group and Company obtain credit facilities at favourable interest rates as these facilities are guaranteed by the Government of Mauritius.

The Group and Company manage the interest rate risks by maintaining an appropriate mix between fixed and floating rate borrowings.

4. **FINANCIAL RISKS (CONT'D)**

Market risk (Cont'd)

Interest rate risk

The Group and Company are exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of the change in market interest rates. The interest rate profile of the financial assets and financial liabilities of the Group and the Company as at the reporting date was:

The Group and the Company
Currency : MUR

	Interest rate % per annum					
	30-Jun-25		30-Jun-24		30-Jun-23	
	Lowest %	**Highest %**	Lowest %	Highest %	Lowest %	Highest %
Financial assets						
Cash in hand and at bank	**1.50**	**3.10**	1.85	3.10	1.50	2.75
Treasury deposits	**3.80**	**5.11**	3.50	4.90	2.20	4.90
Loans to customers	**2.00**	**16.50**	2.00	16.50	2.00	16.50
Financial liabilities						
PEL/Savings and housing deposits	**2.95**	**7.65**	2.70	7.65	2.85	7.75
Borrowings	**2.00**	**5.40**	2.00	6.35	2.00	6.20

A sensitivity analysis has been carried on the main products at the Company. Assuming either an increase or a decrease of 1% in interest rates, the impact on profit before tax will be as follows:

Products	**As at 30 June 2025 Rs'000**	**Increase of 1% Rs'000**	**Decrease of 1% Rs'000**
Intererst income on loan to customers	**786,959**	**121,514**	**(121,514)**
Intererst income on Cash in hand and at Bank	**6,118**	**2,150**	**(2,150)**
Interest expense on Plan Epargne Logement (PEL)	**60,701**	**24,192**	**(24,192)**
Interest expense on Borrowings	**7,580**	**3,544**	**(3,544)**
Interest expense on Housing deposits certificates (HDC)	**335,899**	**78,565**	**(78,565)**

Products	**As at 30 June 2024 Rs'000**	**Increase of 1% Rs'000**	**Decrease of 1% Rs'000**
Intererst income on loan to customers	716,821	109,784	(109,784)
Intererst income on Cash in hand and at Bank	7,058	2,583	(2,583)
Interest expense on Plan Epargne Logement (PEL)	54,900	21,693	(21,693)
Interest expense on Borrowings	9,623	4,229	(4,229)
Interest expense on Housing deposits certificates - (HDC)	307,833	60,630	(60,630)

Products	**As at 30 June 2023 Rs'000**	**Increase of 1% Rs'000**	**Decrease of 1% Rs'000**
Intererst income on loan to customers	574,760	101,900	(101,900)
Intererst income on Cash in hand and at Bank	592	1,195	(1,195)
Interest expense on Plan Epargne Logement (PEL)	32,689	19,640	(19,640)
Interest expense on Borrowings	10,887	4,549	(4,549)
Interest expense on Housing deposits certificates - (HDC)	245,721	63,707	(63,707)

4. **FINANCIAL RISKS (CONT'D)**

Market risk (Cont'd)

Interest rate risk (Cont'd)

The tables below analyse the Group's financial assets and liabilities in term of sensitivity to interest rate.

Interest rate risk

The Group	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
30-Jun-25	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets				
- Cash and cash equivalents	**-**	**215,045**	**155,158**	**370,203**
- Treasury deposits	**2,242,916**	**-**	**-**	**2,242,916**
- Loans to customers	**316,549**	**12,151,436**	**-**	**12,467,985**
- Other assets	**-**	**-**	**71,142**	**71,142**
	2,559,465	**12,366,481**	**226,300**	**15,152,246**
Liabilities				
- PEL	**-**	**2,419,193**	**-**	**2,419,193**
- HDC	**-**	**7,856,508**	**-**	**7,856,508**
- Borrowings	**81,355**	**354,438**	**-**	**435,793**
- Lease liabilities	**-**	**-**	**11,138**	**11,138**
- Other liabilities	**-**	**-**	**196,613**	**196,613**
	81,355	**10,630,139**	**207,751**	**10,919,245**
30-Jun-24				
Assets				
- Cash and cash equivalents	-	258,278	69,436	327,714
- Treasury deposits	1,325,000	-	-	1,325,000
- Loans to customers	292,649	10,978,406	-	11,271,055
- Other assets	-	-	47,095	47,095
	1,617,649	11,236,684	116,531	12,970,864
Liabilities				
- PEL	-	2,169,340	-	2,169,340
- HDC	-	6,063,015	-	6,063,015
- Borrowings	67,919	422,872	-	490,791
- Lease liabilities	-	-	9,180	9,180
- Other liabilities	-	-	116,711	116,711
	67,919	8,655,227	125,891	8,849,037
30-Jun-23				
Assets				
- Cash and cash equivalents	-	119,523	28,597	148,120
- Treasury deposits	2,275,000	-	-	2,275,000
- Loans to customers	290,928	10,190,013	-	10,480,941
- Other assets	-	-	7,261	7,261
	2,565,928	10,309,536	35,858	12,911,322
Liabilities				
- PEL	-	1,964,026	-	1,964,026
- HDC	-	6,370,693	-	6,370,693
- Borrowings	56,650	454,949	-	511,599
- Lease liabilities	-	-	3,872	3,872
- Other liabilities	-	-	52,094	52,094
	56,650	8,789,668	55,966	8,902,284

Currency risk

The Company is not exposed to currency risk as all its financial assets and liabilities are denominated in Mauritian Rupees, the Company's reporting currency.

4. **FINANCIAL RISKS (CONT'D)**

Market risk (Cont'd)

Interest rate risk (Cont'd)

The tables below analyse the Company's financial assets and liabilities in term of sensitivity to interest rate.

Interest rate risk

The Company	**Fixed interest rate**	**Floating interest rate**	**Non-interest bearing**	**Total**
30-Jun-25	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets	**Restated**	**Restated**	**Restated**	**Restated**
- Cash and cash equivalents	**-**	**215,045**	**155,158**	**370,203**
- Treasury deposits	**2,242,916**	**-**	**-**	**2,242,916**
- Loans to customers	**316,549**	**12,151,436**	**-**	**12,467,985**
- Other assets	**-**	**-**	**72,274**	**72,274**
	2,559,465	**12,366,481**	**227,432**	**15,153,378**
Liabilities				
- PEL	**-**	**2,419,193**	**-**	**2,419,193**
- HDC	**-**	**7,856,508**	**-**	**7,856,508**
- Borrowings	**81,355**	**354,438**	**-**	**435,793**
- Lease liabilities	**-**	**-**	**11,138**	**11,138**
- Other liabilities	**-**	**-**	**195,695**	**195,695**
	81,355	**10,630,139**	**206,833**	**10,918,327**
30-Jun-24				
Assets				
- Cash and cash equivalents	-	258,278	69,436	327,714
- Treasury deposits	1,325,000	-	-	1,325,000
- Loans to customers	292,649	10,978,406	-	11,271,055
- Other assets	-	-	48,127	48,127
	1,617,649	11,236,684	117,563	12,971,896
Liabilities				
- PEL	-	2,169,340	-	2,169,340
- HDC	-	6,063,015	-	6,063,015
- Borrowings	67,919	422,872	-	490,791
- Lease liabilities	-	-	9,180	9,180
- Other liabilities	-	-	115,990	115,990
	67,919	8,655,227	125,170	8,848,316
30-Jun-23				
Assets				
- Cash and cash equivalents	-	119,523	28,597	148,120
- Treasury deposits	2,275,000	-	-	2,275,000
- Loans to customers	290,928	10,190,013	-	10,480,941
- Other assets	-	-	7,361	7,361
	2,565,928	10,309,536	35,958	12,911,422
Liabilities				
- PEL	-	1,964,026	-	1,964,026
- HDC	-	6,370,693	-	6,370,693
- Borrowings	56,650	454,949	-	511,599
- Lease liabilities	-	-	3,872	3,872
- Other liabilities	-	-	51,744	51,744
	56,650	8,789,668	55,616	8,901,934

Currency risk

The Company is not exposed to currency risk as all its financial assets and liabilities are denominated in Mauritian Rupees, the Company's reporting currency.

4. **FINANCIAL RISKS (CONT'D)**

Liquidity risk

The table shows the remaining contractual maturities of financial liabilities on an undiscounted basis:

The Group	**On Demand**	**Less than 3 months**	**Between 3 months and 1 year**	**Over one year**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial liabilities	**(restated)**	**(restated)**	**(restated)**	**(restated)**	**(restated)**
- PEL	**2,306,738**	**27**	**592**	**111,836**	**2,419,193**
- HDC	**10,591**	**214,791**	**938,720**	**8,465,214**	**9,629,316**
- Borrowings	**27,556**	**33,331**	**92,727**	**328,893**	**482,507**
- Lease Liabilities	**-**	**1,643**	**4,929**	**5,323**	**11,895**
- Other liabilities	**-**	**179,739**	**-**	**16,874**	**196,613**
At 30 June 2025	**2,344,885**	**429,531**	**1,036,968**	**8,928,140**	**12,739,524**
- PEL	2,076,246	9	99	92,986	2,169,340
- HDC	62,660	326,502	652,280	6,325,641	7,367,083
- Borrowings	733	31,304	91,767	453,231	577,035
- Lease Liabilities	-	1,022	3,066	5,811	9,899
- Other liabilities	-	101,851	-	14,860	116,711
At 30 June 2024	2,139,639	460,688	747,212	6,892,529	10,240,068
- PEL	1,886,972	50	73	76,931	1,964,026
- HDC	1,493	217,946	2,296,038	4,887,978	7,403,455
- Borrowings	10,781	53,198	157,306	568,791	790,076
- Lease Liabilities	-	797	2,391	974	4,162
- Other liabilities	-	30,669	-	21,425	52,094
At 30 June 2023	1,899,246	302,660	2,455,808	5,556,099	10,213,813

The table shows the remaining contractual maturities of financial liabilities on an undiscounted basis:

The Company	**On Demand**	**Less than 3 months**	**Between 3 months and 1 year**	**Over one year**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial liabilities					
- PEL	**2,306,738**	**27**	**592**	**111,836**	**2,419,193**
- HDC	**10,591**	**214,791**	**938,720**	**8,465,214**	**9,629,316**
- Borrowings	**27,556**	**33,331**	**92,727**	**328,893**	**482,507**
- Lease Liabilities	**-**	**1,643**	**4,929**	**5,323**	**11,895**
- Other liabilities	**-**	**178,821**	**-**	**16,874**	**195,695**
At 30 June 2025	**2,344,885**	**428,613**	**1,036,968**	**8,928,140**	**12,738,606**
- PEL	2,076,246	9	99	92,986	2,169,340
- HDC	62,660	326,502	652,280	6,325,641	7,367,083
- Borrowings	733	31,304	91,767	453,231	577,035
- Lease Liabilities	-	1,022	3,066	5,811	9,899
- Other liabilities	-	101,130	-	14,860	115,990
At 30 June 2024	2,139,639	459,967	747,212	6,892,529	10,239,347
- PEL	1,886,972	50	73	76,931	1,964,026
- HDC	1,493	217,946	2,296,038	4,887,978	7,403,455
- Borrowings	10,781	53,198	157,306	568,791	790,076
- Lease Liabilities	-	797	2,391	974	4,162
- Other liabilities	-	30,319	-	21,425	51,744
At 30 June 2023	1,899,246	302,310	2,455,808	5,556,099	10,213,463

4. **FINANCIAL RISKS (CONT'D)**

Liquidity risk (Cont'd)

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

Being a financial institution, the Group's and Company's liquidity risk is subject to statutory obligation whereby it has to meet the Bank of Mauritius requirements in respect of liquidity ratio to be maintained at all times. The Group and Company manage its liquidity risk by ensuring timely collection of receivables and also by availing credit facilities from banks and facilities which are guaranteed by Government of Mauritius. For insurance contracts, the contractual maturity refers to the death/permanent incapacity of the policy holder and damages to the insured properties. The Company discharges its obligation towards the insured when the event occurs. Past experience over the last four years, shows that on average of 25% of the premium received in that particular period, has been used to offset loan balances regarding life assurance; for Building insurance claims average 1% of total premium over the last four years.

Liquidity risk management

The Group and Company established a comprehensive policy and control framework for managing liquidity risk. The Company's Asset and Liability Management Committee (ALCO) is responsible for managing the Group's and Company's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. In order to effectively manage liquidity risk the Group and Company:

- maintains a portfolio of highly liquid assets;
- ensures that there is diversity in its funding base;
- monitors the behavioural characteristics of financial assets and liabilities;
- monitors liquidity reports;
- analyses the expected maturity profile of assets and liabilities;
- establishes early warning indicators of potential liquidity stress events and ensures that there are assets available to be used as collateral if needed;
- performs regular stress tests; and
- maintains a contingency funding plan.

The tables below analyse the Company's financial assets and liabilities (on an undiscounted basis) to the relevant maturity groupings based on the remaining years of repayment.

Maturities of financial assets and liabilities at 30 June 2025:

The Group	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
- Cash and cash equivalents	370,203	-	-	-	370,203
- Treasury deposits	-	1,250,000	992,916	-	2,242,916
- Loans to customers	440,740	1,794	17,888	12,007,563	12,467,985
- Other assets	-	-	71,142	-	71,142
	810,943	1,251,794	1,081,946	12,007,563	15,152,246
Liabilities					
- PEL	2,306,738	27	592	111,836	2,419,193
- HDC	10,591	214,791	938,720	8,465,214	9,629,316
- Borrowings	27,556	33,331	92,727	328,893	482,507
- Lease liabilities	-	1,643	4,929	5,323	11,895
- Other liabilities	-	179,739	-	16,874	196,613
	2,344,885	429,531	1,036,968	8,928,140	12,739,524
Liquidity gap	(1,533,942)	822,263	44,978	3,079,423	2,412,722

4. **FINANCIAL RISKS (CONT'D)**

Liquidity risk (Cont'd)

Liquidity risk management (Cont'd)

Maturities of financial assets and liabilities at 30 June 2024:

Assets	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Cash and cash equivalents	327,714	-	-	-	327,714
- Treasury deposits	-	625,000	700,000	-	1,325,000
- Loans to customers	465,968	3,760	20,136	10,781,191	11,271,055
- Other assets	-	-	47,095	-	47,095
	793,682	628,760	767,231	10,781,191	12,970,864

Liabilities	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- PEL	2,076,246	9	99	92,986	2,169,340
- HDC	62,660	326,502	652,280	6,325,641	7,367,083
- Borrowings	733	31,304	91,767	453,231	577,035
- Lease liabilities	-	1,022	3,066	5,811	9,899
- Other liabilities	-	101,851	-	14,860	116,711
	2,139,639	460,688	747,212	6,892,529	10,240,068
Liquidity gap	(1,345,957)	168,072	20,019	3,888,662	2,730,796

Maturities of financial assets and liabilities at 30 June 2023:

Assets	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Cash and cash equivalents	148,120	-	-	-	148,120
- Treasury deposits	-	350,000	1,925,000	-	2,275,000
- Loans to customers	452,504	5,405	29,884	9,993,148	10,480,941
- Other assets	-	-	7,261	-	7,261
	600,624	355,405	1,962,145	9,993,148	12,911,322

Liabilities	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- PEL	1,886,972	50	73	76,931	1,964,026
- HDC	1,493	217,946	2,296,038	4,887,978	7,403,455
- Borrowings	10,781	53,198	157,306	568,791	790,076
- Lease liabilities	-	797	2,391	974	4,162
- Other liabilities	-	30,669	-	21,425	52,094
	1,899,246	302,660	2,455,808	5,556,099	10,213,813
Liquidity gap	(1,298,622)	52,745	(493,663)	4,437,049	2,697,509

4. **FINANCIAL RISKS (CONT'D)**

Liquidity risk (Cont'd)

Liquidity risk management (Cont'd)

The negative gap in bucket less than 3 months is mainly due to the PEL portfolio classification. Most of the PEL portfolio is classified as on demand since it has been assumed that short-term withdrawals are imminent.

PEL savings accounts are both contractual and non-contractual. For clients availing a loan with the Group and Company, they have an obligation to maintain their PEL savings accounts and make a monthly contribution to constitute a capital for the long run. The risk of massive withdrawal is remote in these cases since the amount invested is nominal amounts. For other cases, the PEL is a saving accounts where normal withdrawals are done. In addition, we also have withdrawals limit for the PEL savings accounts which up to now have worked well. There also exists contingency plans for funding and which risk assessment is done at the level of the Asset and Liability Management Committee.

Insurance risk management

The Group and Company accept insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Group and Company are exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group and Company manage its risk via its underwriting strategy within an overall risk management framework. Pricing is based on assumptions relating to trends and past experience. Exposures are managed by having documented underwriting limits and criteria.

Sensitivity analysis

The risk associated with insurance contracts is complex and subject to a number of variables which complicate quantitative sensitivity analysis.

4. **FINANCIAL RISKS (CONT'D)**

Liquidity risk (Cont'd)

Liquidity risk management (Cont'd)

The tables below analyse the Company's financial assets and liabilities to the relevant maturity groupings based on the remaining years of repayment.

Maturities of financial assets and liabilities at 30 June 2025:

The Company	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
equivalents	370,203	-	-	-	370,203
- Treasury deposits	-	1,250,000	992,916	-	2,242,916
- Loans to customers	440,740	1,794	17,888	12,007,563	12,467,985
- Other assets	-	-	72,274	-	72,274
	810,943	1,251,794	1,083,078	12,007,563	15,153,378
Liabilities					
- PEL	2,306,738	27	592	111,836	2,419,193
- HDC	10,591	214,791	938,720	8,465,214	9,629,316
- Borrowings	27,556	33,331	92,727	328,893	482,507
- Lease liabilities	-	1,643	4,929	5,323	11,895
- Other liabilities	-	178,821	-	16,874	195,695
	2,344,885	428,613	1,036,968	8,928,140	12,738,606
Liquidity gap	(1,533,942)	823,181	46,110	3,079,423	2,414,772

Maturities of financial assets and liabilities at 30 June 2024:

The Company	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
Assets	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
equivalents	327,714	-	-	-	327,714
- Treasury deposits	-	625,000	700,000	-	1,325,000
- Loans to customers	465,968	3,760	20,136	10,781,191	11,271,055
- Other assets	-	-	47,295	-	47,295
	793,682	628,760	767,431	10,781,191	12,971,064

	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
Liabilities	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- PEL	2,076,246	9	99	92,986	2,169,340
- HDC	62,660	326,502	652,280	6,325,641	7,367,083
- Borrowings	733	31,304	91,767	453,231	577,035
- Lease liabilities	-	1,022	3,066	5,811	9,899
- Other liabilities	-	101,130	-	14,860	115,990
	2,139,639	459,967	747,212	6,892,529	10,239,347
Liquidity gap	(1,345,957)	168,793	20,219	3,888,662	2,731,717

4. **FINANCIAL RISKS (CONT'D)**

Liquidity risk (Cont'd)

Liquidity risk management (Cont'd)

Maturities of financial assets and liabilities at 30 June 2023:

The Company	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
Assets	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
equivalents	148,120	-	-	-	148,120
- Treasury deposits	-	350,000	1,925,000	-	2,275,000
- Loans to customers	452,504	5,405	29,884	9,993,148	10,480,941
- Other assets	-	-	7,361	-	7,361
	600,624	355,405	1,962,245	9,993,148	12,911,422

	On Demand	Less than 3 months	Between 3 months and 1 year	Over one year	Total
Liabilities	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- PEL	1,886,972	50	73	76,931	1,964,026
- HDC	1,493	217,946	2,296,038	4,887,978	7,403,455
- Borrowings	10,781	53,198	157,306	568,791	790,076
- Lease liabilities	-	797	2,391	974	4,162
- Other liabilities	-	30,319	-	21,425	51,744
	1,899,246	302,310	2,455,808	5,556,099	10,213,463
Liquidity gap	(1,298,622)	53,095	(493,563)	4,437,049	2,697,959

The negative gap in bucket less than 3 months is mainly due to the PEL portfolio classification. The whole PEL portfolio is classified as short-term since it has been assumed that short-term withdrawals are imminent.

PEL savings accounts are both contractual and non-contractual. For clients availing a loan with MHC, they have an obligation to maintain their PEL savings accounts and make a monthly contribution to constitute a capital for the long run. The risk of massive withdrawal is remote in these cases since the amount invested is nominal amounts. For other cases, the PEL is a saving accounts where normal withdrawals are done. In addition, we also have withdrawals limit for the PEL savings accounts which up to now have worked well. There also exists contingency plans for funding and which risk assessment is done at the level of the Asset and Liability Management Committee.

4. **FINANCIAL RISKS (CONT'D)**

Climate-related and environmental financial risks

The Climate-related and environmental financial risks Management Guideline came into effect on 01 April 2022, with the aim of helping financial institutions to integrate sound governance and risk management frameworks for climate-related and environmental financial risks into their current risk management frameworks.

A risk assessment was carried out to identify internal and external risks that may impact the achievement of set business objectives and depending on the criticality of these risks, appropriate measures have been devised and implemented to protect the Company and its stakeholders from damages, including financial losses that may arise.

The below risks have been identified as having an impact on our business activities and their relevant mitigating controls have been documented in our risk register.

a) Damages caused to mortgage properties and/or companies' assets due to floods, cyclones, riots, landslides etc.
b) Risk that mortgage properties' value get impaired.
c) Loss of income due to customers' sector of operation are affected by drought, floods, heatwaves and other natural disasters.
d) Loss of income and/or business opportunities due to inability of borrowers' businesses to exercise continuity of operations within reasonable time, after waiving of security alerts on climatic/weather events.

We have set key indicators that will help in identifying earlier warnings of specific risks getting materialised, and ease the proper monitoring of risk performance.

During the financial year under review, the Company has incurred a financial loss amount of Rs 4,153,776 relating flooding which occurred on 15 January and 21 April 2024 where the basement was completely submerged and damages caused to the main door entrance of the basement.

To counter such events the Company has undertaken the following precautionary measures:

a) Installation of roller shutter, submissible water pump to avoid increase in the water level.
b) Installation of the new generator to avoid power outrage.

In addition to further reduce our impact on the environment regarding carbon emission the following measures have also been taken:

a) Replacement faulty Acs with ozone friendly AC with R410 refrigerant.
b) In addition, all halogen spot lights were replaced by led spot lights.
c) Electric installation was reviews on all floors.
d) Use of mail/ mobile banking to reduce the usage paper and monitoring of printing.
e) Extensive use of e-correspondence.

It is the intention of the Company to further implement measures to address emerging risks related to climate changes.

Legal claim

Due to the nature of the business, the Company is exposed to claims, disputes and legal proceedings arising in the ordinary course of business. Such legal proceedings may result in monetary damages, legal defence costs and penalties. It is the policy of the Company to seek legal advice on each case and appropriate provisions are recognised depending on the merit of each case.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on current market conditions.

(b) Revaluation of property and equipment and investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialists to determine fair value. The impact is reflected in Notes 16(a) and 17.

(c) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represents the Group's view of possible near-term market changes that cannot be predicted with any certainty.

(d) Asset lives and residual values

Property and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(e) Impairment of credit losses

The Group makes provision against its loan portfolio as per guidance of IFRS and the BOM Guidelines in order to determine its best estimate of the provision required. The measurement of impairment losses under IFRS 9 and the BOM Guidelines across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

> The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL (Lifetime Expected Credit Losses) basis and the qualitative assessment;

> The segmentation of financial assets when their ECL is assessed on a collective basis;

> Development of ECL models, including the various formulas and the choice of inputs;

5. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

(e) **Impairment of credit losses (Cont'd)**

> Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and

> Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

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

• Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative reasonable and supportable forward looking information and backstop indicators.

• Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.

•Models and assumptions used: The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:
• When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
• Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
• Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral.

6. NET INTEREST INCOME

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Interest income			
Loans interest	**786,959**	716,821	574,760
Interest on bank deposits	**86,922**	85,789	53,264
Others	**28**	-	-
	873,909	802,610	628,024

	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Interest expense			
Bank overdrafts	-	-	(414)
Bank loans	**(7,580)**	(9,623)	(10,887)
Plan Epargne Logement (PEL)	**(60,701)**	(54,900)	(32,689)
Housing deposits certificates (HDC)	**(335,899)**	(307,833)	(245,721)
Others	**(652)**	(331)	(396)
	(404,832)	(372,687)	(290,107)
Net interest income	**469,077**	429,923	337,917

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

However, for a reclassified financial asset for which the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

7. OTHER OPERATING INCOME

The Group	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Insurance premium (net of claims paid and the change in incurred but not reported claims)	**48,835**	52,767	49,695
Profit on disposal of property and equipment	**547**	790	663
Others	**5,090**	8,485	1,427
	54,472	62,042	51,785

The Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Insurance premium (net of claims paid and the change in incurred but not reported claims)	**48,835**	52,767	49,695
Profit on disposal of property and equipment	**547**	790	663
Others	**5,190**	8,585	1,527
	54,572	62,142	51,885

7(a). REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Revenue from sale of property development

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Revenue from sale of property development	**27,252**	41,609	36,715
	27,252	41,609	36,715

(ii) Revenue from sale of property development

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Sale of property development inventories		41,609	36,715
Sale of properties under VEFA	**27,252**	-	-
	27,252	41,609	36,715

There were no transactions with a single external customer that accounts for 10% or more of the Group's total revenue.

The primary geographic market is located in Mauritius.

(iii) Timing of revenue recognition

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
At point in time	-	41,609	36,715
Over time	**27,252**	-	-
	27,252	41,609	36,715

(iv) Contract liabilities related to contracts with customers

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At 01 July	-	-	-
Amounts included in contract liabilities that was recognised as revenue during the year	**(27,252)**	-	-
Cash received in advance	**31,507**		
At 30 June	**4,255**	-	-
Analysed as follows:			
Non-current	-	-	-
Current	**4,255**	-	-
	4,255		

For other customer contracts, the right to payment or receive payment may be obtained prior to performing the related services under the contract. When the right to customer payments or receipt of payments precedes the Group's performance, a contract liability is recognised.

8. PERSONNEL EXPENSES

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Salaries and human resource development	**197,972**	187,458	157,649
Pension contributions and CSG	**57,006**	53,253	41,942
Family Protection Scheme	**2,301**	2,487	1,875
Travelling	**16,159**	13,735	13,634
Leave passage benefit	**5,143**	9,512	6,033
Other staff benefits	**2,203**	1,753	1,575
	280,784	268,198	222,708

9(a). OTHER EXPENSES

The Group	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Maintenance and repairs	**16,539**	14,711	11,100
Staff welfare, training and study schemes	**7,375**	11,262	7,261
General expenses	**5,749**	7,050	5,314
Electricity	**6,012**	5,751	4,930
Printing and stationery	**3,077**	2,757	3,062
Telephone	**2,337**	2,440	4,166
Motor vehicles running expenses	**794**	1,045	799
Directors' emoluments	**2,458**	3,821	3,654
Audit fees	**2,128**	1,639	1,316
Professional fees	**6,204**	3,401	4,947
Software maintenance costs	**20,067**	20,506	20,703
Rent of properties	**439**	120	-
Advertising	**1,861**	2,346	2,349
Postages	**3,042**	4,083	3,609
Legal fees and expenses	**(158)**	231	263
Sponsorship & Corporate Social Responsibility	**387**	982	1,259
Donations	**-**	135	64
Project expenses	**5,635**	3,233	1,042
Insurance	**7,741**	-	-
Others	**3,421**	1,819	1,476
	95,108	87,332	77,314

9(a). OTHER EXPENSES

The Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Maintenance and repairs	**16,539**	14,711	11,100
Staff welfare, training and study schemes	**7,375**	11,262	7,261
General expenses	**5,739**	7,040	5,304
Electricity	**6,012**	5,751	4,930
Printing and stationery	**3,077**	2,757	3,062
Telephone	**2,337**	2,440	4,166
Motor vehicles running expenses	**794**	1,045	799
Directors' emoluments	**2,333**	3,521	3,364
Audit fees	**2,128**	1,639	1,316
Professional fees	**6,144**	3,341	4,897
Software maintenance costs	**20,067**	20,506	20,703
Rent of properties	**439**	120	-
Advertising	**1,861**	2,346	2,349
Postages	**3,042**	4,083	3,609
Legal fees and expenses	**(158)**	231	263
Sponsorship & Corporate Social Responsibility	**387**	982	1,259
Donations	**-**	135	64
Project expenses	**5,635**	3,233	1,042
Insurance	**7,741**	-	-
Others	**3,421**	1,819	1,476
	94,913	86,962	76,964

10. PROFIT FOR THE YEAR

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Profit for the year is arrived at after charging:			
Depreciation on property and equipment	**11,604**	10,588	9,571
Amortisation on right-of-use assets	**5,785**	4,112	3,827
Amortisation on intangible assets	**25,646**	24,909	24,146
Staff costs (Note 8)	**280,784**	268,198	222,708

11. DIVIDENDS

The Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Dividends recommended and paid		13,680**	10,371*
Dividends recommended and not yet paid	**17,262**	-	-
	Rs	Rs	Rs
Dividend per share	**0.86**	0.68	0.52

*The dividend of Rs 10,371,182 was paid on 28 June 2024.
**The dividend of Rs 13,676,883 was paid on 28 August 2025.

12. EARNINGS PER SHARE

The Company		30-Jun-25	30-Jun-24	30-Jun-23
Profit for the year	Rs'000	**172,322**	163,860	63,466
Number of shares		**20,000,000**	20,000,000	20,000,000
Earnings per share	Rs.	**8.62**	8.19	3.17

13(a). CASH AND CASH EQUIVALENTS

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Cash in hand	**4,515**	4,597	4,372
Cash at banks	**365,688**	323,117	143,748
	370,203	327,714	148,120

Cash at banks and in hand include highly liquid investment that are readily convertible to cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition. The balances in cash in hand and at banks are held with reputable financial institutions in the Republic of Mauritius.

There exists no restriction on the above bank balances.

13(b) TREASURY DEPOSITS

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Current portion			
Treasury deposits	**2,242,916**	1,325,000	2,275,000
Less expected credit loss provisions	**(2,423)**	(1,432)	(2,457)
	2,240,493	1,323,568	2,272,543
Provision for expected credit losses			
At 01 July	**1,432**	2,457	1,671
Movement	**991**	(1,025)	786
At 30 June	**2,423**	1,432	2,457

Treasury deposits measured at amortised cost, are funds held on fixed term with maturities of six to twelve months, held with financial institutions. No deposits were written off during the year (2024: nil, 2023: nil).

During the year under review, the Company has secured an overdraft facility against the deposits held with Maubank Ltd as part of its contingency plan, for an amount of Rs 600,000,000 (2024: 350,000,000, 2023: Nil)

14. PROPERTY DEVELOPMENT INVENTORIES

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
At start of year	**207,522**	120,575	136,386
Costs incurred during the year (Note (ii))	**76,263**	121,328	21,557
Transfer from property and equipment	**-**	-	694
Transfer to Investment property (Note (i))	**(64,342)**	-	-
Released during the year	**(26,315)**	(35,681)	(36,762)
Reversal of/(impairment loss) on property development	**-**	1,300	(1,300)
At end of year	**193,128**	207,522	120,575

The property development consists of 2 projects at Le Hochet, Terre Rouge and at Residence Clos Verger Rose Hill.

The Hochet project consisted of 3 phases, where in the first phase 26 completed housing units have been sold in previous years except for one unit, which is currently occupied under an arrangement entered with the Government of Mauritius.

Note (i)

During the year 2025, the second and third phases which consist of plots of land whereby infrastructure costs have already been incurred and the one unit let out to Government of Mauritius, amounting Rs 64,342,000, have been transferred to investment property. (Note 16)

The ongoing project at Residence Clos Verger Rose Hill consist of construction of 40 apartments and 4 penthouses. As at 30 June 2025, 50% of the construction has been completed and same is expected to be fully completed by December 2025. An amount of Rs 218,750,000 has been incurred as at 30 June 2025.

Note (ii)

Borrowing costs of Rs.13,877,000 (2024: Rs.16,337,000) arising on the financing of the development costs have been capitalised and have been included in **'Expenditure for the year'**. This represents a capitalisation rate of 5.4% (2024: 5.4%) for the borrowing cost of the loan used to finance property development projects of Clos Verger Rose Hill.

The carrying amount of property development inventories pledged as security for borrowings were Rs 191,250,000 (2024: Rs 143,181,000) for the Group and the Company.

15. LOANS TO CUSTOMERS

(a) Loans are granted to clients and staff only after a well defined pre-established sanctioning process is completed and the repayment terms vary from 1 to 35 years.

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Staff loans	**8,215**	4,334	4,198
Fast loans and flexi loans	**2,009,091**	1,540,212	1,289,624
Secured loans	**10,450,679**	9,726,509	9,187,119
Total loans advanced	**12,467,985**	11,271,055	10,480,941
Penalty suspended	**(18,338)**	(19,773)	(20,689)
Interest suspended	**(171,462)**	(185,560)	(187,746)
Net loans advanced	**12,278,185**	11,065,722	10,272,506
less provision for expected credit losses (Note (c))	**(1,034,460)**	(1,004,062)	(988,353)
	11,243,725	10,061,660	9,284,153
Analysed as follows for total loans advanced:			
Current	**460,422**	489,864	487,793
Non-current	**12,007,563**	10,781,191	9,993,148
	12,467,985	11,271,055	10,480,941

15. **LOANS TO CUSTOMERS (CONT'D)**

(b) Allowance for credit impairment

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
(Net impairment loss)/release of allowance for credit impairment	**(24,555)**	(15,709)	(46,428)
Prudential provision as per BOM guidance (d)	**(5,842)**	-	-
Amount written off	**(383)**	(382)	428
	(30,780)	(16,091)	(46,000)

(c) Provision for credit losses

The Group and the Company	Specific Provision	Portfolio Provision	Non Performing Exposure Prudential Provision	Performing Prudential Provision	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2022					
- As previously reported	547,050	73,261	-	-	620,311
- Effect of prior year adjustment (note 36)	340,984	(19,370)	-	-	321,614
- As restated	888,034	53,891	-	-	941,925
Movement during the year	32,127	14,301	-	-	46,428
At 30 June 2023 (restated)	920,161	68,192	-	-	988,353
At 01 July 2023					
- As previously reported	546,439	80,847	-	-	627,286
- Effect of prior year adjustment (note 36)	373,722	(12,655)	-	-	361,067
- As restated	920,161	68,192	-	-	988,353
Movement during the year	11,961	3,748	-	-	15,709
At 30 June 2024	932,122	71,940	-	-	1,004,062
At 01 July 2024					
- As previously reported	587,514	77,183	-	-	664,697
- Effect of prior year adjustment (note 36)	344,608	(5,243)	-	-	339,365
- As restated	**932,122**	**71,940**	-	-	**1,004,062**
Movement during the year	**18,580**	**5,976**	-	**5,842**	**30,398**
At 30 June 2025	**950,702**	**77,916**	-	**5,842**	**1,034,460**

(d) Prudential provisions

In line with the requirements of the *Bank of Mauritius Guideline on Classification, Provisioning and Write-Off of Credit Exposures*, the Group and the Company are required to maintain minimum levels of provisions for credit exposures, over and above those determined in accordance with IFRS 9 *Financial Instruments*.

Where provisions determined under IFRS 9 are lower than the prudential requirements, the shortfall is addressed either through:
- an appropriation of retained earnings to a non-distributable regulatory reserve; or
- the recognition of additional impairment provisions in profit or loss.

During the current financial year:

On 30 September 2024, the Group and the Company recognised an initial shortfall of Rs 17.376 million between IFRS 9 provisions and prudential requirements. This amount was appropriated from retained earnings and transferred to a non-distributable reserve.

As at 30 June 2025, a further Rs 5.842 million was recognised as an additional impairment provision in profit or loss in order to meet the prudential provisioning requirements.

Accordingly, the total prudential provisions held at 30 June 2025 amounted to Rs 23.218 million (2024: Nil), split as follows:

The Group and the Company	Performing Exposures	Non Performing Exposures	Total
	Rs'000	**Rs'000**	**Rs'000**
At 1 July 2024	-	-	-
Initial recognition	17,376	-	17,376
Movement during the year	5,842	-	5,842
At 30 June 2025	**23,218**	-	**23,218**

The balance of Rs 17.376 million remains in a non-distributable reserve within equity, while Rs 5.842 million has been recognised in the consolidated and separate statement of profit or loss.

15. **LOANS TO CUSTOMERS (CONT'D)**

(e) **Remaining term to maturity**

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Total loans advanced:			
On demand	**440,740**	465,968	452,504
Within 3 months	**1,794**	3,760	5,405
Over 3 months and up to 6 months	**4,965**	6,005	7,289
Over 6 months and up to 12 months	**12,923**	14,131	22,595
Over 1 year and up to 5 years	**457,159**	394,738	362,922
Over 5 years	**11,550,404**	10,386,453	9,630,226
Total	**12,467,985**	11,271,055	10,480,941

(f) **Credit concentration of risk by industry sectors**

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Name of sector			
Land & Construction	**12,459,770**	11,266,721	10,476,743
Others	**8,215**	4,334	4,198
	12,467,985	11,271,055	10,480,941

16(a). **INVESTMENT PROPERTY**

The Group and the Company	Leasehold Land	Freehold Land	Freehold building	Cybervillage land	Total
VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
	Restated	**Restated**	**Restated**	**Restated**	**Restated**
At 01 July 2022	2,200	-	86,625	65,000	153,825
Fair value adjustment in 2023	-	-	875	500	1,375
At 30 June 2023	2,200	-	87,500	65,500	155,200
Fair value adjustment in 2024	5,016	-	(2,600)	2,400	4,816
Transfer to property and equipment (Note 17)	-	-	(46,000)	-	(46,000)
At 30 June 2024	7,216	-	38,900	67,900	114,016
Transfer from property development (Note 14)	-	**64,342**	-	-	**64,342**
Fair value adjustment in 2025	**959**	**42,603**	**(3,980)**	**(11,540)**	**28,042**
At 30 June 2025	**8,175**	**106,945**	**34,920**	**56,360**	**206,400**

(i) The investment properties are classified as Level 3 in term of the fair value hierarchy.

Revaluation of investment properties

Part of property relating to the space rented in MHC Building at Port Louis was transferred to property and equipment (Note 17) since the lease agreement has lapsed on 30 June 2023.

On 26 June 2025 and 21 April 2025, the investment properties were revalued by PropWorth, independent Chartered Valuation Surveyor. The properties have been valued using comparative method and investment method of valuation. This is based on comparison of prices paid for similar properties within close vicinity of the site and adjusted to reflect the characteristic of the subject properties, at the relevant date.

(ii) The Company has pledged its investment properties to secure the borrowings.

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Rental income on investment properties	**2,184**	2,142	6,561

No expenses on investment properties were incurred during the year.

16(a). **INVESTMENT PROPERTY (CONT'D)**

The fair value of the properties were determined using:

1. The Direct Market Comparison Approach, which is based on recent transactions for similar properties in similar locations. Where comparables are not available, then the best-suited comparables are used and adjusted for year of transaction, geographical location, land, use, size, shape, frontage, access, site constraints, planning restrictions, etc. The resulting figure is further analysed to ascertain whether it is fair and reasonable according to our knowledge of the property market.

There are adequate market evidences of sales for commercial properties where the subject properties are located to render the Sales Comparison Approach as the most appropriate approach for the landed assets owned by the Company.

2. The Direct Capitalisation Approach refers to the expected future net income that has been discounted at an appropriate discount rate and added to the estimated reversionary value. The reversionary value has been computed by capitalising the net income prevailing at the end of the cash flow projections and discounting at an appropriate rate.

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The valuations were performed in accordance with the RICS Red Book Global and International Valuation Standards requirements. Valuation was based on a market comparison approach, depreciated replacement cost method and discounted cash flow model.

The properties are classified as level 3 on the fair value hierarchy. There were no transfers between levels during the year.

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on profit or loss and equity.

The following table shows the valuation technique used in measuring the fair value of the properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Open-market value - The model considers the price at which the freehold/leasehold interests might reasonable expected to achieve if sold by private treaty at valuation date.	Price per Toise for Land (Rs 33,514)	The estimated fair value would increase/(decrease) if: expected growth in prices of land and buildings were higher/(lower)
Direct Capitalisation Approach: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental rates (asked rental and applied rental), vacancy, and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location. This methodology also takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to market levels.	Discount rate (7.5% - 8.5%) Applied rentals (Rs 20 - Rs 30 per square foot) Asked rentals (Rs 20 - Rs 30 per square foot) Vacancy rate (5.55%)	The estimated fair value would increase/(decrease) if the following respective movement were to occur in isolation: - Risk-adjusted discount rate were lower/(higher) -Expected market rentals were higher/(lower) -Vacancy rate were lower/(higher)

A quantitative sensitivity analysis is shown below for the price per toise and discount rate which are the unobservable inputs that management consider to be most significant.

Price per Toise

Increase of 5% in price per toise would increase fair value by Rs 2,814,763 for commercial land.
Decrease of 5% in price per toise would decrease fair value by Rs 2,821,385 for commercial land.

Discount rate

Increase of 0.5% in discount rate would decrease fair value by Rs 2,035,514.
Decrease of 0.5% in discount rate would increase fair value by Rs 2,306,813.

16(b). **INVESTMENT IN SUBSIDIARY**

(i) **At cost**

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At 01 July	**25,000**	25,000	-
Addition during the year	-	-	25,000
At 30 June	**25,000**	25,000	25,000

(ii) **Details of the investment are as follows:**

Name of investee company	Type of Shares	Number of shares	Country of incorporation	Cost Rs	% Holdings
MHC Properties Ltd	Ordinary	2,500,000	Mauritius	25,000,000	100

(iii) The MHC Properties Ltd was incorporated in 2022, with the objective of taking over the property development business of the Company.

(iv) MHC Properties Ltd has the following assets and liabilities as at 30 June 2025:

	Rs'000
Assets	
Other debtors	25,000
Total assets	**25,000**
Equity & Liabilities	
Equity	
Stated capital	25,000
Accumulated losses	(1,215)
Total equity	**23,785**
Current liabilities	
Other payables	1,215
Total equity and liabilities	**25,000**

17. PROPERTY AND EQUIPMENT

The Group and the Company	Freehold land	Buildings	Furniture and equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION					
At 01 July 2022	268,340	254,875	188,074	6,815	718,104
Additions	-	-	2,013	-	2,013
Transfer	(32,473)	-	-	-	(32,473)
Disposals	(788)	-	(172)	-	(960)
At 30 June 2023	235,079	254,875	189,915	6,815	686,684
Additions	-	-	5,083	-	5,083
Transfer from investment property (Note 16(a))	-	46,000	-	-	46,000
Disposals	-	-	(89)	(2,949)	(3,038)
At 30 June 2024	235,079	300,875	194,909	3,866	734,729
Additions	-	-	**9,599**	**3,994**	**13,593**
Revaluation	**104,681**	**(78,990)**	-	-	**25,691**
Disposals	-	-	**(646)**	**(2,898)**	**(3,544)**
At 30 June 2025	**339,760**	**221,885**	**203,862**	**4,962**	**770,469**
DEPRECIATION					
At 01 July 2022	-	-	168,887	6,635	175,522
Disposal adjustment	-	-	(125)	-	(125)
Charge for the year	-	5,097	4,294	180	9,571
At 30 June 2023	-	5,097	173,056	6,815	184,968
Disposal adjustment	-	-	(89)	(2,949)	(3,038)
Charge for the year	-	6,034	4,554	-	10,588
At 30 June 2024	-	11,131	177,521	3,866	192,518
Disposal adjustment	-	-	**(294)**	**(2,898)**	**(3,192)**
Charge for the year	-	**6,017**	**4,903**	**684**	**11,604**
Revaluation	-	**(17,148)**	-	-	**(17,148)**
At 30 June 2025	-	-	**182,130**	**1,652**	**183,782**
NET BOOK VALUES					
At 30 June 2025	**339,760**	**221,885**	**21,732**	**3,310**	**586,687**
At 30 June 2024	235,079	289,744	17,388	-	542,211
At 30 June 2023	235,079	249,778	16,859	-	501,716

(a) The land and buildings are classified as Level 3 in terms of the fair value hierarchy.

Revaluation of land and buildings

It is the Company policy to revaluate the assets every three years and the last exercise was carried out in June 2025. The land and buildings were revalued by PropWorth, independent Chartered Valuation Surveyor. Management considers that no significant event has occurred that would affect the fair values of the land and buildings during the year under review.

(b) Movement in revaluation reserves is as follows:

The Group and the Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
At 01 July	**551,159**	550,425	582,987
Released	-	-	(32,562)
Revaluation	**43,070**	734	-
At 30 June	**594,229**	551,159	550,425

During the year ended 30 June 2023 , the revaluation amount of Rs 31.8M pertaining to Clos Verger Residence land (in construction) was reversed and an amount of Rs 781,877 was transferred from revaluation reserves to retained earnings upon disposal of a property.

17. **PROPERTY AND EQUIPMENT (CONT'D)**

The book values of the properties were adjusted to the revalued amounts and the resulted surplus was credited to

The Group and the Company

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs' 000	Rs' 000	Rs' 000
Cost	**15,183**	15,183	15,183
Accumulated depreciation	**(8,850)**	(8,546)	(8,242)
Net book value	**6,333**	6,637	6,941

The Company has pledged its property and equipment to secure part of its borrowings.

The fair value of the properties were determined using:

1. The Direct Market Comparison Approach, which is based on recent transactions for similar properties in similar locations. Where comparables are not available, then the best-suited comparables are used and adjusted for year of transaction, geographical location, land, use, size, shape, frontage, access, site constraints, planning restrictions, etc. The resulting figure is further analysed to ascertain whether it is fair and reasonable according to our knowledge of the property market.

There are adequate market evidences of sales for bare land, and commercial properties where the subject properties are located to render the Sales Comparison Approach as the most appropriate approach for the landed assets owned by the Company.

2. One of the commercial building have been fair valued using the Depreciated Replacement Cost (DRC) Method. The DRC has been arrived at by using economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether through purchase or construction and adjusted for depreciation resulting from one or more of the following factors: Physical deterioration, all forms of obsolescence and optimization.

3. The Direct Capitalisation Approach refers to the expected future net income that has been discounted at an appropriate discount rate and added to the estimated reversionary value. The reversionary value has been computed by capitalising the net income prevailing at the end of the cash flow projections and discounting at an appropriate rate.

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The valuations were performed in accordance with the RICS Red Book Global and International Valuation Standards requirements.

Valuation was based on a market comparison approach, depreciated replacement cost method and discounted cash flow model.

The properties are classified as level 3 on the fair value hierarchy. There were no transfers between levels during the year.

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on profit or loss and equity.

The following table shows the valuation technique used in measuring the fair value of the properties, as well as the significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Open-market value - The model considers the price at which the freehold/leasehold interests might reasonable expected to achieve if sold by private treaty at valuation date.	Prices per square foot for land and building (Rs 34,411) Prices per Toise for Land (Rs 10,415 to Rs 59,899)	The estimated fair value would increase/(decrease) if: expected growth in prices of land and buildings were higher/(lower)
Depreciated Replacement Cost ("DRC"): The DRC is arrived at by using the current construction cost and purchase price of similar buildings based on our experience and knowledge of the construction sector and adjusting for depreciation resulting from one or more of the following factors: Physical. deterioration, all forms of obsolescence, and optimization.	Expected price increase in construction materials	The estimated fair value would increase/(decrease) if: expected price of construction materials increase/(decrease)

17. **PROPERTY AND EQUIPMENT (CONT'D)**

Commercial Land & Building (Cont'd)

Sensitivity of fair value measurement to changes in unobservable inputs (Cont'd)

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct Capitalisation Approach: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental rates (asked rental and applied rental), vacancy, and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location. This methodology also takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to market levels.	Discount rate (7.5% - 8.5%) Applied rentals (Rs 20 - Rs 30 per square foot) Asked rentals (Rs 20 - Rs 30 per square foot) Vacancy rate (5.55%)	The estimated fair value would increase/(decrease) if the following respective movement were to occur in isolation: - Risk-adjusted discount rate were lower/(higher) -Expected market rentals were higher/(lower) -Vacancy rate were lower/(higher)

A quantitative sensitivity analysis is shown below for the price per square foot, price per toise, expected price of construction materials, discount rate and vacancy rate which are the unobservable inputs that management consider to be most significant.

Price per Toise

Increase of 5% in price per toise would increase fair value by Rs 23,666,109 for commercial land and building.

Decrease of 5% in price per toise would decrease fair value by Rs 23,418,355 for commercial land and building.

Price per Square Foot

Increase of 5% in price per square foot would increase fair value by Rs 1,007,000 for commercial building.

Decrease of 5% in price per square foot would decrease fair value by Rs 1,700,000 for commercial building.

Expected price of construction materials

Increase of 5% in expected price of construction materials would increase fair value by Rs 160,000 for commercial building.

Decrease of 5% in expected price of construction materials would decrease fair value by Rs 150,000 for commercial building.

Discount rate

Increase of 0.5% in discount rate would decrease fair value by Rs 328,549.

Decrease of 0.5% in discount rate would increase fair value by Rs 372,271.

Residential land

The valuations were performed in accordance with the RICS Red Book Global and International Valuation Standards requirements. Valuation was based on a market comparison approach.

The properties are classified as level 3 on the fair value hierarchy. There were no transfers between levels during the year.

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on profit or loss and equity.

The following table shows the valuation technique used in measuring the fair value of the properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Open-market value - The model considers the price at which the freehold interests might reasonable expected to achieve if sold by private treaty at valuation date.	Prices per toise for land (Rs 4,042 to Rs 33,700)	The estimated fair value would increase/(decrease) if: expected growth in prices of land were higher/(lower)

A quantitative sensitivity analysis is shown below for the price per square foot which is the unobservable input that management consider to be most significant.

Price per Toise

Increase of 5% in price per toise would increase fair value by Rs 6,801,872 for residential land.

Decrease of 5% in price per toise would decrease fair value by Rs 6,808,782 for residential land.

17(i) RIGHT-OF-USE ASSETS

The Group and the Company	Restated Office Building	Restated Land	Restated Total
	Rs' 000	Rs' 000	Rs' 000
At 01 July 2022	6,659	300	6,959
Amortisation	(3,802)	(25)	(3,827)
At 30 June 2023	2,857	275	3,132
At 01 July 2023	2,857	275	3,132
Additions	9,852	-	9,852
Amortisation	(4,087)	(25)	(4,112)
Revaluation adjustment	-	734	734
At 30 June 2024	8,622	984	9,606
At 01 July 2024	**8,622**	**984**	**9,606**
Additions	**7,394**	**-**	**7,394**
Amortisation	**(5,687)**	**(98)**	**(5,785)**
Revaluation adjustment	**-**	**229**	**229**
At 30 June 2025	**10,329**	**1,115**	**11,444**

All the Company's leases are recognised as finance lease as the contractual terms of the lease meet the definition of finance lease under IFRS 16, Leases. Land represents owner-occupied portion of leasehold land; valuation methodology is disclosed under note

A quantitative sensitivity analysis is shown below for the price per toise which is the unobservable input that management consider to be most significant.

Discount rate

Increase of 0.5% in discount rate would decrease fair value by Rs 530,726.
Decrease of 0.5% in discount rate would increase fair value by Rs 601,486.

18. INTANGIBLE ASSETS

The Group and the Company	ELECTRONIC SYSTEM	COMPUTER SOFTWARE	CORE BANKING INTEGRATED SYSTEM	TOTAL
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
COST				
At 01 July 2022	-	20,730	188,166	208,896
Additions	739	-	6,537	7,276
At 30 June 2023	739	20,730	194,703	216,172
Additions	-	-	6,476	6,476
At 30 June 2024	739	20,730	201,179	222,648
Additions	-	-	**4,562**	**4,562**
At 30 June 2025	**739**	**20,730**	**205,741**	**227,210**
AMORTISATION				
At 01 July 2022	-	20,730	55,866	76,596
Charge for the year	176.00	-	23,969	24,145
At 30 June 2023	176	20,730	79,835	100,741
Charge for the year	247	-	24,662	24,909
At 30 June 2024	423	20,730	104,497	125,650
Charge for the year	**247**	**-**	**25,399**	**25,646**
At 30 June 2025	**670**	**20,730**	**129,896**	**151,296**
NET BOOK VALUES				
At 30 June 2025	**69**	**-**	**75,845**	**75,914**
At 30 June 2024	316	-	96,682	96,998
At 30 June 2023	563	-	114,868	115,431

The directors have reviewed the carrying value of the intangible assets and are of opinion that at 30 June 2025, the carrying value has not suffered any impairment.

19(a) **OTHER ASSETS**

The Group	**30-Jun-25**	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Sundry debtors	**2,294**	2,000	1,273
Less ECL provisions	**(832)**	(832)	-
	1,462	1,168	1,273
Interest receivable on fixed deposits/treasury bills	**55,402**	34,774	5,689
Other receivables and prepayments	**24,329**	19,125	9,173
	81,193	55,067	16,135

The Company	**30-Jun-25**	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Sundry debtors	**2,594**	2,200	1,373
Less ECL provisions	**(832)**	(832)	-
	1,762	1,368	1,373
Interest receivable on fixed deposits/treasury bills	**55,402**	34,774	5,689
Other receivables and prepayments	**24,329**	19,125	9,173
	81,493	55,267	16,235

19(b). **ASSETS HELD FOR SALE**

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Foreclosed properties	**41,908**	44,607	52,966
Allowance for impairment on foreclosed properties	**(4,240)**	(4,445)	(4,445)
Land and apartments repossessed	**4,571**	4,571	4,571
	42,239	44,733	53,092

The foreclosed properties represent houses acquired at Masters' Bar on default by clients and these are stated at the lower of carrying amount and fair value less costs to sell. Management is committed to dispose the properties as soon as there is a potential buyer. However, there are legal procedures that take much time before the sale can actually happen. Where clients are willing to buy and already occupying the properties, MHC charged an indemnity fee for occupancy until the sale is finalised.

Legal procedures normally take between 2 to 3 years. Where properties do have a potential buyer during the legal procedures, same is not rented.

20(a). **PEL AND OTHER SAVINGS ACCOUNTS**

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Capital	**2,199,364**	1,924,899	1,678,169
Interest payable	**219,829**	244,441	283,916
Other savings accounts	**-**	-	1,941
	2,419,193	2,169,340	1,964,026
Analysed as follows:			
Current	**2,307,357**	2,076,354	1,887,095
Non-current	**111,836**	92,986	76,931
	2,419,193	2,169,340	1,964,026

20(b). **HOUSING DEPOSIT CERTIFICATES**

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Capital	**7,626,011**	5,872,227	6,097,093
Interest payable	**230,497**	190,788	273,600
	7,856,508	6,063,015	6,370,693
Analysed as follows:			
Current	**881,083**	840,922	2,311,483
Non-current	**6,975,425**	5,222,093	4,059,210
	7,856,508	6,063,015	6,370,693

20 (b). HOUSING DEPOSIT CERTIFICATES (HDC) (CONT'D)

The Group and the Company

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Analysed as follows:			
Individuals	**7,446,104**	5,673,998	4,922,998
Corporates	**410,404**	389,017	1,447,695
	7,856,508	6,063,015	6,370,693

	30-Jun-25		30-Jun-24		30-Jun-23	
	Capital	**Interest**	Capital	Interest	Capital	Interest
	Rs'000	**Rs'000**	Rs'000	Rs'000	Rs'000	Rs'000
On demand	**10,435**	**156**	62,623	36	1,487	6
Within 3 months	**146,071**	**9,378**	255,513	28,649	163,928	21,088
Over 3 months and up to 6 months	**184,922**	**9,816**	158,938	17,640	1,161,483	44,967
Over 6 months and up to 12 months	**471,091**	**49,214**	306,277	11,245	823,602	94,922
Over 1 year and up to 2 years	**848,040**	**59,519**	748,608	50,364	683,126	43,215
Over 2 years	**5,965,453**	**102,413**	4,340,268	82,854	3,263,467	69,402
	7,626,012	**230,496**	5,872,227	190,788	6,097,093	273,600

The HDC balance at the end of the year include an amount of Rs 1,202.5M (2024: Rs 1,013.7M and 2023: Rs 1,198.8M) which was due to one of the Company largest depositors, with a deposit concentration ratio of 15.7% (2024: 17.3% and 2023: 18.8%).

21. BORROWINGS

The Group and the Company

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Current		Restated	Restated
Bank overdrafts (Note (iii))	**27,556**	733	10,781
Other loans (Note (i))	**6,288**	5,287	4,791
Bank loans (Note (ii))	**100,345**	94,963	158,008
	134,189	100,983	173,580
Non-current			
Other loans (Note (i))	**75,067**	62,632	51,859
Bank loans (Note (ii))	**226,537**	327,176	286,160
	301,604	389,808	338,019
Total borrowings	**435,793**	490,791	511,599

21. **BORROWINGS (CONT'D)**

(i) **Other loans**

The Group and the Company

Rate of interest	Lenders	Terms of repayment	Maturity Date	30-Jun-25 Rs'000	Restated 30-Jun-24 Rs'000	Restated 30-Jun-23 Rs'000
2.50%	Mauritius Marine Authority	Yearly	04-Jul-23	-	-	161
2.50%	Mauritius Marine Authority	Yearly	02-Feb-26	**66**	132	195
2.50%	Mauritius Marine Authority	Yearly	18-Aug-28	**1,057**	1,306	1,549
2.50%	Mauritius Marine Authority	Yearly	21-Jul-31	**2,229**	2,517	2,798
2.50%	Mauritius Marine Authority	Yearly	Not fully disbursed	**3,634**	3,634	3,634
2.50%	Government Sponsored Loan	Yearly	18-Jun-24	-	-	58
2% - 3%	Bank of Mauritius	Quarterly	No fixed repayment terms	**74,369**	60,330	48,255
				81,355	67,919	56,650

	30-Jun-25 Rs'000	30-Jun-24 Rs'000	30-Jun-23 Rs'000
Repayable by instalments:			
-within one year shown as short-term loans	**6,288**	5,287	4,791
- after one year and before five years	**2,060**	2,350	2,360
- after five years	**676**	1,003	1,595
Repayment terms not yet finalised	**3,634**	3,634	3,634
Repayable other than by instalments	**68,697**	55,645	44,270
	81,355	67,919	56,650

Included in borrowings, is the balance of housing loans for Bank of Mauritius staff scheme amounting to Rs 74.4M (2024: Rs 60.3M and 2023: Rs 48.3M) which are managed by MHC in return for a payment of a six monthly service charge on the outstanding balance.

(ii) **Bank loans**

	30-Jun-25 Rs'000	30-Jun-24 Rs'000	30-Jun-23 Rs'000
5.40% (2024: 5.50% - 6.35% and 2023: 3.25% - 4.20%) per annum and bank loans repayable by monthly/quarterly instalments	**326,874**	422,131	444,168
Current			
Portion repayable within one year	**100,345**	94,963	158,008
Non-current			
Portion repayable after one year and before five years	**226,529**	327,168	286,160
Total	**326,874**	422,131	444,168

All bank loans are secured against the assets of the Company. The carrying amounts of borrowings are not materially different from their fair values.

(iii) Bank overdrafts are secured against fixed deposits that the Company holds with the respective banks.

During the year under review, the Company has secured an overdraft facility against the deposits held with Maubank Ltd as part of its contingency plan, for an amount of Rs 600,000,000 (2024: 350,000,000, 2023: Nil)

21(a) LEASE LIABILITIES

(i) Lease liabilities are presented in the statement of financial position as follows:

The Group and the Company	Restated Office Building	Restated Land	Restated Total
	Rs'000	Rs'000	Rs'000
As 01 July 2022	7,280	475	7,755
Interest payment	358	20	378
Rental payment	(4,223)	(38)	(4,261)
As 30 June 2023	3,415	457	3,872
As 30 June 2023	3,415	457	3,872
Addition	9,852	-	9,852
Interest payment	311	19	330
Rental payment	(4,836)	(38)	(4,874)
As 30 June 2024	8,742	438	9,180
As 30 June 2024	8,742	438	9,180
Interest payment	632	19	651
Addition	7,394	-	7,394
Rental payment	(6,049)	(38)	(6,087)
As 30 June 2025	**10,719**	**419**	**11,138**

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs' 000	Rs' 000	Rs' 000
Current	**6,091**	3,705	3,035
Non-current	**5,047**	5,475	837
	11,138	9,180	3,872

The Company's lease arrangement includes rental of buildings and leasehold land.

Future minimum lease payments were as follows:

At 30 June 2023	Within 1 year	1 to 2 years	Total
	Rs' 000	Rs' 000	Rs' 000
Lease payment	3,186	974	4,160
Finance charges	(151)	(137)	(288)
Net present value	3,035	837	3,872

At 30 June 2024	Within 1 year	1 to 2 years	Total
	Rs' 000	Rs' 000	Rs' 000
Lease payment	4,086	5,811	9,897
Finance charges	(381)	(336)	(717)
Net present value	3,705	5,475	9,180

At 30 June 2025	Within 1 year	1 to 2 years	Total
	Rs' 000	**Rs' 000**	**Rs' 000**
Lease payment	**6,572**	**5,323**	**11,895**
Finance charges	**(481)**	**(276)**	**(757)**
Net present value	**6,091**	**5,047**	**11,138**

21(a) **LEASE LIABILITIES (CONT'D)**

The Company as a lessor

Leasing arrangements

Operating lease represents rental income from premises rented to outside parties. The leases are negotiated for an average term of ten years and rentals are fixed for an average term of five years. All operating contracts contain market review clauses in the event the lessee exercises its option to renew. The lessees do not have an option to purchase the property at the expiry of the lease.

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Rent received under operating lease recognised in statement of profit or loss*	**2,184**	2,142	6,561

There were no direct operating expenses incurred in respect of the investment property.

* Rent received under operating lease is exclusive of occupational costs in relation to foreclosed properties.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Within one year	**2,789**	2,789	2,789
Between 2 and 5 years	**11,156**	11,156	11,156
After more than 5 years	**2,789**	2,789	2,789
	16,734	16,734	16,734

(iii) The carrying amounts of borrowings are not materially different from their fair values.

22. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statement of financial position:

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs' 000	Rs' 000	Rs' 000
Amounts recognised in the statement of financial position:			
- Pension benefits (note (a)(ii))	604,952	631,967	489,940
- Funds kept within the Company (note (c))	10,560	10,560	10,560
	615,512	642,527	500,500
Amount charged to profit or loss:			
- Pension benefits (note (a)(iii))	42,781	41,135	31,601
Amount charged to other comprehensive income:			
- Pension benefits (note (a)(iv))	(19,202)	113,469	59,884

(a) Pension benefits

(i) The Company operates both a defined benefit plan and a defined contribution plan. The defined benefit arrangement is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The defined contribution benefit plan is dependent on the contribution made.

The assets of the funded plan are held independently and are administered by The State Insurance Company of Mauritius Ltd.

(ii) The amounts recognised in the statement of financial position are as follows:

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Pension benefit obligations	950,203	961,909	806,366
Fair value of plan assets	(345,251)	(329,942)	(316,427)
Liability recognised at end of year	604,952	631,967	489,939

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

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Current service cost	13,916	18,028	15,047
Fund expenses	862	1,100	828
Net interest expense	33,842	28,660	21,066
Employee contributions	(5,839)	(6,653)	(5,340)
Total included in staff costs	42,781	41,135	31,601
Actual return on plan assets	15,099	27,290	12,236

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

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Remeasurement			
Liabilities loss/(gain)	(22,586)	122,311	55,607
Assets (gain)/loss	3,384	(8,842)	4,277
	(19,202)	113,469	59,884

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (Cont'd)

(v) The reconciliation of the opening balances to the closing balances for the defined benefit liability is as follows:

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At start of the year	631,967	489,939	408,557
Charged to profit or loss	42,781	41,135	31,600
Contributions paid	(11,772)	(12,576)	(10,102)
Direct benefits paid	(264)		
Past service liability contribution	(38,558)	-	-
Charged to other comprehensive income	(19,202)	113,469	59,884
At end of year	604,952	631,967	489,939

(vi) The movement in the defined benefit obligations over the year is as follows:

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At start of the year	961,909	806,366	733,436
Current service cost	13,917	18,028	15,047
Interest expense	52,324	47,109	37,578
Benefits paid	(55,361)	(31,905)	(35,302)
Liability experience (gain)/loss	(22,586)	122,311	55,607
At end of year	950,203	961,909	806,366

(vii) The movement in the fair value of plan assets of the year is as follows:

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At start of the year	329,942	316,427	324,879
Expected return on plan assets	18,483	18,449	16,513
Employer contributions	11,772	12,576	10,102
Employee contributions	5,839	6,653	5,340
Past service liability contribution	38,558	-	-
Benefits paid	(55,959)	(33,005)	(36,130)
Assets (gain)/loss	(3,384)	8,842	(4,277)
At end of year	345,251	329,942	316,427

(viii) Distribution of plan assets at end of year

The Group and the Company Percentage of assets at end of year	30-Jun-25	30-Jun-24	30-Jun-23
Fixed securities and cash	47.7%	49.9%	53.9%
Loans	3.1%	3.1%	2.8%
Local equities	16.8%	15.2%	14.0%
Overseas bonds and equities	31.9%	31.3%	28.8%
Property	0.5%	0.5%	0.5%
Total	100.0%	100.0%	100.0%

(ix) The cost of providing the benefits is determined using the Projected Unit method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
Discount rate	6.10%	5.60%	5.96%
Future salary growth rate	4.50%	4.50%	4.50%
Future pension growth rate	3.50%	3.50%	3.50%

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

22. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

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

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 122.4 M (increase by Rs 154.1 M) if all other assumptions were held unchanged.

If the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 65.4 M (decrease by Rs 56.2 M) if all other assumptions were held unchanged.

If the life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 28.4 M (decrease by Rs 27.6 M) if all assumptions were held unchanged.

If the expected pension growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 78.9 M (decrease by Rs 69.0 M) if all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on the expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

(xi) The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

(xii) The expected employer contributions for FY 2025/2026 will amount to Rs 11,917,437

(xiii) The weighted average duration of the defined benefit obligation is 15 years.

(xiv) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(b) **State Pension Plan**

The Group and the Company	**30-Jun-25**	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Social benefits contribution	**1,417**	1,338	1,201

(c) The funds pertain to provision made to cater for future obligation payable to the members of the Widows and Orphans Plan which existed before the Family Protection Scheme.

23. OTHER LIABILITIES

The Group	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Deposits against foreclosed properties	**7,121**	7,064	8,688
Leave passage provision	**12,579**	14,731	10,659
Accruals	**17,011**	7,518	15,799
Contract liabilities (Note 7(a))	**4,255**	-	-
Other payables	**167,063**	94,591	36,403
	208,029	123,904	71,549

The Company	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
Deposits against foreclosed properties	**7,121**	7,064	8,688
Leave passage provision	**12,579**	14,731	10,659
Accruals	**16,094**	6,798	15,449
Contract liabilities (Note 7(a))	**4,255**	-	-
Other payables	**192,062**	119,590	61,403
	232,111	148,183	96,199

The Company has financial risk management in place to ensure that all payables are paid within the credit timeframe and according to contractual terms.

24. INSURANCE FUNDS

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Life assurance (Note (a))	**135,466**	135,466	118,191
Building insurance (IBNR) (Note (b))	**1,507**	1,507	1,507
Mortgage insurance	**-**	-	4,275
	136,973	136,973	123,973

Movement in insurance funds

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At 01 July	**136,973**	123,973	123,973
Transfer from life insurance reserve (Note 26)	**-**	17,275	-
Written back	**-**	(4,275)	-
At 30 June	**136,973**	136,973	123,973

The mortgage insurance fund amounting to Rs 4,275,000 has been written back during the year 2023 since the directors consider that this insurance fund has been discontinued in prior years and hence no claim is expected to be received.

24. **INSURANCE FUNDS (CONT'D)**

(a) The policy liabilities have been valued during the year in respect of policies issued under the Long Term Insurance business by the Company, in accordance with the solvency rules and accepted actuarial practice, including selection of appropriate valuation assumptions and methods. It is the Company's policy to have independent Actuarial Valuation every two years and at 30 June 2024, management has transferred Rs11m from Life Insurance Reserves to Insurance Funds to restore the solvency ratio to 100% and an additional Rs6.3m were also transferred to reach a solvency ratio of 125%.

The valuation of the Decreasing Term Assurance book of business was performed based on the Insurance Act 2005 using the Gross Premium Valuation Method. The reserves were established by discounting the future expected claims and expenses, less the future office premiums on a policy-by-policy basis.

The main assumptions used to calculate these liabilities are:
- investment return: 4.75% (3.60% p.a)
- renewal expense: Rs1,188.41 per policy p.a
- mortality: 77.0% of SA85/90 plus 1.38% HA2 AIDS allowance
- total permanent disability: 88% of CSI skilled disability table
- withdrawal rate: Nil
- Commission: No Commission is payable
- Contingency provision: 10% of basic reserve

The insurance funds were estimated at Rs 136,973,000 as at 30 June 2024. The directors have decided to transfer an amount of Rs 17,275,000 from the life insurance reserve to the insurance funds. The life insurance reserve was created to cater for any shortfall arising from the insurance funds.

There are no reinsurance arrangements in place in respect of the life assurance fund and the decreasing term assurance business is written on a non-profit sharing basis.

Life Insurance Reserve	**Rs'000**
At 01 July 2024	**110,494**
Transfer to insurance funds	**-**
At 30 June 2025	**110,494**

(b) The valuation of the building insurance funds is considered adequate at the reporting date.

25. **SHARE CAPITAL**

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Authorised			
25,000,000 ordinary shares of Rs10 each	**250,000**	250,000	250,000
Issued and fully paid			
20,000,000 ordinary shares of Rs10 each	**200,000**	200,000	200,000

Fully paid ordinary shares, which have a par value of Rs10, carry one vote per share and a right to dividends.

26. OTHER COMPREHENSIVE INCOME

The Group and the Company	Revaluation reserve	Actuarial gain/(loss)	Life insurance reserve
	Rs'000	**Rs'000**	**Rs'000**
Items that will not be reclassified to profit or loss:			
30-Jun-25			
Remeasurement of defined benefit obligations	-	**19,202**	-
Revaluation of land & building	**43,070**	-	-
30-Jun-24 - As restated			
Remeasurement of defined benefit obligations	734	(113,469)	-
Transfer from life insurance reserve	-	-	(17,275)
30-Jun-23			
Remeasurement of defined benefit obligations	-	(59,884)	-

Revaluation reserve

The revaluation reserve arises on the revaluation of freehold land and buildings which are revalued by an independent valuer every 3 years.

Actuarial losses

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligation recognised based on independent actuarial valuation.

27. BUILDING INSURANCE RESERVE

The Group and the Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Building insurance reserve	**116,810**	116,810	116,810

Building insurance relates to fund kept for insurance of mortgaged houses over the loan period against fire, cyclone and structural damages.

The policy liabilities have been valued in respect of policies issued in accordance with the solvency rules and accepted actuarial practice, including selection of appropriate valuation assumptions and methods. The policy liabilities together with the capital requirement do not exceed the amount of insurance funds of Rs 116.8M. It is the Company's policy to have independent actuarial valuation every two years, last performed during the year under review. The directors consider that at 30 June 2025, the fund provision is adequate.

The main assumptions used to calculate these liabilities are:

- the IBNR reserve is quantified on a factor-based method at 7% of written premium over the past years.

- UPR reserve is not applicable as Building Insurance Premiums are paid and recorded in the financial statements on a monthly basis.
- insurance liability capital charge of 10% of the IBNR.
- catastrophe capital charge of 5% of the written premium.

28. RETAINED EARNINGS

The Group	30-Jun-25	Restated 30-Jun-24	Restated 30-Jun-23
	Rs'000	Rs'000	Rs'000
At start of year	**1,862,313**	1,822,291	1,817,927
Movement on reserves (Note (i) below)	-	-	782
Profit for the year	**172,322**	163,860	63,466
Actuarial reserve	**19,202**	(113,469)	(59,884)
Dividends (Note 11)	**(13,680)**	(10,369)	-
At end of year	**2,040,157**	1,862,313	1,822,291

The Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
At start of year	**1,863,233**	1,822,741	1,817,927
Movement on reserves (Note (i) below)	-	-	782
Profit for the year	**172,617**	164,330	63,916
Actuarial reserve	**19,202**	(113,469)	(59,884)
Dividends (Note 11)	**(13,677)**	(10,369)	-
At end of year	**2,041,375**	1,863,233	1,822,741

(i) An amount of Rs 781,877 was transferred from revaluation reserves to retained earnings upon disposal of a property in prior year.

29. RESERVES

(a) OTHER RESERVES

The Group and the Company

	At 01 July 2022	Movement during the year Debit	Credit	At 30 June 2023
	Rs'000	Rs'000	Rs'000	Rs'000
General reserve	106,590	-	-	106,590
	106,590	-	-	106,590

	At 01 July 2023	Movement during the year Debit	Credit	At 30 June 2024
	Rs'000	Rs'000	Rs'000	Rs'000
General reserve	106,590	-	-	106,590
	106,590	-	-	106,590

	At 01 July 2024	**Movement during the year Debit**	**Credit**	**At 30 June 2025**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
General reserve	**106,590**	**(17,376)**	**-**	**89,214**
	106,590	**(17,376)**	**-**	**89,214**

The general reserve was created in early years to cater for provisions in respect of potential impaired loans. This reserve is maintained on a prudence basis over the years.

(b) STATUTORY RESERVES

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a statutory reserve account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable.

At 30 June 2025, the reserve amounts to Rs 200M which is equal to the paid up share capital of the Company (Note 25).

30. COMMITMENTS

The Group and the Company

	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
(a) Loans			
Loans approved but not yet disbursed to individuals	**338,611**	256,645	200,297

(b) Capital commitments

The Company does not have any capital commitment at 30 June 2025.

31. TAXATION

Pursuant to the Mauritius Housing Company Corporation (Transfer of Undertaking) Act 1989, all rights and privileges of the Mauritius Housing Corporation have been transferred to Mauritius Housing Company Ltd. The provisions of this Act have also dispensed the Company from any income tax/capital gain tax liability.

No deferred tax asset or liability has been provided in the financial statements due to the exempt income tax status of the Company.

Effective tax reconciliation - (Applicable for Mauritius Housing Company Ltd's subsidiary only)

A reconciliation between the actual income tax charge and the theoretical amount that would arise using the domestic income tax rate of 15% is as follows :

The Group

	30 June 2025	30 June 2024
	Rs'000	Rs'000
Profit before tax - Group	**172,616**	164,330
Add: Loss before tax - Mauritius Housing Company Ltd (tax exempt)	**(172,321)**	(163,860)
Profit/(Loss) before tax - Subsidiary	**295**	470
Tax at 15%	**44**	71
Deferred tax not recognised	**(44)**	(71)
	-	-

32. RELATED PARTIES TRANSACTIONS

The Company is making the following disclosures in accordance with IAS 24 (Related Party Disclosures):

Transactions during the year

The Group and the Company	Nature of transactions	30-Jun-25	30-Jun-24	30-Jun-23
		Rs'000	Rs'000	Rs'000
Shareholders of the Company				
Government of Mauritius	Loans	-	58	174
	Interest paid	-	1	6
	Rental expense	**44**	38	76
Others	Other transactions	**81**	65	53
Directors and key management personnel				
	Loans	**3,299**	4,785	15,900
	Loan interest	**7**	16	31
	Deposits capital	**3,034**	7,641	-
	Deposits interest	**(599)**	351	146
	PEL capital	**(3,063)**	8,718	(1,827)
	PEL interest	**(25)**	19	(41)

Remuneration and other benefits relating to key management personnel, including directors, were as follows:

The Group	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Salaries and benefits	**28,512**	34,118	32,735

The Company	30-Jun-25	30-Jun-24	30-Jun-23
	Rs'000	Rs'000	Rs'000
Salaries and benefits	**28,388**	33,818	32,445

The Group and the Company Balances as at:	Nature of transactions	(Credit)/ debit balances at 30 June 2025	(Credit)/ debit balances at 30 June 2024	(Credit)/ debit balances at 30 June 2023
		Rs'000	Rs'000	Rs'000
Government of Mauritius	Loans	-	-	(58)
Investee company	Payables	**(25,000)**	(25,000)	(25,000)
	Receivables	**329**	200	100
Directors and key management personnel	Loans	**37,398**	40,704	36,017
	Deposits capital	**(15,475)**	(12,441)	(4,800)
	Deposits interest	**(225)**	(824)	(473)
	PEL capital	**(9,082)**	(12,145)	(3,427)
	PEL interest	**(41)**	(66)	(47)

The terms of the borrowings have been disclosed in Note 21.

The loans to directors and key management personnel are secured by a first rank mortgaged on their property bearing an interest rate ranging between 2% to 3% and has a maximum repayment capacity of 50% of monthly salary.

33. REPORTING CURRENCY

The financial statements are presented in thousands of Mauritian Rupees since this is the currency in which the Company's transactions are denominated.

34. OWNERSHIP STRUCTURE

The directors consider the Government of Mauritius, which owns 60.1% of the share capital, as its controlling entity.

35. CONTINGENCY LIABILITY

The Company has several ongoing legal cases for which the outcome is uncertain as at date. Hence, the directors believe that no provision is necessary at this stage.

36. EFFECTS OF PRIOR PERIOD ADJUSTMENTS

In preparing the financial statements for the year ended 30 June 2025, the Group and the Company identified prior year restatements and made necessary corrections. Restatements were made to the financial statements, presentation and disclosures of certain transactions and balances, in accordance with *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*.

The Group and the Company

(a) *Reclassification of right-of-use assets and lease liabilities*

Right-of-use assets and the corresponding lease liabilities had been previously incorrectly classified under Property, Plant and Equipment (PPE) and Borrowings, respectively. These balances have now been correctly presented under Right-of-Use Assets and Lease Liabilities, in line with the requirements of IFRS 16 – Leases.

(b) *Recognition of leasehold land at Rodrigues under IFRS 16*

The leasehold land occupied by the Rodrigues Branch had not been accounted for in prior years' financial statements. The site comprises a building situated on leasehold land, with part occupied by the Company and certain portions leased out to tenants. In previous years, lease rental payments relating to the leased portion were expensed directly to Other Expenses. This treatment was not in compliance with IFRS 16 – Leases, which requires recognition of a Right-of-Use Asset and corresponding Lease Liability. In addition, the portion of the property leased to tenants had not been recognised as Investment Property in accordance with IAS 40 – Investment Property.

(c) *Restatement of other assets*

Management fees receivable from MHC properties were not recognised during the years ended 30 June 2023 and 30 June 2024. As a result:
- Other Assets have been increased to reflect the outstanding receivable balances, and
- Other Operating Income has been restated to include the accrued income in both years.

(d) *Reclassification of staff loans, provision on staff loans and provisions on treasury deposits & restatement of ECL provisions*

(i) Staff loans and their related impairment provisions had been presented under Other Assets. These balances have been reclassified to Loans to Customers, to align their presentation with the nature of the transactions.

(ii) Expected Credit Loss (ECL) provisions relating to treasury deposits were previously included within Other Assets. These have been reclassified against Treasury Deposits, ensuring that the provisions are matched with the underlying exposures subject to credit risk.

(iii) The Company identified inconsistencies in the staging of loans under IFRS 9 – Financial Instruments. Probability of Default (PD) and Loss Given Default (LGD) were not appropriately calculated, with staging previously determined solely based on overdue days. The staging criteria have been reassessed and corrected to ensure compliance with IFRS 9 requirements, resulting in restated Loans to Customers and Expected Credit Loss Provisions.

(e) *Reclassification of profit/loss realised on sale of apartments at Domaine Le Hochet*

The realised gain from the sale of apartments at Domaine Le Hochet had been incorrectly recorded under Other Operating Income. The gain has now been presented in the income statement in accordance with the applicable accounting standards, under gains/(losses) on properties sold.

(f) *Reclassification of staff related costs*

Staff related costs namely retirement benefit contribution, family protection scheme contribution, travelling, passage benefit, NSF, CSG and meal allowance were classified under other non-interest expenses. Same are being reclassified under personnel expenses.

Statement of financial position as at 30 June 2023

The Company	As previously reported Rs'000	Note (a) Rs'000	Note (b) Rs'000	Note (c) Rs'000	Note (d) Rs'000	Restated Balance Rs'000
Treasury deposits	2,275,000	-	-	-	(2,457)	**2,272,543**
Loans to customers	9,641,023	-	-	-	(356,870)	**9,284,153**
Investment Properties	153,000	-	2,200	-	-	**155,200**
Property and equipment	504,573	(2,857)	-	-	-	**501,716**
Right-of-use assets	-	2,857	275	-	-	**3,132**
Other assets	18,289	-	-	100	(2,154)	**16,235**
Total Assets	**13,054,103**	**-**	**2,475**	**100**	**(361,481)**	**12,695,197**
Borrowings	515,014	(3,415)	-	-	-	**511,599**
Lease liabilities	-	3,415	457	-	-	**3,872**
Total liabilities	**9,446,432**	**-**	**457**	**-**	**-**	**9,446,889**
Revaluation reserves	550,174	-	251	-	-	**550,425**
Retained earnings	2,182,355	-	1,767	100	(361,481)	**1,822,741**
Total equity	**3,483,698**	**-**	**2,018**	**100**	**(361,481)**	**3,124,335**

36. EFFECTS OF PRIOR PERIOD ADJUSTMENTS (CON'D)

Statement of financial position as at 30 June 2024

The Company	As previously reported Rs'000	Note (a) Rs'000	Note (b) Rs'000	Note (c) Rs'000	Note (d) Rs'000	Restated Balance Rs'000
Treasury deposits	1,325,000	-	-	-	(1,432)	**1,323,568**
Loans to customers	10,396,699	-	-	-	(335,039)	**10,061,660**
Investment Properties	106,800	-	7,216	-	-	**114,016**
Property and equipment	550,833	(8,622)	-	-	-	**542,211**
Right-of-use assets	-	8,622	984	-	-	**9,606**
Other assets	57,625	-	-	200	(2,558)	**55,267**
Total Assets	**13,138,924**	**-**	**8,200**	**200**	**(339,029)**	**12,808,295**
Borrowings	499,533	(8,742)	-	-	-	**490,791**
Lease liabilities	-	8,742	438	-	-	**9,180**
Total liabilities	**9,522,598**	**-**	**438**	**-**	**-**	**9,523,036**
Revaluation reserves	550,174	-	985	-	-	**551,159**
Retained earnings	2,195,285	-	6,777	200	(339,029)	**1,863,233**
Total equity	**3,479,353**	**-**	**7,762**	**200**	**(339,029)**	**3,148,286**

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

The Company	As previously reported Rs'000	Note (b) Rs'000	Note (c) Rs'000	Note (d) Rs'000	Note (e) Rs'000	Note (f) Rs'000	Restated Balance Rs'000
Interest Expense	(290,087)	(20)	-	-	-	-	**(290,107)**
Net interest Income	**337,937**	**(20)**	**-**	**-**	**-**	**-**	**337,917**
Other operating income	51,738	-	100	-	47	-	**51,885**
Non interest Income	**109,242**	**-**	**100**	**-**	**47**	**-**	**109,389**
Revenue from contracts with customers	-	-	-	-	36,715	-	**36,715**
Cost of property development inventoties sold	-	-	-	-	(36,762)	-	**(36,762)**
Gains/(losses) on properties sold	**-**	**-**	**-**	**-**	**(47)**	**-**	**(47)**
Operating income	**447,179**	**(20)**	**100**	**-**	**-**	**-**	**447,259**
Personnel expenses	(191,681)	-	-	-	-	(31,027)	**(222,708)**
Depreciation and amortisation	(37,519)	(25)	-	-	-	-	**(37,544)**
Other expenses	(108,029)	38	-	-	-	31,027	**(76,964)**
Non interest expense	**(337,229)**	**13**	**-**	**-**	**-**	**-**	**(337,216)**
Operating profit	**109,950**	**(7)**	**100**	**-**	**-**	**-**	**110,043**
Net impairment loss on financial assets	(6,546)	-	-	(39,454)	-	-	**(46,000)**
Other provision	(350)	-	-	(436)	-	-	**(786)**
Profit for the year	**103,713**	**(7)**	**100**	**(39,890)**	**-**	**-**	**63,916**
Total comprehensive income for the year	**43,829**	**(7)**	**100**	**(39,890)**	**-**	**-**	**4,032**

36. **EFFECTS OF PRIOR PERIOD ADJUSTMENTS (CON'D)**

Statement of profit or loss and other comprehensive income for the year ended 30 June 2024

The Company	As previously reported Rs'000	Note (b) Rs'000	Note (c) Rs'000	Note (d) Rs'000	Note (e) Rs'000	Note (f) Rs'000	Restated Balance Rs'000
Interest Expense	(372,668)	(19)	-	-	-	-	(372,687)
Net interest Income	429,942	(19)	-	-	-	-	429,923
Other operating income	67,971	-	100	-	(5,929)		62,142
Non interest Income	127,996	-	100	-	(5,929)	-	122,167
Revenue from contracts with customers	-	-	-	-	41,609	-	41,609
Cost of property development inventories sold	-	-	-	-	(35,680)	-	(35,680)
Gains/(losses) on properties sold	-	-	-	-	5,929	-	5,929
Operating income	557,938	(19)	100	-	-	-	558,019
Personnel expenses	(232,205)	-	-	-	-	(35,993)	(268,198)
Depreciation and amortisation	(39,584)	(25)	-	-	-	-	(39,609)
Other expenses	(122,993)	38	-	-	-	35,993	(86,962)
Non interest expense	(394,782)	13	-	-	-	-	(394,769)
Operating profit	163,156	(6)	100	-	-	-	163,250
Net impairment loss on financial assets	(38,025)	-	-	21,934	-	-	(16,091)
Other provision	2,291	-	-	518	-	-	2,809
Increase in fair value of investment property	(200)	5,016	-	-	-	-	4,816
Profit for the year	136,768	5,010	100	22,452	-	-	164,330
Gain on revaluation of land & buildings	-	734	-	-	-	-	734
Total comprehensive income for the year	6,024	5,744	100	22,452	-	-	34,320

Statement of cash flow for the year ended 30 June 2023

The Company	As previously reported Rs'000	Note (b) Rs'000	Restated Balance Rs'000
Net cash generated from operating activities	(1,238,283)	38	(1,238,245)
Net cash used in from investing activities	7,367	-	7,367
Net cash generated from financing activities	1,050,940	(38)	1,050,902
Increase in cash and cash equivalents	(179,976)	-	(179,976)

Statement of cash flow for the year ended 30 June 2024

The Company	As previously Rs'000	Note (b) Rs'000	Restated Rs'000
Net cash generated from operating activities	287,163	38	287,201
Net cash used in from investing activities	(101,640)	-	(101,640)
Net cash generated from financing activities	4,119	(38)	4,081
Increase in cash and cash equivalents	189,642	-	189,642

36. **EFFECTS OF PRIOR PERIOD ADJUSTMENTS (CON'D)**

(g) *Consolidation of accounts of MHC Properties Ltd (subsidiary) in the accounts of MHC Ltd (the parent).*

The Company had not been consolidated in prior years' financial statements since its incorporation. The omission was not in accordance with the requirements of IFRS 10 – Consolidated Financial Statements, which requires an entity to consolidate all subsidiaries over which it has control. The financial statements have been restated to include its subsidiary, MHC Properties Ltd, in the consolidated results as from its date of incorporation. This adjustment has been applied retrospectively, with prior year comparatives restated as if the subsidiary had been consolidated since incorporation.

Statement of financial position

	As at 30 June 2024			As at 30 June 2023		
The Group	**As previously reported Rs'000**	**Prior year adjustments Rs'000**	**Restated Balance Rs'000**	**As previously reported Rs'000**	**Prior year adjustments Rs'000**	**Restated Balance Rs'000**
ASSETS						
Cash at banks and in hand	-	327,714	327,714	-	148,120	148,120
Fixed deposits	-	1,323,568	1,323,568	-	2,272,543	2,272,543
Property development	-	207,523	207,523	-	120,575	120,575
Loans to customers	-	10,061,660	10,061,660	-	9,284,153	9,284,153
Investment property	-	114,016	114,016	-	155,200	155,200
Investment in Subsidiary	-	-	-	-	-	-
Property and equipment	-	542,211	542,211	-	501,716	501,716
Right-of-use assets	-	9,606	9,606	-	3,132	3,132
Intangible assets	-	96,998	96,998	-	115,431	115,431
Other assets	-	55,067	55,067	-	16,135	16,135
Assets held for sale	-	44,733	44,733	-	53,092	53,092
Total assets	-	**12,783,096**	**12,783,096**	-	**12,670,097**	**12,670,097**
LIABILITIES						
PEL and other savings accounts	-	2,169,340	2,169,340	-	1,964,026	1,964,026
Housing deposits certificates	-	6,063,015	6,063,015	-	6,370,693	6,370,693
Borrowings	-	490,791	490,791	-	511,599	511,599
Lease Liabilities	-	9,180	9,180	-	3,872	3,872
Retirement benefit obligations	-	642,527	642,527	-	500,500	500,500
Other liabilities	-	123,904	123,904	-	71,549	71,549
Total liabilities	-	**9,498,757**	**9,498,757**	-	**9,422,239**	**9,422,239**
Insurance funds	-	**136,973**	**136,973**	-	**123,973**	**123,973**
SHAREHOLDERS' EQUITY						
Share capital	-	200,000	200,000	-	200,000	200,000
Revaluation reserves	-	551,159	551,159	-	550,425	550,425
Building insurance reserve	-	116,810	116,810	-	116,810	116,810
Life insurance reserve	-	110,494	110,494	-	127,769	127,769
Retained earnings	-	1,862,313	1,862,313	-	1,822,291	1,822,291
Statutory reserve	-	200,000	200,000	-	200,000	200,000
Other reserves	-	106,590	106,590	-	106,590	106,590
Performing exposures reserve	-	-	-	-	-	-
Total equity	-	3,147,366	3,147,366	-	3,123,885	3,123,885
Total equity and liabilities	-	**12,783,096**	**12,783,096**	-	**12,670,097**	**12,670,097**

36. EFFECTS OF PRIOR PERIOD ADJUSTMENTS (CON'D)

Statement of Profit or loss and other comprehensive income for the year ended 30 June 2024

The Group	As previously reported Rs'000	Prior year adjustments Rs'000	Restated Balance Rs'000
Interest income	-	802,610	802,610
Interest expense	-	(372,687)	(372,687)
Net interest income	-	**429,923**	**429,923**
Fee and commission income	-	42,810	42,810
Rent received	-	2,941	2,941
Policy fees and charges on loans	-	14,274	14,274
Other operating income	-	62,042	62,042
Non-interest income	-	**122,067**	**122,067**
Revenue from contracts with customers	-	41,609	41,609
Cost of property development inventoties sold	-	(35,680)	(35,680)
Cost of sales of properties under VEFA	-	-	-
Gains/(losses) on properties sold	-	**5,929**	**5,929**
Operating income	-	**557,919**	**557,919**
Personnel expenses	-	(268,198)	(268,198)
Depreciation and amortisation	-	(39,609)	(39,609)
Other expenses	-	(87,332)	(87,332)
Non-interest expense	-	**(395,139)**	**(395,139)**
Operating profit	-	**162,780**	**162,780**
(Net impairment loss on financial assets)/release of allowance for credit impairment	-	(16,091)	(16,091)
Other provisions	-	2,809	2,809
Prudential provisions	-	-	-
Gain on sale of foreclosed properties	-	9,546	9,546
Impairment loss on property development	-	-	-
(Decrease)/increase in fair value of investment property	-	4,816	4,816
Profit for the year	-	**163,860**	**163,860**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations	-	(113,469)	(113,469)
Gain on revaluation of land & buildings	-	734	734
Transfer from life insurance reserve	-	(17,275)	(17,275)
Items that will be reclassified to profit or loss	-		-
Other comprehensive income/(loss) for the year	-	**(130,010)**	**(130,010)**
Total comprehensive income for the year	-	**33,850**	**33,850**

Statement of cash flow for the year ended 30 June 2024

The Group	As previously reported Rs'000	Prior year adjustments Rs'000	Restated Balance Rs'000
Net cash generated from operating activities	-	-	-
Net cash used in from investing activities	-	-	-
Net cash generated from financing activities	-	-	-
Increase in cash and cash equivalents	-	-	-

37. EVENTS AFTER THE REPORTING DATE

(i) On 29 September 2025, the Board of Directors has recommended the payment of a dividend of Rs 17,261,656.

(ii) No other adjusting or significant non-adjusting events have occurred between 30 June 2025 and the date of authorisation of these financial statements.