



ANNUAL REPORT 2023/2024



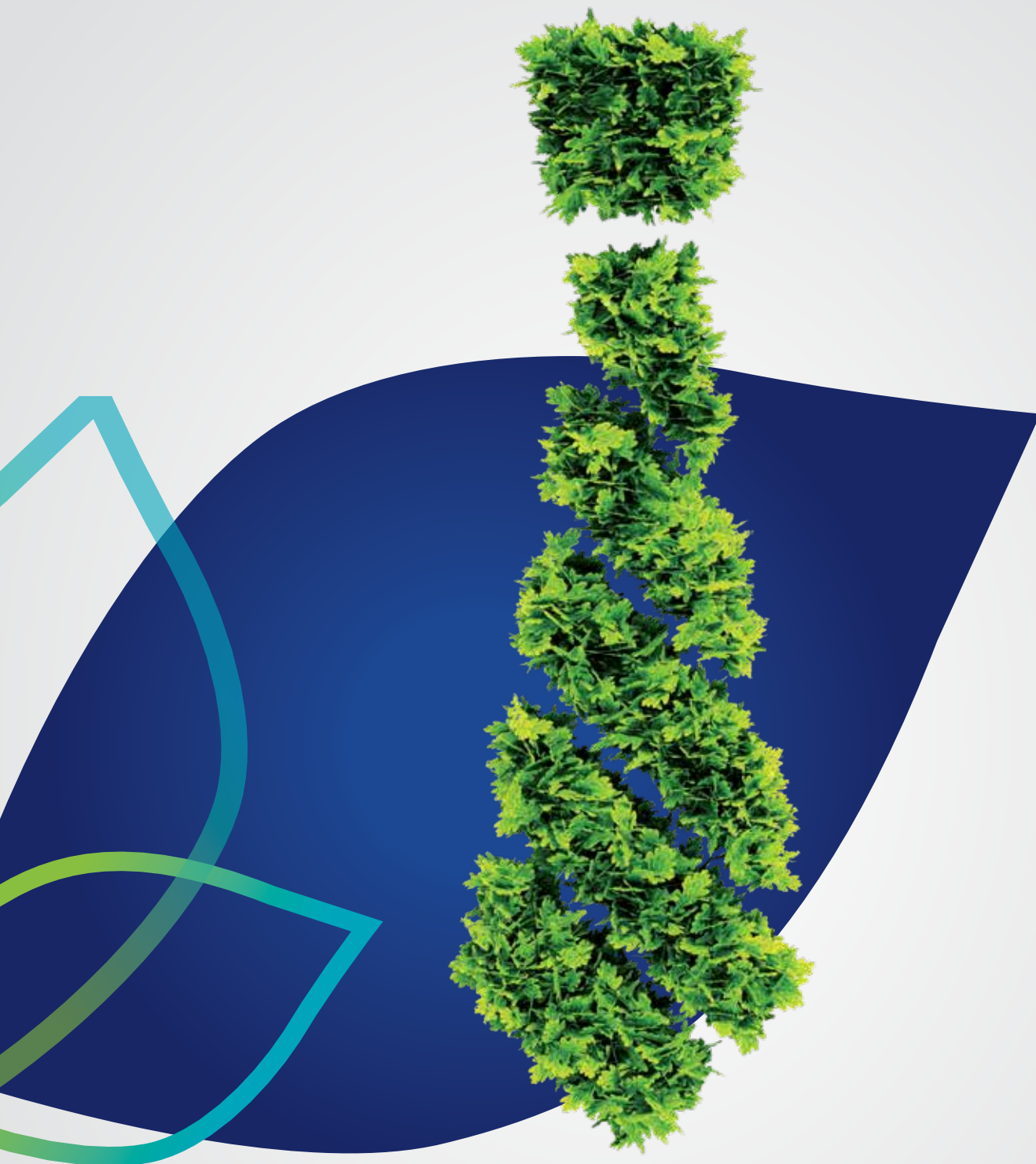
AFFORDABLE HOUSING SUSTAINABLE LIVING



ANNUAL REPORT
2023/2024

Contents

4 - 9	Corporate Information
10 - 11	Financial Highlights
12 - 15	Our Performance
16 - 19	Board of Directors
20 - 21	Senior Management Team
22 - 23	Message from the Head of Finance
24 - 28	Business Review
29 - 37	Our Performance and Management Discussion Analysis
38 - 77	Corporate Governance
78	Statement of Compliance
79 - 81	Report from Director
82	Report from Secretary
83 - 87	Independent Auditor's Report
88 - 149	Financial Statements



CORPORATE INFORMATION

Corporate Information

Overview

Mauritius Housing Company (MHC) Ltd stems from the former Mauritius Housing Corporation, a parastatal body set up in 1963. The latter has taken over the housing loan business from the Mauritius Agricultural Bank which had been providing such loans since 1951. Mauritius Housing Company Ltd was incorporated in 1989, with the aim of being a complete solution provider in respect of housing finance requirements and of more efficiently meeting the challenges posed by the financial market.

With six decades at the service of the nation, Mauritius Housing Company Ltd is the only Financial Institution in Mauritius and Rodrigues that offers a variety of solutions with respect to the promotion of home ownership. Mauritius Housing Company Ltd also provides architectural, technical, legal and insurance services, estates projects as well as deposit-taking and savings schemes. To this day, the Company's distribution networks include 10 offices including Rodrigues.

Registered Office

Address: Révérend Jean Lebrun Street, Port Louis, Mauritius

Post Code: 11328

Telephone: (230) 405 5555

Fax: (230) 212 3325

Website: www.mhc.mu

Email: mhc@mhc.mu

Facebook & Linked In: Mauritius Housing Company Ltd

Instagram: [mhc_ltd](https://www.instagram.com/mhc_ltd)



BRN Number

C06008524

Company Status

Public Company Limited by shares

VAT Number

VAT 20092748

Nature of Business

Housing Financial Services

Incorporated on

12 December 1989

Other activities

Deposit Taking/Saving Schemes

Architectural Services

Estates Projects

Technical Services

Legal and Insurance Services

Corporate Information (Cont'd)

Network

Port Louis - Head Office

MHC Building, Révérend Jean Lebrun Street
Tel: 405 5555
Fax: 212 3325

CUREPIPE

Charles Lees Street, Curepipe
Tel: 676 0245/46/49
Fax: 676 0248

GOODLANDS

Coeur de Ville, Goodlands
Tel: 282 1442/60
Fax: 282 1461

FLACQ

François Mitterrand Street, Flacq
Tel: 413 5139/40
Fax: 413 5138

BAMBOUS

Royal Road, Bambous
Tel: 452 1665
Fax: 454 0372

TRIOLET

Royal Road, Triolet
Tel: 261 7623
Fax: 261 5324

MOKA

Royal Road, Moka.
Tel: 460 1234
Fax: 434 0539

ROSE BELLE

Domah Commercial Center, Royal Road
Tel: 660 9787
Fax: 628 0200

CHEMIN GRENIER

Royal Road, Chemin Grenier
Tel: 660 1898
Fax: 621 2683

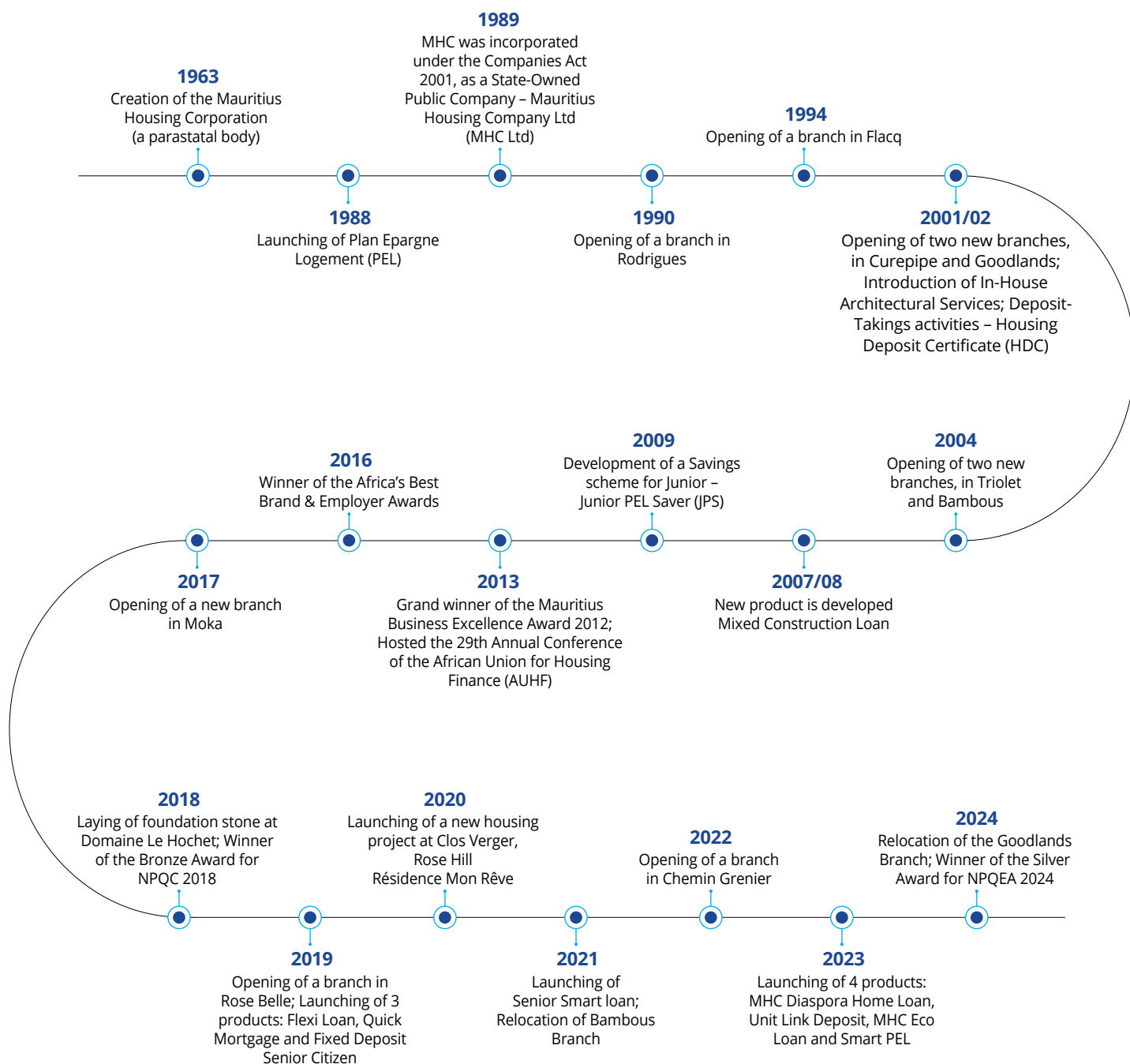
RODRIGUES

Camp du Roi, Rodrigues
Tel: 831 1787/0930
Fax: 831 1788



Corporate Information (Cont'd)

Milestone



Corporate Information (Cont'd)



To be the undisputed benchmark and the most preferred provider of housing financial services in Mauritius and the region.



- **Innovation & Creativity**
- **Serviceability**
- **Customer Oriented**
- **Honesty & Integrity**
- **Teamwork & Team Spirit**
- **Staff Development & Welfare**
- **Environmental Care**

Corporate Information (Cont'd)

Product and Services

Our products and services are accessible to all segments of the population of the Republic of Mauritius, whichever they choose, and whether through our Head Office, at any of our branches or online.

Housing Loan Products

The MHC Ltd offers a wide range of attractive tailor-made housing loan products such as for construction, completion, renovation, extension of a house, purchase of residential property/apartments/lands and refinancing of existing loans with other Institutions.

Savings & Deposits

The Company offers a wide range of Savings and Investment Products. These include the regular monthly Savings (Smart PEL), children's Savings (Junior PEL Saver – JPS) and also Fixed Deposits for Individuals, Institutions and Senior Citizen with investments at attractive rates of interest and terms ranging from 12 to 120 months.

Insurance

The MHC Ltd provides its clients with Life and Building Insurance as part of the Home Loan package with a view to protecting their interests and safeguarding their properties against contingencies.

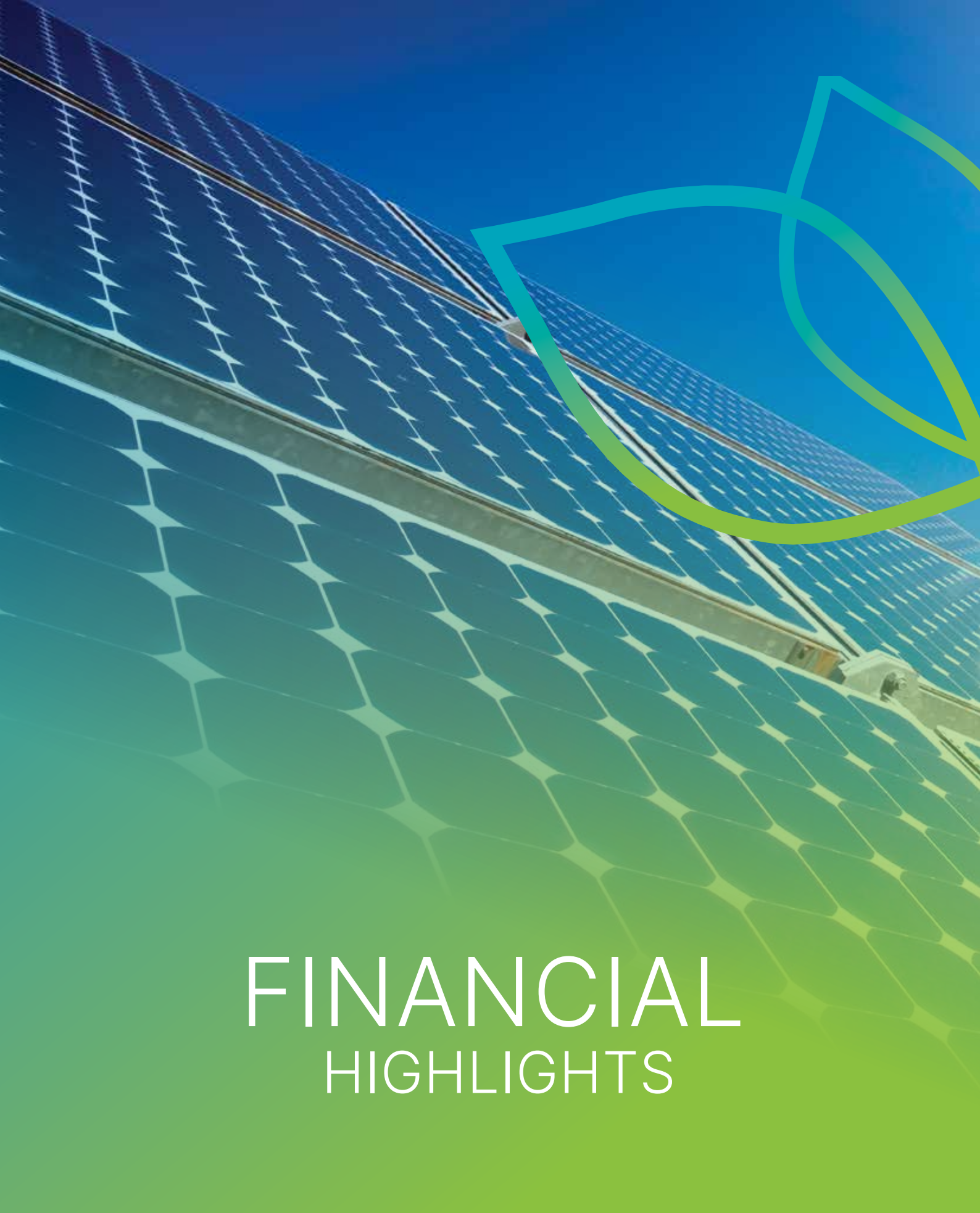
Architectural & Technical

The Company undertakes the Architectural Design of houses and also offers Technical Assistance to its clients to enable them realise their housing projects, based on their financial capabilities and also on practical advice for an optimal use of their land area for house construction.

Estate Development

The MHC Ltd's Estate Development comprise of Land and Foreclosed Properties. The Company has an impressive track record of Estate Development projects throughout the island, starting in the 1970s and catering for various income groups, with a dozen of residential projects (including Harbour View, Clos Verger, Govinden Court, La Tour Koenig, Roches Brunes, Vuillemin, Le Hochet and Cybervillage).





FINANCIAL HIGHLIGHTS

Financial Highlights

Statement of Profit and Loss (Rs m)	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022
Interest Income	802.60	628.00	406.01
Interest Expense	372.60	290.00	144.51
Net Profit	136.70	103.70	96.90
Retained Earnings	2,195.20	2,182.00	2,137.70
Interest Cover (Times)	2.15	2.16	2.81
Net Profit Margin (%)	14.70	14.00	18.60
Statement of Financial Position (Rs m)			
Housing Loans Assets	11,266.00	10,476.00	9,895.60
Fixed Assets (Net of Depreciation)	550.80	504.50	549.20
Total Assets	13,138.90	13,054.10	11,870.90
Net Assets	3,479.30	3,483.70	3,471.60
Shareholders' Funds	3,252.00	3,239.10	3,227.07
Capital Employed	9100.30	7,884.70	7,401.70
PEL & JPS (Capital Deposited)	1,924.80	1,678.10	1,640.73
HDC (Capital Deposited)	5,872.20	6,097.00	5,311.51
Performance Ratios			
Interest Income Growth (%)	27.70	54.60	11.10
Total Income Growth (%)	26.20	41.60	7.9
Interest Expense Growth (%)	28.40	100.70	(33.17)
Total Expense Growth (%)	22.30	35.60	8.90
Total Cost to Total Income (%)	82.40	85.00	88.90
ROCE (%)	1.50	1.32	1.31
EPS (Rs)	6.84	5.19	4.85
Net Interest Margin/ Interest Earning Assets (%)	3.81	3.18	2.55
Net Interest Income /Total Assets	3.28	2.59	2.20
Return on Total Assets (%)	1.04	0.79	0.82
Return on Shareholders' Funds (%)	4.20	3.20	3.01
Total Income to Capital Employed	10.22	9.34	7.02
Reserves	3,252.00	3,239.00	3,271.60
Current Ratio	0.72	1.19	1.23
Gearing (Times)	1.62	1.83	1.69
Asset Quality			
Non-Performing Loan	13.30	14.30	13.50
Portfolio Quality (%)	5.21	5.22	5.53
Debt Coverage Ratio	53.00	50.00	56.09



OUR PERFORMANCE

Our Performance

Interest Income

+27.8%

2024: Rs 803m

2023: Rs 628m

The Interest Income has been increased by 27.8% compared to the year 2023.

Other Income

+17.1%

2024: Rs 127.9m

2023: Rs 109.2m

The Other Income has been increased by 17.1% compared to the year 2023.

Total Income

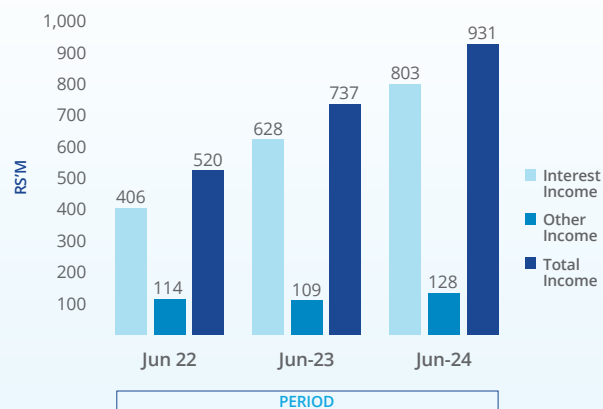
+26.3%

2024: Rs 931m

2023: Rs 737m

The Total Income has been increased by 26.3% compared to the year 2023.

Income



Our Performance (Cont'd)

Operating profit

+48.4%

2024: Rs 163.1m

2023: Rs 109.2m

The Operating Profit has been increased by 48.4% compared to the year 2023.

Net Profit

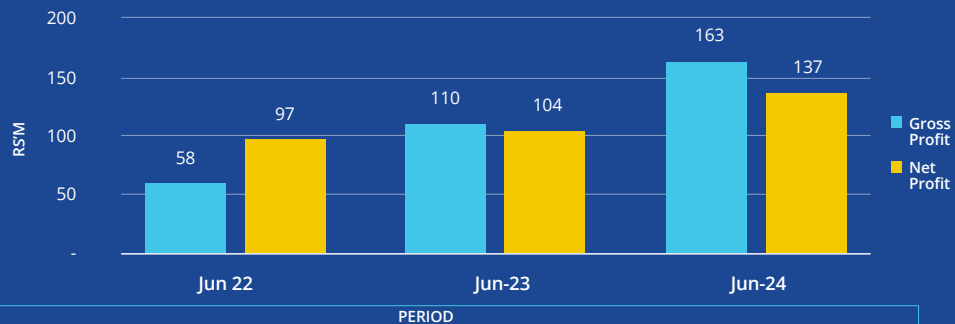
+31.8%

2024: Rs 136.7m

2023: Rs 103.7m

The Net Profit has been increased by 31.8% compared to the year 2023.

Gross Profit & Net Profit



Earning per Share

+31.8%

2024: Rs 6.84

2023: Rs 5.19

The Earning per Share has been increased by 31.8% compared to the year 2023.



Our Performance (Cont'd)

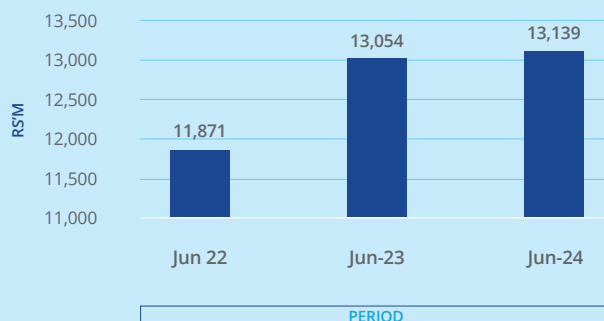
Total Asset

+0.6%

2024: Rs 13.1bn

2023: Rs 13.0bn

The Total Assets has been increased by 0.6% compared to the year 2023.



Gross Loan Portfolio

+7.5%

2024: Rs 11,267m

2023: Rs 10,476m

The Gross Loan Portfolio has been increased by 7.5% compared to the year 2023.

Retained Earnings

+0.6%

2024: Rs 2,195m

2023: Rs 2,182m

The Retained Earnings has been increased by 0.6% compared to the year 2023.

BOARD OF DIRECTORS



**Me Rashad Racheed
Daureeawoo**

Chairperson – Independent Director

**Mr Anand
Babbea**

Managing Director & Executive Director

**Ms Maheswaree Naraini
Madhub**

Non-Executive Director

**Mrs Marie Veronique Doriana
Letandrie**

Independent Director



**Mr Mohummad
Shamad Ayoob Saab**
Non-Executive Director



**Mr Sarwansingh
Purmessur**
Non-Executive Director

**Mr Mahomed
Reshad Monaff**
Independent Director

**Mr Khulwant
Kumar Ubheeram**
Independent Director

**Mrs Subashini
Rama**
Non-Executive Director

Director who ceased to hold office during the year under consideration

- Mrs Bhooneshwari Kissoon-Luckputtya, Non-Executive Director

Board of Directors

The Board

• Independent •

Me Rashad Racheed Daureeawoo (Appointed on 06 February 2020)
Mrs Marie Veronique Doriane Letandrie (Appointed on 30 November 2020)
Mr Mahomed Reshad Monaff, (Appointed on 09 November 2023)
Mr Khulwant Kumar Ubheeram (Appointed on 30 November 2020)

• Non-Executive •

Mr Mohummad Shamad Ayoob Saab (Appointed on 02 March 2021)
Ms Maheswaree Naraini Madhub (Appointed on 09 November 2023)
Mr Sarwansingh Purmessur (Appointed on 30 November 2020)
Mrs Subashini Rama (Appointed on 09 November 2023)

Director who ceased to hold office during the year under consideration

Mrs Bhooneshwari Kissoon-Luckputtya (Appointed on 16 June 2023 and resigned on 27 July 2023)

• Executive •

Mr Anand Babbea (Appointed on 01 May 2020 to 30 April 2022 and re-appointed on 24 May 2022)

Board of Directors (Cont'd)

Committees of the Board

Audit Committee

Mr Khulwant Kumar Ubheeram
(Appointed as Chairperson on 16 December 2020)

Mrs Marie Veronique Doriana Letandrie
(Appointed as Member on 16 December 2020)

Mr Mahomed Reshad Monaff
(Appointed as Member on 28 November 2023)

*Me R. Daureeawoo
(Appointed on 10 May 2023 up to 20 November 2023)

**Member who ceased to hold office during the year*

Risk Management Committee

Ms Maheswaree Naraini Madhub
(Appointed as Chairperson on 28 November 2023)

Mr Anand Babbea

Mr Sarwansingh Purmessur

Mr Khulwant Kumar Ubheeram

Nomination and Remuneration Committee

Mrs Subashini Rama
(Appointed as Chairperson on 28 November 2023)

Mr Mohummad Shamad Ayoob Saab
(Chairperson up to 28 November 2023)

Mr Sarwansingh Purmessur

*Mr Khulwant Kumar Ubheeram
(Up to 28 November 2023)

**Member who ceased to hold office during the year under consideration*

Corporate Governance Committee

Mr Sarwansingh Purmessur
(As Chairperson from 16 December 2020)

Mr Mohummad Shamad Ayoob Saab
(As Member from 16 December 2020)

Ms Maheswaree Naraini Madhub
(As member from 28 November 2023)

*Mr Khulwant Kumar Ubheeram
(Up to 28 November 2023)

**Member who ceased to hold office during the year under consideration*

Real Estate Development Committee

Mr Mohummad Shamad Ayoob Saab
(As from 28 November 2023)

Ms Maheswaree Naraini Madhub
(As member from 28 November 2023)

Mrs Subashini Rama (As from 28 November 2023)

*Mr Sarwansingh Purmessur (Up to 28 November 2023)

**Member who ceased to hold office during the year under review*

Monitoring Committee

Mr Khulwant Kumar Ubheeram

Mrs Marie Veronique Doriana Letandrie

Mr Mahomed Reshad Monaff
(Appointed on 28 November 2023)

Mrs Subashini Rama (Appointed on 28 November 2023)

*Mr Sarwansingh Purmessur (Up to 28 November 2023)

**Member who ceased to hold office during the year under review*

SENIOR MANAGEMENT TEAM



From left to right:

Mr Surendra Puholoo - Acting Head (Finance), **Mrs Ashvina Kalapnauth-Rajcoomar** - Manager (Corporate Services),
Mr Anand Babbea - Managing Director, **Mr Rajeev Abeeluck** - Head (Technical), **Mr Ravindranath Ramdhan** - Head (ICT) and MLRO,
Mr Rakeshshing Boojhawon, Internal Auditor (As from 15 April 2024) & Acting Manager (Risk and Compliance, up to 14 April 2024)

**Officer who
ceased to hold
office during
the year**



Mr Krishna Rama Mudaliar
Internal Auditor
(Retired on 22 January 2024)



From left to right:

Mr Richard Robert Quirin - Manager (Recovery), **Mrs Rajamane Pyneeandee** - Manager (Commercial),
Mr Shakeel Muhammad Sheik Maudarun - Manager (Operations), **Mrs Jayantee Seesurn** - Manager (Credit Underwriting),
Mr Iswarduth Heera - Manager (Marketing & Communication), **Mrs Hemantee Ramkhelawon** - Manager (Credit Services)

MESSAGE FROM THE **HEAD OF FINANCE**



MESSAGE FROM THE HEAD OF FINANCE

As we conclude the financial year 2023/2024, I am pleased to present this Annual Report of Mauritius Housing Company Ltd. This year has brought both challenges and achievements. We remained focus on our mission and mandate in helping Mauritians to access affordable and sustainable financial solutions for their housing needs.

Our dedicated team across all our Business Units has demonstrated remarkable commitment and resilience. Thanks to their efforts, we stayed on track financially and continued working towards our goals.

Despite economic fluctuations and competitive market conditions impacting our business, we managed our resources prudently and were able to make sound investment decisions. Our financial results reflect our strong commitment to transparency and a clear focus on creating value for our stakeholders.

During the year, we also maintained compliance with the regulatory requirements of the Bank of Mauritius. We continued to strengthen our governance framework, internal controls and risk management practices to ensure that our operations remain aligned with the highest regulatory and ethical standards.

Our adherence to the governing guidelines reinforces our financial stability and enhances the confidence of all our stakeholders.

We continued to serve both existing and prospective customers with a range of products and services designed to meet their varying needs. By working collaboratively, embracing innovation, with focus on sustainable financing and customer satisfaction, we achieved significant progress on key projects, including the enhancement of our digital platform, namely MHC Mobile App.

Looking ahead, our priorities remain focused on the trust placed by our stakeholders which inspires us to continuously improve and fulfill our mission.

I sincerely thank our Board of Directors, management team, staff and partners for their dedication and collaboration throughout the year. With continued effort and unity, we will keep building a more inclusive and sustainable housing future for the citizens of Mauritius.

Surendra Puhooloo
Head of Finance



BUSINESS REVIEW

Business Review

The Financial Year 2023/2024 was marked by strategic growth, a renewed commitment to our vision of making homeownership accessible and inclusive for all Mauritians, Rodriguans including our Diaspora people. As we celebrated our 60th anniversary, Mauritius Housing Company Ltd (MHC) continued to consolidate its position as a trusted leader in housing finance, property development, while embracing innovation and sustainability. Over the past 60 years, the Company has empowered thousands of Mauritians to achieve their dream, contributing significantly to social upliftment and economic stability.



To mark this Diamond Jubilee, MHC launched a series of impactful initiatives. A symbolic Tree Planting Ceremony was held at Montagne des Signaux, Port Louis, where 60 trees were planted in collaboration with the Ministry of Environment, Solid Waste Management and Climate Change, MHC Staff Association and the Municipal City Council of Port Louis. This initiative not only celebrated MHC's legacy but also reinforced its commitment to environmental sustainability.



Business Review (Cont'd)

During the reporting period, MHC successfully disposed of 46 Foreclosed Properties. As a social gesture, a residential unit from the Domaine Le Hochet project was placed at the disposal of the government to assist flood victims. Construction progressed steadily at the Résidence Mon Rêve – Clos Verger project in Rose Hill, with 36% completion as at June 2024. The project comprises of two residential towers with 44 units, modern amenities and landscaped surroundings, reflecting MHC's commitment to contemporary urban living.



The Commercial Business Unit remained focused on maintaining competitiveness and customer satisfaction. In response to market dynamics, MHC reviewed interest rates across several loan and deposit products. The PEL account was rebranded as the Smart PEL in October 2023, offering improved benefits. Frontline staff also underwent intensive customer service training to raise service standards and foster customer loyalty. Two new offerings were launched during the year: Smart PEL Savings Account redesigned to enhance saving returns and Eco Loan offering a 0.60% interest rate discount for environmentally sustainable housing projects.

The relocation of key branches to high-traffic commercial malls, Goodlands to Coeur de Ville demonstrated MHC's focus on customer convenience and operational efficiency. As of 30 June 2024, MHC employed 213 professionals. The Company promoted 23 staff members, recruited 6 new employees and continued to uphold its commitment to diversity and inclusion. Several training programs were conducted, including workshops on Strategic Thinking, Customer Excellence and ESG/Cybersecurity/AML-CFT, to align human capital development with corporate goals.



Business Review (Cont'd)

The Welfare Committee actively engaged employees through wellness activities, cultural celebrations, community service further strengthening employee engagement and organisational culture. To commemorate its Diamond Jubilee, MHC hosted a 60th Anniversary Dinner and awarded a special anniversary bonus to all employees. Preparations were also initiated for the implementation of a new HR & Payroll system aimed at modernising internal processes.



MHC's integrated Risk Management Framework, aligned with COSO ERM, remained central to strategic and operational planning. The Company maintained robust oversight mechanisms through the Audit and Risk Management Committees and ensured active monitoring of key risk categories—Credit, Operational, Market, Liquidity, Compliance and Technology risks.

The Credit Underwriting Unit and Risk & Compliance Unit continued to perform critical functions in assessing exposures, enforcing internal controls, and ensuring regulatory compliance. Emphasis was placed on employee awareness and the role of internal stakeholders in upholding a strong risk culture. MHC continued to offer its in-house Life and Building Insurance coverage as part of its holistic financial solution for homeowners. These covers ensure peace of mind for borrowers and are integrated into loan offerings, supporting financial security and asset protection.

MHC's ongoing commitment to quality and operational excellence was acknowledged through its participation in the ICQCC 2024 and NPQEA 2024 awards, which celebrated innovation and continuous improvement.

National Productivity and Quality Excellence Award
(NPQEA 2024)

**Silver Award
Winner**

Organized by the National Productivity
and Competitiveness Council (NPCC).



Business Review (Cont'd)

The Financial Performance through the audited financials for the year confirmed sustained growth, with prudent cost controls, a healthy loan portfolio and sound risk practices underpinning MHC's performance. The Company remained solvent, compliant and financially resilient, backed by diversified funding sources and effective liquidity management.

The Marketing and Communication Unit continues to play a pivotal role in strengthening the connection between MHC's products and services and the needs of our diverse customer base. By crafting tailored messages aligned with the lifestyle preferences, aspirations, and values of our clients, the Unit ensures that our

communications remain relevant and impactful. A strategic blend of traditional and digital marketing channels is deployed to effectively engage all segments of the population—from first-time homeowners to seasoned investors, both locally and within our diaspora.

During the year under review, the Unit remained steadfast in its mission to boost brand visibility, enhance public engagement, and support the company's growth trajectory. Campaigns were designed to reach both existing and potential customers, leveraging a mix of media platforms and communication tools to raise awareness of our offerings.

Notably, MHC strengthened its public outreach through a variety of initiatives, including roadshows, educational workshops, and participation in sector-specific awareness meetings. These activities helped reinforce our presence across the island while creating opportunities to better understand the evolving needs of the market. In line with our drive to stay competitive, the Marketing and Communication Unit launched continuous awareness campaigns for new products and services. These campaigns were executed with momentum and creativity to capture the attention of prospective clients and reaffirm our commitment to existing customers.



Awareness meeting
at InterContinental
Resort Balaclava
Mauritius



Roadshow at Coeur de Ville Goodlands



Participation in
Le Grand Salon
de la Maison et
du Jardin.

In addition, the Unit plays a strategic role in shaping the public perception of MHC by actively promoting the company's core values—reliability, accessibility, and trust. Through its efforts, the company has maintained a positive brand image and fostered a sense of community around its mission. Our team remains dedicated to delivering clear, honest, transparent communication, ensuring clients feel guided and supported every step of the way.

The Marketing and Communication Unit will continue to be a driving

force behind MHC's vision of making quality housing solutions, while enhancing the company's visibility and market leadership.

Looking Ahead and building on its 60-year legacy, MHC is poised to accelerate its transformation through digital innovation, customer-focused growth and sustainable housing finance solutions. With strategic partnerships, new technologies and a future-ready workforce, MHC remains committed to its mission of enabling homeownership for all.

A person in a blue suit is holding a green moss ball in their hand. In the background, another person is also holding a green moss ball. On the desk, there are several architectural models, including a white building, a small tree, and a solar panel. A laptop is also visible on the desk. The scene is set in a modern office environment.

OUR PERFORMANCE AND MANAGEMENT DISCUSSION ANALYSIS

Our Performance and Management Discussion Analysis

The Economic Environment

The latest economic conditions remained challenging due to factors such as inflation and global slow down. At this junction, the economy seems to cope with the shocks. The latest indications show that the Mauritian economy growth rate was around 7%. Different sectors of the economy have shown good momentum and there was a high degree of optimism namely in the construction industry which grew by 18.1%, the manufacturing industry grew by 3.9%, the financial sector grew by 4.4% and the growth rate in real estate stood at 2%.

Total investment in the economy grew by 30.9%, compared to 7.8% in 2022. FDI inflows for 2023 amounted to Rs 37 billion, exceeding the previous record of Rs 33.5 billion registered the year before. Exports of goods and services increased by Rs 30.8 billion in 2023 to reach Rs 347 billion. The unemployment rate as at end of 2023 stood at 6.1 %. Headline inflation stood at around 7%. Public sector debt stood at 78% of GDP at end of 2023.

Government in its last budget 2024/2025 continued to underscore a philosophy fostering resilience, inclusive growth and sustainable development. For the coming year, the challenges are even bigger. The aim is to build a strong economy by promoting a higher economic growth, more jobs, higher revenue, higher investment, higher foreign direct investment, and higher exports.

New measures earmarked are the introduction of an agri-voltaic

scheme, subsidies to promote solar energy, initiatives to restore coastlines, promote sustainable villages and the extension of the home ownership scheme.

Further to the implementation of new policies, the sectors that contributed most to support the economic activities are tourism, construction which continued their growth, the solid performance of the financial sector, growth in consumption, investment and net exports.

From a monetary policy perspective, the key rate remained unchanged at 30 June 2024 since December 2022. The interest rates on housing credits remained at an average to 5% to 6% over the current period. The stability in the key interest rate and financing encouraged further expansion in the construction of residential buildings with a growth rate of 24.3%.

The housing credit expanded by 18.4% annually although, high borrowing and construction costs persisted after the Covid period, the demand for residential property remained elevated and did not affect households' investments in residential projects. The demand for housing loans decelerated in the first half of 2023 and a pick-up was noted in the second half of the financial year.

*Source: Bom
Statistic Mauritius / Budget speech 2024/2025*



Our Performance and Management Discussion Analysis (Cont'd)

Overview

This current financial year has been a year of continuity for the Company. Despite a dynamic and often challenging environment, we have made significant advancement in areas such as customer experience, process improvement, products creation, sustainability, controls and financial performance. Our commitment to creativity, serviceability, customer orientation remained in the forefront of our objectives. These guided our actions and decisions throughout the year. Other focus was to consolidate our business environment, by increasing returns, reducing costs, increasing our asset base, improving non-performing assets ("NPA") and come with innovative products that suit our customer needs.

Enhancing customer experience remained a top priority. During the year, we implemented several new initiatives to improve the service delivery which includes electronic communication, analytics for personalized service and a streamlined complaint resolution process. To better serve our customers we also extended our services by relocating one of our branches with a view to enhance accessibility and convenience for our clients. This relocation aligns with our commitment.

During the year, we launched the Smart Pel account, a new product that provides extended facilities compared to the existing one. For loan clients, we launched the flood relief loan to assist individuals who have been victims due to recent flood which occurred in the country. We also enhanced most of our loan products such the eco loan and the diaspora loan which created momentum.

As regards liquidity and treasury management, we implemented a prudent approach to ensure good returns on our investments. All excess funds were properly and timely monitored including the maturity and symmetry of all assets and liabilities. We continued to

consolidate our deposit base, by promoting our deposit products while retaining sufficient liquid assets to meet unforeseen liquidity needs.

To further focus on the market, the marketing and communication department worked closely with our sales team with the main objectives to come with innovative products and be in line with the customers' expectations. We used several new channels to improve on our communication with the public at large. These actions largely contributed on achieving the sales objectives.

Investing in technology was crucial for our growth strategy. We have allocated substantial resources to upgrade our IT infrastructure, cybersecurity measures, data analytics and report generation capabilities. Our focus on digital transformation is aimed at improving efficiency, reducing costs, and delivering superior customer experiences. We will soon be embarking on a mobile platform where accessibility to account information will be a reality.

Apart from the business operations, we have focused a lot on the risk aspect and the applicability of guidelines and regulations during this current year. Where applicable, policies were updated to established additional control across the organisation. Lot of enhancement was also brought to consolidate the risk framework. Risks identification and implementing control has been done across the organisation. Efforts have been put for the categorisation of risk including their impact on our financials. Management is committed for a proper control and enhancing them with emerging measures. Additionally, the implementation of the Climate-related and Environmental Financial Risk Management and training program for AML/CFT are underway.

“ ENHANCING CUSTOMER EXPERIENCE REMAINED A TOP PRIORITY. DURING THE YEAR, WE IMPLEMENTED SEVERAL NEW INITIATIVES TO IMPROVE THE SERVICE DELIVERY...



Our Performance and Management Discussion Analysis (Cont'd)

Financial Review

Performance Against Objectives

To maintain growth several objectives were set. The aim was to improve and consolidate key areas and be in line with the Company's mission. The focus was to increase revenue, contain

costs, reduce NPA, increase the deposit base, implement cost savings measures, increase returns to shareholders and improve efficiency.

The table below gives a comparison between objectives set and actual results.

Objectives	Budgeted 23/24	Achieved 23/24	Expected June 24/25
Gross Profit (Rs m)	157	163.1	195
Net Profit (Rs m)	132	136.7	159
NPA Level (%)	13	13.3	11.5
Cost to Income Ratio (%)	82	82.4	79
Total Assets Growth (Rs m)	13,062	13,138	14,136
Housing Loan Assets Growth (Rs m)	11,219	11,266	12,327

a) Gross profit was forecasted to Rs 157m; we have achieved Rs 163.1m, a positive performance of 3.88%.

b) Net profit was budgeted to Rs 132m; we have achieved an amount of Rs136.7m, a positive performance of Rs 4.7m.

c) The objective for non-performing loan was set to 13%; the ratio achieved stood at 13.3%.

d) Cost was contained as far as possible but due to committed cost,

a marginal increase was noted. Cost to income was set to be at 82%. Achieved ratio stood at 82.4% compared to the initial target. This was mainly due to revision in salary which was due since 2021.

e) Total assets grew to Rs 13,138m compared to budgeted amount of Rs 13,062m.

f) The loan portfolio was over achieved by 0.41% that is Rs 11,266m compared to the budgeted amount of Rs 11,219m.

Financial Analysis

(i) Summarised Income Statement

Items	30 June 2024 Rs m	30 June 2023 Rs m	30 June 2022 Rs m
Net interest income	429.90	337.90	261.50
Other income	128.00	109.20	114.30
Operating income	557.90	447.10	375.80
Non- interest expenses	(394.70)	(337.20)	(317.90)
Operating profit before impairment	163.20	109.90	57.90
Provision on other assets	2.20	(0.30)	(0.20)
Impairment provision	(38.00)	(6.50)	8.50
Profit on sale of foreclosed properties	9.50	0.50	7.40
Provision for loss on disposal- property development	-	(1.30)	-
Increase in fair value adjustment-investment properties	(0.20)	1.40	23.30
Profit for the year	136.70	103.70	96.90

Our Performance and Management Discussion Analysis (Cont'd)

Financial Analysis (Cont'd)

a) Revenue

Our gross revenue for the 12 months ended 30 June 2024 stood at Rs 930.5m compared to June 2023 which amounted to Rs 737.2m. Gross revenue rose by 26.2% compared to the corresponding period. The improved performance is mainly attributable to interest income on our loan business, interest on deposits and other fee income relating to our core business.

b) Other Income

Other income grew by 17.2%, amounting to Rs 127.9m for the year ended 30 June 2024 compared to Rs 109.2m for 2023. This was driven by the main loan business items consisting of fees and commission income, policy fees and other income.

c) Expenses

Other income grew by 17.2%, amounting to Rs 127.9m for the year ended 30 June 2024 compared to Rs 109.2m for 2023. This was driven by the main loan business items consisting of fees and commission income, policy fees and other income.

Interest Expense

Interest expense amounted to Rs 372.6m for the year ended 30 June 2024 as compared to Rs 290.0m for 2023. Interest expense represents interest payable on borrowings, savings, and term deposits accounts. The increase in interest is mainly due to the increase in deposits and interest paid for borrowings in relation to loan contracted for Residence Clos Verger project.

Non-interest Expense

Non-interest expense amounted to Rs 394.7m for the year ended 30 June 2024 compared to Rs 337.2m for 2023, that is an increase of 17.0%. Cost was contained as far as possible but some fixed costs increased during the year as well as operating costs. The depreciation charge increased slightly by 5.5% in due to additions in our fixed assets. The recurrent expenses increased due to increase general maintenance due to rise in prices of materials and software costs. The personnel expenses stood at Rs 232.2m compared to Rs 191.6m; a net increase of Rs 40.5m. The increase in personnel expenses is mainly due to revision exercise in salary which also included back pay payment from July 2021.

d) Cost Ratios

The total cost stood at Rs 767.4m at June 2024 compared Rs 627.2m at June 2023. Total cost consists of two major elements that is interest cost amounting to Rs 394.7 and operating expenses amounting to Rs 394.7m. Total cost increased by 22.3% due to increase in business activities.

Cost to income ratio stood at 85.0% as at June 2023 and for the current year at June 2024 the cost to income has decreased to 82.4%. The cost to income ratio has improved by 2.6%. Non-interest expense to total income ratio stood at 42.3% compared to 53.7% for 30 June 2023. Personnel expenses to total operating expenses stood at 58.8% at June 2024 compared to 56.8% at June 2023.

e) Other items affecting the income statement

The Company made provision against its financial assets including loans and investment in deposits as required by IFRS 9 and Bank of Mauritius guidelines. For the year ended 30 June 2024, an additional provision of Rs 38.0m has been provided compared to Rs 6.5m in June 2023. The additional impairment provision was mainly due to credits classification and changes in economic conditions. There has been an increase in prudential provision due to increase in new loans granted to customers.

Foreclosed properties where legal all issues were cleared were put for sale. A net gain of Rs 9.5m has been realised following disposal. The sale of the Le Hochet project (phase 1) was also completed except for one property. Additionally, our investment properties maintained its fair value compared to last year.

Our operating profit grew by 48.4% that is from Rs 109.9m for June 2023 to Rs 163.2m in June 2024. This performance is the result of continuous growth in the sales volume, improved fee income, our product development strategies in line with the market demand, increase in return on investment, improvement in the recovery process for default cases and the cost containment strategies put forward.

Our net profit for June 2024 stood at Rs 136.7m compared to Rs103.7m for 30 June 2023. Our net profit has improved by 31.8% after accounting for some exceptional items such as impairment for non-performing accounts and gain on sales of foreclosed properties.

The earnings per share for the year under review increased to Rs 6.84 compared to Rs 5.19 for 30 June 2023. The return on capital employed was 1.50% as at 30 June 2024 whilst as at 30 June 2023 it stood at 1.32%.

Our Performance and Management Discussion Analysis (Cont'd)

Financial Analysis (Cont'd)

(ii) Assets and liabilities at 30 June 2024

Items	June 2024 Rs m	Jun 2023 Rs m	Jun 2022 Rs m
Cash & cash equivalents	327.70	148.10	373.30
Treasury deposits	1325.00	2,275.00	1,375.00
Property development	207.50	120.60	136.40
Loan to customers	10,396.70	9,641.00	9069.20
Investment property	106.90	153.00	151.60
Investment in subsidiary	25.00	25.00	-
Property & equipment	550.80	504.60	549.20
Intangible assets	96.90	115.40	132.30
Other assets	57.70	18.30	26.90
Asset held for sale	44.70	53.10	57.00
Total Assets	13,138.90	13,054.10	11,870.90
Equity	3,479.30	3,483.70	3,471.60
Savings & deposits	8,232.40	8,334.70	7,450.10
Borrowings	499.60	515.20	324.80
Insurance funds	136.90	123.90	123.90
Other payables	790.70	596.60	500.50
Total Equity & Liabilities	13,138.90	13,054.10	11,870.90

Our total assets increased by 9.9% from Rs 13.05bn in June 2023 to Rs 13.13bn in June 2024. For the year under review, loan business and raising of deposits were the two main objectives. We reviewed several of our existing products to be in line with the market. The introduction of the new Smart PEL Deposits was done during the current year which now provide enhanced facilities. Our philosophy to enhance the customers' experience was high in our agenda. The loan approval process was revisited. To this end our product and services were geared to provide high level of services.

Cash Flow Position

The Company is sufficiently liquid to cater for all cash requirements whether for the short-term or long-term. At 30 June 2024, cash in hand and at bank balances amounted to Rs 1,625.7m compared to Rs 2,423.1m as at 30 June 2023. A sum of Rs 327.7m at 30 June 2024 stood as a working capital whilst Rs 1,325.0m of the total funds were judiciously placed in fixed deposits and treasury bills in order to secure a good return. This amount was also used as our compliance requirements for deposits held. Repayment from loans, fee income and deposits mainly contributed to meet all commitments as regards to business activities such as grant of credits and operational activities. For the year under review, we opted for funding facilities namely from deposits from individuals, corporate and the senior citizen groups.

Our Performance and Management Discussion Analysis (Cont'd)

Financial Analysis (Cont'd)

Loans to Customers

Gross loans to customers increased by 7.5% to reach Rs 11,266.7m at 30 June 2024 as compared to Rs 10,476.7m at 30 June 2023. Net amount after impairment stood at Rs 10,396.6m as compared to Rs 9,641.0m as at 30 June 2023.

This performance was driven by granting of loans to individuals mostly for construction, renovation, and purchase of properties. Despite a very competitive environment we were able to grant loans at competitive rates. Our mixed portfolio such as normal housing loans, flexi loan products, the diaspora schemes and the senior citizen scheme were the preferred products for our customers. The introduction of the Eco Loan Scheme at start of the year also had some positive impact.

(i) Impairment on Financial Assets

Our philosophy to help customers who have financial constraints remained the top most priority. With the recent changes in the system our credit underwriting, methodology was enhanced to approve quality loans. This resulted to lesser new default cases. Year by year we have noted a decrease in the number of our non-performing loans. We provided continued support to customers who were in difficult financial difficulties. Clients who were facing financial difficulties to service their loans were able to benefit from our restructuring solutions.

For the current year, our impaired loans stood at Rs 1,495.8m compared to Rs 1,505m mainly due to increase in interest accrued following non-payment of contractual instalments. The overall non-performing loan ratio stood at 13.3% compared to 14.3% for the year ended 30 June 2023. The coverage ratio for the period stood at 53% compared to 50%.

The Company ensures that adequate provision is made in line with the guideline issued by the Bank of Mauritius and IFRS 9 – Financial Instruments. Total provision for non-performing loans stood at Rs 792.3m as at 30 June 2024. The debt coverage ratio stood at 53% at June 2024.

(ii) Portfolio Provision

In addition to the provisions on impaired loan, the Company provides for a prudential portfolio provision on non-impaired loans based on the micro and macro-economic indicators and the 12-month expected credit losses. The prudential portfolio provision stood at Rs 77.1m as at 30 June 2024 as compared to Rs 80.8m as at 30 June 2023.

Investment Property

In addition to the provisions on impaired loan, the Company provides for a prudential portfolio provision on non-impaired loans based on the micro and macro-economic indicators and the 12-month expected credit losses. The prudential portfolio provision stood at Rs 77.1m as at 30 June 2024 as compared to Rs 80.8m as at 30 June 2023.

- a) Investment properties decreased from Rs 153.0m (June 2023) to Rs 106m (June 2024) mainly due to part of the head office building previously rented were transferred to property plant and equipment as it is planned to convert it into office space. The investment property was revalued as per the Company's policy.
- b) In prior year, the Company incorporated a new subsidiary, namely MHC Properties Ltd, to cater for the development of projects. The subsidiary is 100% owned with a stated capital of Rs 25m. As at date, no transfer of assets has been affected and the operation has not yet started.

Intangible Assets

Intangible assets mainly relate to the implementation of the Core Banking System which went live in November 2019. As at 30 June 2024, new additions for the upgrading of the system and part payment for the implementation of Mobile Banking was effected. The total intangible assets stood at Rs 96.9m at 30 June 2024 compared to Rs 115.4m at 30 June 2023 net of depreciation.

Other Assets

Other assets increased from Rs 18.3m in June 2023 to Rs 57.6m as at 30 June 2024 due to the increase in interest receivable on treasury deposits and savings accounts. The other main items included under other assets at 30 June 2024 are staff loans, receivable for rent, prepayments, fixed charges fees paid on behalf of customers and part payment on accounts for fixed assets.

Our Performance and Management Discussion Analysis (Cont'd)

Financial Review (Cont'd)

Property Development

Items under property development mainly consist of the Le Hochet project phase 2 relating to infrastructure cost, one housing unit in phase 1 of the project and investment for the new project at Residence Clos Verger. As at 30 June 2024 the balance stood at Rs 207.5m compared to Rs 120.5m at June 2023.

Deposits

(i) PEL/JPS

PEL deposits increased by 10.4%, that is, from Rs 1,964.0m in June 2023 to Rs 2,169.3m in June 2024. The new smart Pel was introduced in December 2023 with enhanced features in replacement of the initial PEL savings account. The new savings account remains a prerequisite to avail of a loan since it inculcates customers to save for the future in view to constitute a capital and to use the amount saved for the construction.

(ii) Housing Deposit Certificate (HDC)

The HDC decreased by 4.8% as at 30 June 2024 to reach Rs 6,063.0m compared to Rs 6,370.6m in June 2023. The decrease in HDC was mainly one major deposit reaching maturity and which was not renewed. The HDC product remains one of the main sources of funding for our operation and remains one of the competitive products in the market.

Borrowings

Borrowings decreased from Rs515.0m as at June 2023 to Rs 499.5m as at June 2024. No loans were contracted during the year and the decrease was mainly due to repayment of instalments.

Retirement Benefits Obligations

The fund obligations increased by 28.3% from to Rs 500.4m in June 2023 to Rs 642.5m in June 2024. This increase is mainly due to the new salary increase and commitment over the long term. Consequently, the Company has taken measures to reduce the obligation over the next seven years.

Equity

Total equity decreased by 0.12% to reach Rs 3,479.3m as compared to Rs 3,483.7m as at 30 June 2023. Asum of Rs 17.2m has been transferred from life insurance reserve further to the adequacy of the fund capital and obligation as per statutory requirements. Additionally, an amount of Rs 113.4m was charged to other comprehensive income following the actuarial report for the re-measurement of the post-employment benefit obligation. Further to these adjustments the retained earnings increased from Rs 2,182.3 to Rs 2,195.2m.

Return on shareholders' fund stood at 4.20% in June 2024 as compared to 3.20% in June 2023. The increase in return is mainly attributable to the increase in profits.

Capital Adequacy

Capital Adequacy Ratio measures the percentage of a financial institution's capital to its risk weighted assets. Capital is split into two tiers when computing the capital adequacy:

- i. Tier 1 refers to core capital, the sum of paid of share capital, statutory reserves, and revenue reserves; and
- ii. Tier 2 refers to lesser quality components to absorb losses and includes undisclosed reserves, revaluation reserves, general banking reserves, portfolio provisions and subordinated long-term debt. Risk-weighted assets are determined by applying prescribed risk weightings to and off-balance sheet exposures according to relative credit risk of the counterparty.

The minimum capital adequacy requirement by the Bank of Mauritius is at 10%. Capital Adequacy Ratio as at 30 June 2024 stood to 35%.

Risk Management Policies and Controls

MHC has a Risk Management Committee which is responsible in setting up risk strategies to assess and monitor the risk management process at MHC and it also has the responsibility for advising the Board of Directors on MHC's overall current and future risk appetite, overseeing management's implementation of the risk appetite framework and reporting on the state of risk culture of MHC.

The Corporate Governance Report provides further details on the risk policies at MHC.

Our Performance and Management Discussion Analysis (Cont'd)

Financial Review (Cont'd)

Concentration of Risk Policies

MHC follows the principles described in the Bank of Mauritius Guideline on Credit Concentration Risk regarding its exposure to credit risk. The Asset and Liability Committee (ALCO) monitors the risk concentration. Further details are provided in the Corporate Governance Report.

Related Party Transactions, Policies and Practices

The Company follows the principles described in the Bank of Mauritius Guideline on Related Party Transactions and IAS 24 – Related Party Disclosures for all transactions and balances with related parties. Note 32 to the financial statements provides details on related parties transactions and balances. MHC has also adopted a new Related Party Transaction Policy on 29 June 2022.

Statement of Corporate Governance Policies

MHC has a Corporate Governance Committee in place and which is headed by a chairperson. The responsibilities of the Committee are to:

- Provide expertise in the areas of corporate governance;
- Ensure that the Board of Directors is up to the standard with the Code of Corporate Governance; and
- Report on its deliberations to the Board of Directors.

The Corporate Governance Report provides further details on the corporate governance policies followed by MHC.

Outlook

As we look to the future, we remain optimistic and resolute in our strategic direction. Our focus will continue to be on driving innovation, enhancing operational efficiency, and expanding our market presence. We are dedicated to fostering a culture of excellence and integrity, ensuring that we remain a trusted financial institution for years to come.

With the current economic environment and fluctuating interest rates, customers normally shop around before contracting new-credits. They have priority towards their expenditure. We will try to remain in the forefront in helping many individuals to undergo for a residential project. Our objective for the next financial year is based on granting more loans and raising deposits. We expect to increase our asset base by 8.2% and increase our profit by 20%. We also expect to increase our earnings per share by more than 7%. Among our objectives for 2024/2025 we will continue to:

- a) Develop our customised products to market trend.
- b) Explore the possibility for new market segments.
- c) Bring growth in the main asset (loan portfolio), as well as savings and deposits.
- d) Reduce non-performing assets by adopting new strategies for recovery.
- e) Continue with cost containment strategies.
- f) Improve on customer service and go digital.

The mobile banking is planned for launch this financial year. This will reinforce the operational capabilities as well as adopting technology-based practices. The continuous review of processes and procedures will be a priority to offer a better-quality service to our customers. It will serve as the differentiating factor to acquire new business as well as retain existing customers.

The project at residence Clos Verger, Rose-Hill is expected to be completed and sales completed before the end of the next financial year. We expect to grow even further to the satisfaction of all our stakeholders.

Cautionary Note on Forward-Looking Statement

The MDA includes forward-looking statements and there are risks that forecasts, projections and assumptions contained therein may not materialize and that actual results may vary materially from the plans and expectations. MHC has no plans to update any forward-looking statements periodically and therefore users are advised not to place any undue reliance on such forecasts.



CORPORATE GOVERNANCE

Corporate Governance

Mauritius Housing Company Ltd, the “Company”, or “MHC”, has always been committed to observing high standards of corporate governance, promoting corporate transparency and enhancing shareholders’ value.

This Corporate Governance Report sets out how the Company has applied the principles contained in the National Code of Corporate Governance (2016) (“the Code”) and provides explanations for any deviation/non-compliance. This report takes into account the requirements under the Guideline on Corporate Governance issued by the Bank of Mauritius.

The Company is also considered as a Public Interest Entity (“PIE”) in accordance with the Financial Reporting Act 2004.

Principle 1 - Governance Structure

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

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. 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 approved most of the key guiding documents and policies.

The following governance documents, as approved by the Board, are published on the Company’s website:

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

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 executive team. The Chairperson of the Board and the executive team meet regularly. The Chairperson of the Board presides over the meetings of shareholders.

Duties of the Chairperson of the Board

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

- | | |
|---|--|
| <ul style="list-style-type: none"> (a) The Board fulfills its duties; (b) Board members, when appointed, participate in an induction program and, if needed, in supplementary training programs; (c) Members receive all the information necessary for them to perform their duties; (d) The agenda of Board meetings are determined; (e) The Board meetings are chaired in an effective manner; (f) The Board has sufficient time for deliberation and decision-making; (g) Participation of each director in discussions and Board matters; (h) Minutes of Board and Committee meetings are properly recorded and stored; | <ul style="list-style-type: none"> (i) The committees function properly; (j) Consultations are held with external advisors appointed by the Board; (k) The performance of Board members is evaluated regularly; (l) Problems related to the performance of individual Board members are addressed; (m) Internal disputes and conflicts of interest concerning individual Board members, including the possible resignation of such members as a result thereof, are addressed; (n) The Board has proper contact with the executive team; and (o) For each financial period, the compliance statement is submitted to the Bank of Mauritius. |
|---|--|

Corporate Governance (Cont'd)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Key Governance Positions (Cont'd)

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.

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.

Following the adoption of the Related Party Transaction Policy on 29 June 2022, the Corporate Governance Committee also considers and approves transactions other than the following which are approved by the Board:

- | | |
|--|---|
| <ul style="list-style-type: none"> (a) The terms and conditions for credit facilities to the staff members under the terms and conditions of their employment contracts; (b) Credit facilities to staff which are not in line with the terms and conditions as approved by the Board under (a) above; (c) Credit exposures to related parties where the aggregate credit exposure to any single related party and/or its group of connected counterparties exceeds 2 per cent of the Tier 1 | <ul style="list-style-type: none"> capital of MHC or MUR 500 million, whichever is lower; (d) Any other transaction with related parties where the aggregate amount due by/to any single related party and/or its group of connected counterparties exceed 2 per cent of the Tier 1 capital of MHC or MUR 500 million, whichever is lower; and (e) All related party transactions posing special risks to MHC. |
|--|---|

Corporate Governance (Cont'd)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Key Governance Positions (Cont'd)

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 subsidiary will take over all the activities of the Real Estate Development Monitoring Committee and the latter will be dissolved accordingly.

However, as of date, the real estate assets of MHC have not yet been transferred to MHC Properties Ltd. Hence, the Real Estate Development Monitoring Committee will continue operations until finalisation of the transfer of undertakings.

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.

Other Key Governance Positions

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.

Corporate Governance (Cont'd)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Other Key Governance Positions (Cont'd)

Senior Management Team

MHC has more than 10 suitably qualified full-time officers to operate and its annual operating costs are in excess of Rs 25M.

Name	Position	Qualifications	Date Joined
Mr Anand Babbea	Managing Director (From 01 May 2020 to 30 April 2022 and re-appointed on 24 May 2022)	Bachelor Degree with Honours in Financial Services and a Masters in Business Administration from the University of Mauritius	01 May 2020
Mr Rajeev Abeeluck	Head (Technical)	Bachelor Degree and Post- Graduate Diploma in Architecture from the University of Natal in Durban, South Africa and is registered with the Professional Architects' Council of Mauritius (1995)	02 Jul 2001
Mr Ravindranath Ramdhan	Head (Information and Communication Technology) and Money Laundering Reporting Officer (MLRO)	Degree in Computer Applications (2007) and a Masters in Business Administration in Information System (2009) from the University of Technology, Mauritius	10 Aug 2020
Mr Surendra Puhooloo	Acting Head (Finance)	ACCA Graduate (1996), ACCA Member (1997) and Fellow ACCA (2002)	02 Jul 1990
Mr Rakeshsing Boojhawon	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 Ashvina Kalapnauth-Rajcoomar	Manager (Corporate Services)	Bachelor Degree of Science with Honours in Human Resource Management (2006) and a Masters in Business Administration in Human Resource Management (2011) from the University of Technology, Mauritius	30 Jul 2003
Mr Sheik Muhammad Shakeel Maudarun	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 Iswarduth Heera	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 Rajamanee Pyneandee	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 Richard Robert Quirin	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
Mrs Hemantee Ramkhelawon	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 Jayantee Seesurn	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
Officers who ceased to hold office during the year			
Mr Rama Krishna Mudaliar	Internal Auditor (Retired on 22 January 2024)	FCCA	01 Jun 1992

Corporate Governance (Cont'd)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Other Key Governance Positions (Cont'd)

Senior Management Profile

Mr Anand BABBEA MANAGING DIRECTOR

Mr Anand BABBEA is 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. 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.

Mr Rajeev ABEELUCK HEAD (TECHNICAL)

Mr Rajeev ABEELUCK joined MHC as an Architect on 02 July 2001 before being appointed as Head of 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 HEAD (INFORMATION AND COMMUNICATION TECHNOLOGY) AND MONEY LAUNDERING REPORTING OFFICER (MLRO)

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

Mr Surendra PUHOLOO ACTING HEAD (FINANCE)

Mr Surendra PUHOLOO joined MHC on 02 July 1990 and occupies the post of Senior Accountant in a substantive capacity. He is presently the Acting Head (Finance) since 02 February 2023. He was admitted as an Associate of the Association of Chartered Certified Accountants in December 1997 and Fellow Member in December 2002.

Mr Rakeshsing BOOJHAWON INTERNAL AUDITOR (AS FROM 15 APRIL 2024) ACTING MANAGER (RISK AND COMPLIANCE) (UP TO 14 APRIL 2024)

Mr Rakeshsing BOOJHAWON joined MHC 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.

Mrs Ashvina KALAPNAUTH-RAJCOOMAR MANAGER (CORPORATE SERVICES)

Mrs Ashvina KALAPNAUTH-RAJCOOMAR joined MHC 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.

Corporate Governance (Cont'd)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Other Key Governance Positions (Cont'd)

Senior Management Profile (Cont'd)

Mr Sheik Muhammad Shakeel MAUDARUN
MANAGER (OPERATIONS)

Mr Sheik Muhammad Shakeel MAUDARUN joined the Company on 08 March 1992 and 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 in Business Administration (2016) from Heriot-Watt University.

Mr Iswarduth HEERA
MANAGER (MARKETING AND COMMUNICATION)

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 Rajamanee PYNEEANDÉE
MANAGER (COMMERCIAL)

Mrs Rajamanee PYNEEANDÉE joined the Company on 01 December 1992. She is presently employed as Manager (Commercial). She holds a degree of Bachelor of Science with Honours in Business Management (2012) and a Masters of Science in Finance (2021), both from the University of Mauritius.

Mr Robert Richard QUIRIN
MANAGER (RECOVERY)

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 (2002) from Napier University and an MSc in Banking and Finance (2008) from the University of Technology, Mauritius.

Mrs Hemantee RAMKHELAWON
MANAGER (CREDIT SERVICES)

Mrs Hemantee RAMKHELAWON joined the Company on 17 February 1992 and is presently employed as 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 the Open University of Mauritius.

Mrs Jayantee SEESURN
MANAGER (CREDIT UNDERWRITING)

Mrs Jayantee SEESURN joined the Company on 14 May 1985 and is presently employed as Manager (Credit Underwriting). Mrs Seesurn 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.

Officer who ceased to hold office during the year under review

Mr Rama Krishna MUDALIAR
INTERNAL AUDITOR
(RETIRED ON 22 JANUARY 2024)

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.

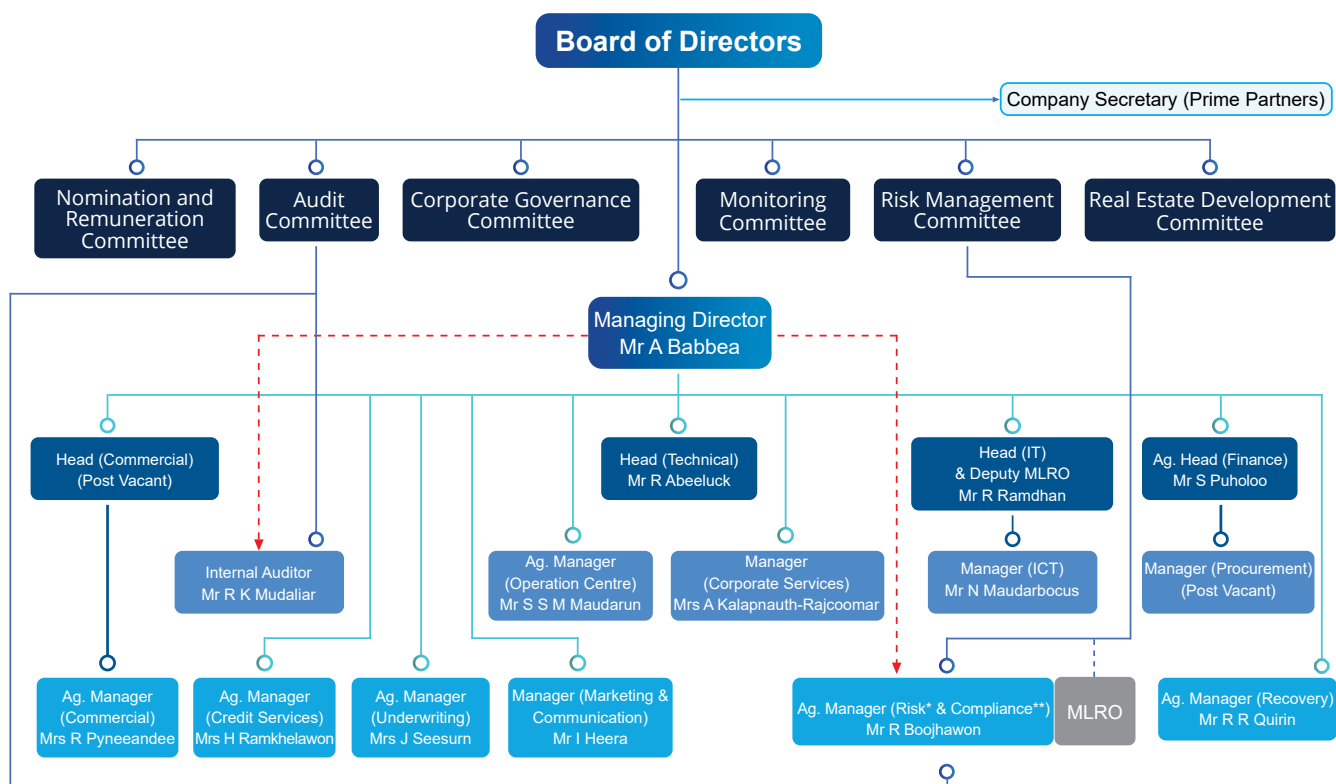
Corporate Governance (Cont'd)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

Organisation Chart

The current organisational chart of the Company is as follows:

MHC Organizational Chart



*The Risk function reports to the Risk Management Committee

**The Compliance function reports to the Audit Committee

Corporate Governance (Cont'd)

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."

The Constitution of the Company provides for a minimum of five (5) and a maximum of nine (9) Directors. The Board is unitary and currently consists of nine (9) directors, categorised as follows:



The Board is responsible for the stewardship of MHC, overseeing its strategy, conduct and affairs. The directors of MHC as at 30 June 2024 were:

Director Name	Role	Category
Me Rashad Racheed Daureeawoo (appointed on 06 February 2020)	Chairperson	Independent
Mr Anand Babbea (appointed on 01 May 2020 to 30 April 2022 and re-appointed on 24 May 2022)	Managing Director	Executive
Mr Mohummad Shamad Ayoob Saab (appointed on 02 March 2021)	Director	Non-Executive
Mrs Marie Veronique Doriana Letandrie (appointed on 30 November 2020)	Director	Independent
Ms Maheswaree Naraini Madhub (appointed on 09 November 2023)	Director	Non-Executive
Mr Mahomed Reshad Monaff (appointed on 09 November 2023)	Director	Independent
Mr Sarwansingh Purmessur (appointed on 30 November 2020)	Director	Non-Executive
Mrs Subashini Rama (appointed on 09 November 2023)	Director	Non-Executive
Mr Khulwant Kumar Ubheeram (appointed on 30 November 2020)	Director	Independent
<i>Directors who ceased to hold office during the year under consideration</i>		
Mrs Bhooneshwari Kissoon-Luckputtya (appointed on 16 June 2023 and resigned on 27 July 2023)	Director	Non-Executive

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.

Corporate Governance (Cont'd)

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

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 and Administration. The Board of Directors affirms that four out of the nine directors did not have any relationship (other than as per normal terms and conditions as members) with MHC during the year under review. The other four directors represent the shareholders 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 2023, the Board members of MHC were re-appointed by the shareholders and they did not consider it appropriate to appoint a second Executive Director on the Board of the Company. The Managing Director was the only executive director on the Board at year end.

The Board affirms that a sufficient number of directors do not have a relationship with the Organisation and major Shareholders.

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, 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 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. Additionally, 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. Presently the Board consists of an independent Chairperson, namely Me R. R. Daureeawoo and three independent directors namely Mrs M. V. D. Letandrie, Mr M. R. Monaff and Mr K. K. Ubheeram.

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 attaining goals and objectives, monitor the reporting of performance and meet and/or hold discussion regularly without the presence of management.

Corporate Governance (Cont'd)

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

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.

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 eight (8) times during the financial year ended 30 June 2024.

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.

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.

Corporate Governance (Cont'd)

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
Me Rashad Racheed Daureeawoo	Independent Chairperson	8/8	4/4	-	-	-	-	-
Mr Anand Babbea	Executive	8/8	-	1/1	-	-	-	-
Mr Mohummad Shamad Ayoob Saab	Non-Executive	8/8	-	-	3/3*	1/1	-	Nil
Mrs Marie Veronique Doriana Letandrie	Independent	5/8	4/7	-	-	-	4/4	-
Ms Maheswaree Naraini Madhub	Non-Executive	4/5	-	1/1	-	-	-	Nil
Mr Mahomed Reshad Monaff	Independent	3/5	3/3	-	-	-	1/2	-
Mr Sarwansingh Purmessur	Non-Executive	4/8	-	0/1	3/3	1/1	1/2	-
Mrs Subashini Rama	Non-Executive	4/5	-	-	2/2	-	1/2	Nil
Mr Khulwant Kumar Ubheeram	Independent	8/8	7/7	1/1	1/1	1/1	4/4	-

Director who ceased to hold office during the year under consideration

Mrs Bhooneshwari Kissoon-Luckputtya	Non-Executive	Nil	-	-	-	--	-	-
-------------------------------------	---------------	-----	---	---	---	----	---	---

*Mr M. S. Ayoob Saab was appointed as Chairperson of the Nomination and Remuneration Committee on 31 May 2024 and he attended one meeting. Upon the reconstitution of the Board, Mrs S. Rama took over the Chairmanship of the Nomination Committee with effect from 28 November 2023. Mr M. S. Ayoob Saab thereafter attended two (2) meetings of the Committee as Member.

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:



Audit Committee



Risk Management Committee



Nomination and Remuneration Committee



Corporate Governance Committee

The following committees were also set up:



Real Estate Development Monitoring Committee



Monitoring Committee

Corporate Governance (Cont'd)

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

Board Committees (Cont'd)

The objectives of these Committees are as follows:

- To bring focus and appropriate expertise and specialisation 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. 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;
- 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.

Corporate Governance (Cont'd)

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

Audit Committee (Cont'd)

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 seven (7) 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.

Mr K. K. Ubheeram is the current Chairperson of the Audit Committee.

Members and attendance during the year under review:

Members	Role	Attendance
Mr K. K. Ubheeram (appointed as Chairperson on 16 December 2020)	Chairperson	7/7
Mrs M.V.D. Letandrie (appointed as Member on 16 December 2020)	Member	4/7
Mr M. R. Monaff (appointed as Member on 28 November 2023)	Member	3/3
Member who ceased to hold office during the year		
Me R. R. Daureeawoo (appointed on 10 May 2023 up to 28 November 2023)**	Member	4/4

* The Internal Auditor and the Assigned Risk and Compliance Officer (whenever compliance reports are considered) attend the Audit Committee.

** Taking into consideration that there were only three Independent Directors (including the Chairman) on Board of MHC, the Bank of Mauritius, by way of letter dated 10 May 2023 had recommended that Me R.R. Daureeawoo (Independent Board Chairman) be appointed as member (not chair) of the Audit Committee for a period of six (6) months, pending the appointment of a new Independent Director. Following the reconstitution of the Board on 09 November 2023, Mr M. R. Monaff was appointed as Member of the Audit Committee in replacement of Me. R. R. Daureeawoo on 28 November 2023.

Corporate Governance (Cont'd)

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



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:

- Identification of principal risks, including those relating to credit, market, liquidity, operational, compliance and reputation of MHC, and actions to mitigate the risks;
- 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 Risk and Compliance Manager;
- Ensuring independence of the Risk and Compliance Manager from operational management without any requirement to generate revenues;
- Requirement of the Risk and Compliance Manager 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;
- Receive from senior officers' periodic reports on risk exposures and activities to manage risks; and
- Formulate and make recommendations to the Board on risk management issues.

Ms M. N. Madhub is the current Chairperson of the Risk Management Committee.

Taking into consideration the lengthy process for the reconstitution of committees following resignation of former members, the Risk Management Committee met once during the year under review to consider risks faced by MHC.

Members and attendance during the year under review:

Members	Role	Attendance
Ms M. N. Madhub (appointed as Chairperson on 28 November 2023)	Chairperson	1/1
Mr A. Babbea	Member	1/1
Mr S. Purmessur	Member	0/1
Mr K. K. Ubheeram	Member	1/1

Corporate Governance (Cont'd)

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



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 three (3) times during the year under review to consider staff matters.

Members and attendance during the year under review:

Members	Role	Attendance
Mrs S. Rama (appointed as Chairperson on 28 November 2023)	Chairperson	2/2
Mr M. S. Ayoob Saab (Chairperson up to 28 November 2023)	Chairperson	1/1
	Member	2/2
Mr S. Purmessur	Member	3/3
Member who ceased to hold office during the year under consideration		
Mr K. Ubheeram (up to 28 November 2023)	Member	1/1

Corporate Governance (Cont'd)

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS 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 once during the year under review to consider the compliance requirements of the Code.

Members and attendance during the year under review:

Members	Role	Attendance
Mr S. Purmessur (as Chairperson from 16 December 2020)	Chairperson	1/1
Mr M. S. Ayoob Saab (as Member from 16 December 2020)	Member	1/1
Ms M. N. Madhub (as Member from 28 November 2023)	Member	N/A
Member who ceased to hold office during the year under review		
Mr K. K. Ubheeram (up to 28 November 2023)	Member	1/1

Corporate Governance (Cont'd)

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



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.

Members and attendance during the year under review:

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
Member 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 four (4) times during the year.

Members and attendance during the year under review:

Members	Role	Attendance
Mr K. K. Ubheeram	Chairperson	4/4
Mrs M. V. Doriana Letandrie	Member	4/4
Mr M. R. Monaff (appointed on 28 November 2023)	Member	1/2
Mrs S. Rama (appointed on 28 November 2023)	Member	1/2
Member who ceased to hold office during the year under review		
Mr S. Purmessur (up to 28 November 2023)	Member	1/2

Corporate Governance (Cont'd)

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

Directors' Profile

Me Rashad Racheed DAUREEAWOO INDEPENDENT CHAIRPERSON

Me Rashad Racheed Daureeawoo, Independent Chairperson of MHC, 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).

Mr Mohummad Shamad AYOOB SAAB NON-EXECUTIVE DIRECTOR

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.

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

Mrs Marie Veronique Doriana LETANDRIE INDEPENDENT DIRECTOR

Mrs Marie Veronique Doriana Letandrie 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.

Mrs V. Letandrie has been appointed as an Independent Director of the Mauritius Housing Company Ltd since November 2020.

Ms Maheswaree Naraini MADHUB NON-EXECUTIVE DIRECTOR

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.

Ms Maheswaree Naraini Madhub 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.

Corporate Governance (Cont'd)

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

Directors' Profile (Cont'd)

Mr Mahomed Reshad MONAFF

INDEPENDENT DIRECTOR

Mr Mahomed Reshad Monaff 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 (Landscape). He is presently appointed as an Independent Director at the MHC.

Mr Sarwansingh PURMESSUR

NON-EXECUTIVE DIRECTOR

Mr Sarwansingh Purmessur, Non-Executive Director, holds the position of Acting Senior Chief Executive and is posted to the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. He has a very long career in the civil service, having served nearly 40 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 and the Ministry of National Infrastructure and Community Development, and the Ministry of Financial Services and Good Governance. 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.

Mrs Subashini RAMA

NON-EXECUTIVE

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 Khulwant Kumar UBHEERAM

INDEPENDENT DIRECTOR

Mr Khulwant Kumar Ubheeram 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.

In Mauritius, Mr Ubheeram is on the Board of Directors of several companies, providing expert advice on investment and risk management. Mr Ubheeram is an Independent Director of the Mauritius Housing Company Ltd and also the Chairperson of its Audit Committee. He also holds position as the CEO of the People's Turf PLC.

Corporate Governance (Cont'd)

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

Directors' Profile (Cont'd)

Director who ceased to hold office during the year under review.

Mrs Bhooneshwari KISSOON-LUCKPUTTYA NON-EXECUTIVE DIRECTOR

Mrs Bhooneshwari Kissoon-Luckputtya was the representative of the Ministry of Social Integration, Social Security and National Solidarity and National Solidarity (Social Security and National Solidarity Division) on the MHC's Board.

Mrs Bhooneshwari Kissoon-Luckputtya holds a Msc Public Sector Management from the University of Technology, Mauritius, MA in International Human Resource Management from the University of Greenwich, UK as well as a Diploma in Public Administration and Management from the University of Mauritius.

During her career, she occupied the posts of Assistant Permanent Secretary and Deputy Permanent Secretary prior to her appointment as Permanent Secretary. She has worked in several Ministries and has extensive experience in public sector management and has previously served on Boards of various State-Owned organisations.

She resigned as Director of MHC on 27 July 2023.

Directorship in other companies as at 30 June 2024

Director	Companies	Directorship Type (Executive/Non-Executive/Independent)
Mr Mohammad 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	Omnican 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 Oceanography Institute	Non-Executive Chairperson
	Cargo Handling Corporation Limited	Non-Executive Director
	Mauritius Shipping Corporation Limited	Non-Executive Director
Mr Khulwant Kumar UBHEERAM	Sport Data Feed Ltd	Non-Executive Director
	Integrity Sport Ltd	Non-Executive Director
	People's Turf PLC	Executive Director

Corporate Governance (Cont'd)

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 has reviewed the professional development and training of directors. An assessment of the Board and Sub Committees has been conducted on 25 June 2024. As a Non-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.

Induction

On appointment to the Board, all 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 circulated 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, Ms M. N. Madhub, Mr M. R. Monaff and Mrs S. Rama, newly designated directors on the Board, were provided with information about the Company and their responsibilities as directors. Thereafter a formal induction session was held on 15 June 2024.

Corporate Governance (Cont'd)

PRINCIPLE 3 - DIRECTORS' APPOINTMENT PROCEDURES (CONT'D)

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 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 are fully aware of their fiduciary duties as laid down in the Mauritius Companies Act 2001, the Banking Act 2004 and the Company's Constitution.

Code of Ethics

The Board has reviewed and approved its Code of Ethics on 31 July 2024. As for the staff of MHC, the Board has already approved 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.

Corporate Governance (Cont'd)

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

Information, IT and Information 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. New policies and procedures have been introduced in compliance with the Information Technology Infrastructure Library Governance Framework.

The main categories of IT policies are Information Security, Change Management, Data Backup, Batch Processing, Incident Handling, System Access and User Request. The policies have been reviewed and approved by the Board on 26 June 2023. 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.

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 and the outcome will be considered at the next Corporate Governance Committee. The appraisal focuses on the major governance issues relevant to the Board.

No independent Board/Committee evaluator was appointed.

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 18 August 2023, the shareholders have approved an increase of 5% in the Board and Committee fees for the Non-Executive Directors with effect from 01 January 2021. The Board, at its meeting held on 19 August 2023 approved new terms and conditions for the Managing Director with effect from 24 May 2022.

Corporate Governance (Cont'd)

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

Statement of Remuneration Philosophy (Cont'd)

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	1,200,000
Mr A. Babbea (appointed on 01 May 2020)*	Executive (Managing Director)	6,102,230
Mr M. S. Ayoob Saab (re-appointed on 02 March 2021)	Non-Executive Director/Chairperson	370,335
Mrs M.V.D. Letandrie (appointed on 20 November 2020)	Independent	374,125
Ms M. N. Madhub (appointed on 09 November 2023)	Non-Executive	208,250
Mr M. R. Monaff (appointed on 09 November 2023)	Independent	208,250
Mr S. Purmessur (appointed on 30 November 2020)	Non-Executive	371,500
Mrs S. Rama (appointed on 09 November 2023)	Non-Executive	216,125
Mr K.K. Ubheeram (appointed on 30 November 2020)	Independent	420,000
Remuneration paid to past Directors during the year under review		
Mrs B. Kissoon-Luckputtya (appointed on 16 June 2023 and resigned on 27 July 2023)	Non-Executive	37,500
Mr D. Khoosye (Directorship lapsed on 19 March 2023)**	Independent	40,016
Mr A.K. Hoolass (resigned on 14 January 2021)**	Non-Executive	524
Mr M.S.F. Joomun (resigned on 04 January 2021)**	Non-Executive	120
Dr D. Kawol (resigned on 29 March 2023)**	Non-Executive	27,774
Mr B. Boyramboli (resigned on 26 July 2021)**	Non-Executive	6,835
Dr D. Paligadu (resigned on 09 May 2023)**	Non-Executive	39,573

*As Managing Director of MHC, Mr A. Babbea earns a monthly salary. He is not paid additional fees as Member of the Board or Committee; and

**Former directors were paid backpay for the increase in director fees with effect from January 2021.

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.

Corporate Governance (Cont'd)

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

Since July 2021, MHC has implemented an Integrated Risk Management Framework, which is based on the COSO Enterprise Risk Management model, that is integrating strategy with performance. At MHC, risk management is defined as a planned and systematic approach effected by the Board, management and other personnel applied in strategy setting and across the enterprise. It is designed to identify potential events that may affect the Company and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the Company's objectives.

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.

Two methodologies, that is, Risk Self-Assessment Survey and Risk Control Self-Assessment were used by the Company to identify and analyse internal and external risks that might impact on the achievement of its objectives. MHC has classified the identified risks under five key areas within the risk universe, namely Strategic, Operational, Compliance, Reporting and Financial.

All risks identified during preliminary stages were assessed, prioritised as per their relevance, rated and mitigated using appropriate controls. The risks material to the business have been clearly described, referenced and related controls properly documented in the Company's Risk Register. To ensure achievement of the risk management objectives, MHC monitors the performance of the key risks indicators; exceptions are reported monthly to management and quarterly to the Risk Management Committee.

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.

Corporate Governance (Cont'd)

PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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 overleaf:

• 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.

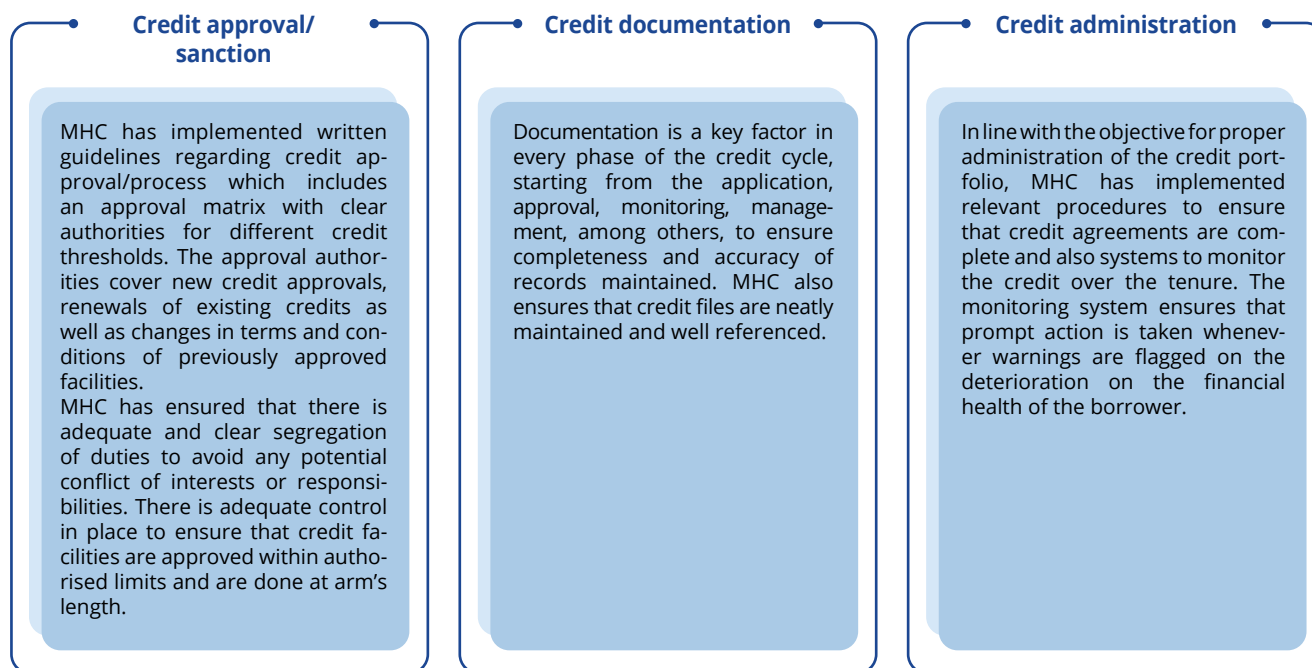
• Credit risk measurement •

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.

Corporate Governance (Cont'd)

PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Credit Risk Management (Cont'd)



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; it has been defined by the Basel Committee on Banking Supervision as 'the risk of loss resulting from inadequate or failed internal processes, people and system, and external events.'

MHC is aware that these threats may disrupt the business operations, as such MHC has established an Operational Risk Management Framework with objective of ensuring that operational risks are identified, monitored, managed and reported 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 risk: relates to incorrect or inappropriate decisions being made due to inaccurate accounting and other key business information; and
- Process risk: relates to operational risks that are embedded in the processes relating to the delivery of products and services to MHC's customers.

To ensure proper monitoring of these operational risks, the Board has delegated the authority for approval and oversight of the conduct of operational risk policy to the Risk Management Committee. In ensuring effective monitoring of operational risks, MHC has set up an Operational Risk Forum whose main objectives are the identification, assessment and measurement of operational risks. These are discussed at the forum and regular reports are submitted and discussed at the Risk Management Committee.

The Risk and Compliance unit coordinates the reporting activities and monitors actions with respective risk champions and owners.

Corporate Governance (Cont'd)

PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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.

Corporate Governance (Cont'd)

PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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 approved by the Board on 13 September 2023.

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.

Corporate Governance (Cont'd)

PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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. Changes in or new technological tools and systems are subject to proper authorisation, testing and documentation 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 to ensure that technological risks are properly managed and monitored.

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 (COSO). 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.

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.

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.

Corporate Governance

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.

Corporate Social Responsibility and Donations

In view of promoting MHC’s contribution to the society, the Company organised an event during December 2023 festive season, for around nine (9) underprivileged children of “Etoile du Berger” which is located at Chebel. It consisted of a lunch, refreshments and distribution of gifts for a total amount of Rs 25,000.

No political donation or other donation relating to political activities were made during the year under review.

Corporate Governance (Cont'd)

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

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) MHC has already replaced more than 90% of the existing fluorescent light (4x18W) fittings by recessed LED panels of 48W and LED tube lights (2ft and 4ft). Only a few fluorescent lights at head office (back offices) are operational and same will be replaced once expired.

b) All halogen spotlights of 50W were substituted by LED spotlights in the branches. MHC only has a few halogen spots at head office still functional. Same are being replaced upon expiration.

c) Faulty AC's units using R22 refrigerant that contain Ozone-Depleting Substances (ODS) have been replaced by ozone friendly AC's with R410 refrigerant in the branches and head office. MHC only has a few AC's with R22 operational at Curepipe and Flacq offices. As for Head Office, only some AC's on 2nd and 3rd floor use R22 whereas all remaining AC's for the whole building are of R410 usage. As and when faulty, MHC replaces the AC units with AC units of R410 refrigerant, be it at Head Office or branches.

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

In March 2023, the Central Electricity Board (CEB) has reopened the CEB Greenfield Renewable Energy Scheme for all Public Sector Entity. MHC wants 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.

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.

Corporate Governance (Cont'd)

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

Environmental Policy

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.

Corporate Governance (Cont'd)

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

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.

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.

Corporate Governance (Cont'd)

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

Material Clauses of the MHC's Constitution:

- ❶ To promote property development within the Republic of Mauritius on its own or in partnership or as agent or as shareholder of a company;
- ❷ To grant loans for the purchase of residential lands;
- ❸ To set up such housing savings scheme as would be appropriate;
- ❹ 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
- ❺ 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. Any departure has been disclosed, explained and quantified in the financial statements;
- 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 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.

Corporate Governance (Cont'd)

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. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company’s objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

The Board confirms that MHC has an independent Internal Audit function. The Internal Audit function is independently carried out by the Internal Auditor of MHC. The Internal Audit function was headed by Mr R. K. Mudaliar up to 19 January 2024, a professional accountant with central banking experience more specifically in supervision of banks and internal auditing. He also has wide exposure and experience in MHC’s activities having occupied all senior posts in the Company.

As from 15 April 2024, the Internal Audit function is headed by Mr R. Boojhawon, who is a professional accountant as well as a risk professional, with experience in financial reporting, risk management, compliance and internal auditing. He also has wide exposure and experience in MHC’s activities. The internal auditor is currently assisted by two officers.

The Internal Auditor reports directly to the Audit Committee and for administrative purpose to the Managing Director. The Internal Auditor has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by the Internal Auditor to the records, Management or employees of the organisation. All significant risk areas are covered by the internal audit. The internal audit plan is 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.

The Internal Auditor submits regular reports to the Audit Committee. The areas, systems and processes covered by the internal audit is risk-based and the following significant areas were covered:

- Interest computation;
- Bank reconciliation;
- Death and Disablement benefits;
- Housing loans sanctioning;
- Audit at branches;
- Review of the Institutional Risk Assessment and Internal Control System - AML/CFT;
- Petty cash and cash counts;
- Review of quarterly financial statements; and
- Performance metrics.

The following areas have been rolled over onto the workplan for the year 2024/2025:

- Marketing; and
- Foreclosed properties.

With regards to the cybersecurity risks, the assignment has been outsourced.

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

The Audit Committee reviewed the Financial Statements in the presence of External Auditors and Management.

Corporate Governance (Cont'd)

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 held on 06 December 2023. They are in office for the fifth period for the audit of the financial statements of the Company.

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 Grant Thornton was conducted in April 2019 for a period of 5 years, renewable annually.

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.

Grant Thornton is of relevant size and has the required experience and resources to undertake the audit of the financial statements of the Company. The external audit firm and the audit partner are licensed by the Financial Reporting Council and their appointment was approved by the Bank of Mauritius. The quality processes of Grant Thornton 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.

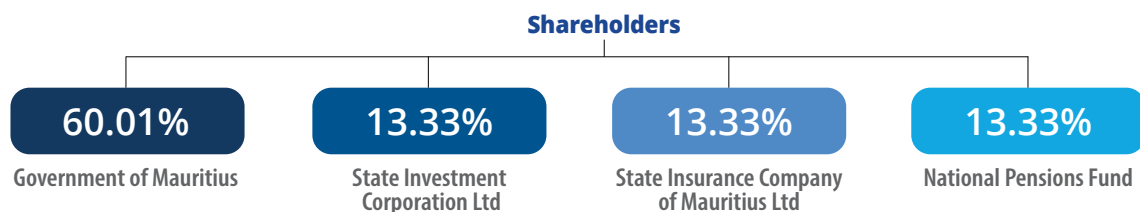
Corporate Governance (Cont'd)

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 2024 was as follows:



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 2023, the Board approved a dividend of Rs 10,371,182 (representing 10% of profits) and payment was effected on 28 June 2024.

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.

Corporate Governance (Cont'd)

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

Suppliers

Dealing through strict procurement procedures to ensure fairness and equity.

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 on 27 December 2024. 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.

CALENDAR OF IMPORTANT EVENTS

The following is a schedule of forthcoming events:

Date	Event
27 December 2024	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 2024

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.

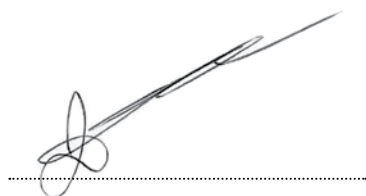
In September 2023, the Board of MHC was reconstituted by the shareholders and taking into consideration the size and complexity of the MHC, it was not considered appropriate to appoint a second Executive Director. The Company has only one Executive Director (Managing Director) appointed on the Board.

Principle 6: Dividend Policy

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

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

Signed on behalf of the Board of Directors:



Chairperson



Managing Director



Director

Date: 30 September 2024

Report from Director

The Directors have the pleasure in submitting the annual report together with the audited Financial Statements of Mauritius Housing Company Ltd, the “Company” or “MHC”, for the year ended 30 June 2024.

INCORPORATION

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

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 statement of profit or loss and other comprehensive income.

For the year ended 30 June 2024, the directors have recommended a dividend of Rs 13,676,883 subject to the Bank of Mauritius’s approval (2023: Rs 10,371,182) and the dividend of Rs 9,698,131 for 2022 was recommended but ultimately was not paid.

DIRECTORS

The present membership of the Board is set out on page 16 & 17.

DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and the cash flows of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the 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.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

DIRECTORS’ SHARE INTERESTS

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

Report from Director (Cont'd)

DIRECTORS' REMUNERATION

The Directors' remuneration relates to both the Executive Directors and Non-Executive Directors, for the three years ended 30 June 2024.

	2024 Rs	2023 Rs	2022 Rs
Executive Director	6,102,230	7,573,490	3,475,303
Non-Executive Directors	3,520,927	3,364,356	3,645,403

SIGNIFICANT CONTRACTS

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

DONATIONS

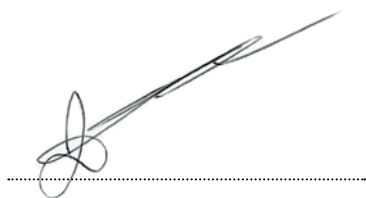
Donations of Rs 135,000 have been made during the year ended 30 June 2024 (2023: Rs 63,500 and 2022: Rs 70,000).

AUDITORS

Fees, inclusive of VAT, payable to Grant Thornton for the three years ended 30 June 2024 are as follows:

	2024 Rs	2023 Rs	2022 Rs
Audit fees	1,638,750	1,541,000	1,466,250
Other services*	92,000	-	-

* audit-related services



Chairperson



Managing Director



Director

Date: 30 September 2024

Report from Director (Cont'd)

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements for the Company'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 Company and the guidelines issued thereunder, have been applied and management has exercised its judgement and made best estimates where deemed necessary.

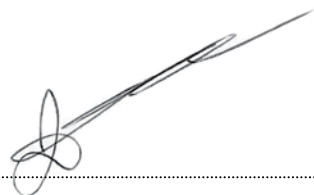
The Company has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial reporting is complete and accurate and that assets are safeguarded against losses from unauthorised use or disposal. These supporting procedures 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 Company's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Company.

The 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 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 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 Company, as it deems necessary.

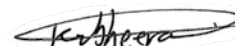
The Company's external auditors, Grant Thornton, have full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.



Chairperson



Managing Director



Director

Date: 30 September 2024

Report from Secretary

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 under Section 166(d) under the Mauritius Companies Act 2001 for the year ended 30 June 2024.



.....
For Prime Partners Ltd
Secretary

Date: 30 September 2024



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mauritius Housing Company Ltd, the "Company", which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements on pages 56 to 115 give a true and fair view of the financial position of the Company as at 30 June 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004.

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the Financial Statements for the year ended 30 June 2024. A key audit matter is addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on such matter.

The only key audit matter identified in relation to the audit of the Financial Statements is as described below:

Risk description

Provision for expected credit losses

The estimation of expected credit losses ("ECL") on financial instruments, involves significant management judgement and estimates. The key areas where we identified greater levels of management judgement and estimates and therefore increased levels of audit focus in the Company's estimation of ECLs are:

- Assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement;
- Incorporation of macro-economic inputs and forward-looking information into the ECL measurement; and
- Assessment of ECL of stage 3 as this involves a significant level of management judgements and estimates.

The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The credit risk sections of the financial statements disclose the sensitivities estimated by the Company.

Provision for expected credit losses

Our procedures included the following, amongst others:

- We assessed and tested the design and operating effectiveness of the controls established by management over the approval, recording and monitoring of loans, including impairment assessment.
- We have tested the appropriateness of the IFRS 9 impairment methodologies and independently assessed the probability of default, loss given default and exposure at default assumptions.
- We have tested the completeness and accuracy of the underlying loan data used in the impairment calculation by agreeing details to the Company's source documents, on a sample basis.
- We evaluated the ageing of a sample of loans within the loan risk classification categories to ensure that the loans were included in the right category and provisioned accordingly.
- We assessed whether the disclosures are in accordance with the requirements of IFRS 9.

Overall, the results of our evaluation of the Company's expected credit losses on loans to customers are consistent with management's assessment.

Independent Auditor's Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information, the Annual Report, the Statement of Management Responsibility for Financial Reporting and the Corporate Governance Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

Report on Other Legal and Regulatory Requirements

(a) *Mauritius Companies Act 2001*

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

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

(b) *Banking Act 2004*

(i) In our opinion, the financial statements:

- have been prepared on a basis consistent with that of the preceding period;
- are complete, fair and properly drawn up; and
- comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.

(ii) The explanations or information called for or given to us by the officers or agents of the Company were satisfactory.

(c) *Financial Reporting Act 2004*

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the Annual Report and assess the explanations given for non-compliances with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the Company has, pursuant to Section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Independent Auditor's Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Other Matter

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



Grant Thornton

Chartered Accountants



Y NUBEE, FCCA

Licensed by FRC

Date: 30 September 2024

Ebene 72201, Republic of Mauritius



Financial Statements

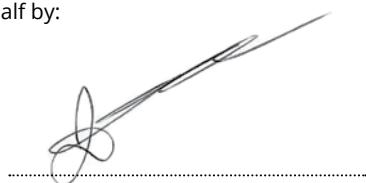
Statement of Financial Position

As at 30 June 2024

Restated

	Notes	30 June 2024 Rs'000	30 June 2023 Rs'000	30 June 2022 Rs'000
ASSETS				
Cash at banks and in hand	13(a)	327,714	148,120	373,315
Treasury deposits	13(b)	1,325,000	2,275,000	1,375,000
Property development	14	207,523	120,575	136,385
Loans to customers	15	10,396,699	9,641,023	9,069,240
Investment property	16(a)	106,800	153,000	151,625
Investment in subsidiary	16(b)	25,000	25,000	-
Property and equipment	17	550,833	504,573	549,242
Intangible assets	18	96,998	115,431	132,300
Other assets	19(a)	57,624	18,289	26,817
Assets held for sale	19(b)	44,733	53,092	56,977
Total assets		13,138,924	13,054,103	11,870,901
LIABILITIES				
PEL and other savings accounts	20(a)	2,169,340	1,964,026	1,944,146
Housing deposits certificates	20(b)	6,063,015	6,370,693	5,505,964
Borrowings	21	499,533	515,014	324,759
Retirement benefit obligations	22	642,527	500,499	419,117
Other liabilities	23	148,183	96,198	81,291
Total liabilities		9,522,598	9,446,430	8,275,277
Insurance funds	24	136,973	123,973	123,973
SHAREHOLDERS' EQUITY				
Share capital	25	200,000	200,000	200,000
Revaluation reserves	17(ii)	550,174	550,174	582,736
Building insurance reserve	27	116,810	116,810	116,810
Life insurance reserve	24(a)	110,494	127,769	127,769
Retained earnings	28	2,195,285	2,182,357	2,137,746
Statutory reserve	29(b)	200,000	200,000	200,000
Other reserves	29(a)	106,590	106,590	106,590
Total equity		3,479,353	3,483,700	3,471,651
Total equity and liabilities		13,138,924	13,054,103	11,870,901

These financial statements have been approved and authorised for issue by the Board of Directors on **30 SEP 2024** and signed on its behalf by:



Chairperson



Managing Director



Director

The notes on pages 93 to 149 form an integral part of these financial statements.
Auditors' report on pages 83 to 87.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	30 June 2024 Rs'000	30 June 2023 Rs'000	30 June 2022 Rs'000
Interest income		802,610	628,024	406,007
Interest expense		(372,668)	(290,087)	(144,509)
Net interest income	6	429,942	337,937	261,498
Fee and commission income		42,810	38,767	42,751
Rent received		2,941	7,486	7,481
Policy fees and charges on loans		14,274	11,251	8,329
Other operating income	7	67,971	51,738	55,755
		127,996	109,242	114,316
Operating income		557,938	447,179	375,814
Personnel expenses	8	(232,205)	(191,681)	(175,840)
Depreciation and amortisation	17 & 18	(39,584)	(37,519)	(36,945)
Other expenses	9(a)	(122,993)	(108,029)	(105,128)
Non-interest expense		(394,782)	(337,229)	(317,913)
Operating profit		163,156	109,950	57,901
(Net impairment loss on financial assets)/release of allowance for credit impairment	15(b)	(38,025)	(6,546)	8,590
Other provisions	9(b)	2,291	(350)	(234)
Gain on sale of foreclosed properties		9,546	584	7,402
Impairment loss on property development	14	-	(1,300)	-
(Decrease)/increase in fair value of investment property	16	(200)	1,375	23,323
Profit for the year		136,768	103,713	96,982
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurement of post-employment benefit obligations	2 2 (a) (iv)	(113,469)	(59,884)	(52,999)
Gain on revaluation of land & buildings	17	-	-	36,388
Transfer from life insurance reserve	24	(17,275)	-	-
<i>Items that will be reclassified to profit or loss</i>		-	-	-
Other comprehensive income for the year	26	(130,744)	(59,884)	(16,611)
Total comprehensive income for the year		6,024	43,829	80,371
Earnings per share (Rs)	12	6.84	5.19	4.85

The notes on pages 93 to 149 form an integral part of these financial statements.
Auditors' report on pages 83 to 87.

Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital Rs'000	Revaluation reserves Rs'000	Building insurance reserve Rs'000	Retained earnings Rs'000	Life insurance reserve Rs'000	Statutory reserves * Rs'000	Other reserves ** Rs'000	Total Rs'000
At 01 July 2023	200,000	550,174	116,810	2,182,357	127,769	200,000	106,590	3,483,700
Profit for the year	-	-	-	136,768	-	-	-	136,768
Other comprehensive income for the year	-	-	-	(113,469)	(17,275)	-	-	(130,744)
Total comprehensive income for the year	-	-	-	23,299	(17,275)	-	-	6,024
Dividends (Note 11)	-	-	-	(10,371)	-	-	-	(10,371)
Transaction with the owners	-	-	-	(10,371)	-	-	-	(10,371)
At 30 June 2024	200,000	550,174	116,810	2,195,285	110,494	200,000	106,590	3,479,353
At 01 July 2022	200,000	582,736	116,810	2,137,746	127,769	200,000	106,590	3,471,651
Profit for the year	-	-	-	103,713	-	-	-	103,713
Other comprehensive income for the year	-	-	-	(59,884)	-	-	-	(59,884)
Total comprehensive income for the year	-	-	-	43,829	-	-	-	43,829
Released	-	(32,562)	-	782	-	-	-	(31,780)
	-	(32,562)	-	782	-	-	-	(31,780)
At 30 June 2023	200,000	550,174	116,810	2,182,357	127,769	200,000	106,590	3,483,700
At 01 July 2021 - as restated	200,000	546,348	116,810	2,101,340	127,769	200,000	106,590	3,398,857
Profit for the year	-	-	-	96,982	-	-	-	96,982
Other comprehensive income for the year	-	36,388	-	(52,999)	-	-	-	(16,611)
Total comprehensive income for the year	-	36,388	-	43,983	-	-	-	80,371
Dividends (Note 11)	-	-	-	(7,577)	-	-	-	(7,577)
Transaction with the owners	-	-	-	(7,577)	-	-	-	(7,577)
At 30 June 2022 - as restated	200,000	582,736	116,810	2,137,746	127,769	200,000	106,590	3,471,651

* 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 93 to 149 form an integral part of these financial statements.
Auditors' report on pages 83 to 87.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

		30 June 2024 Rs'000	30 June 2023 Rs'000	30 June 2022 Rs'000
Operating activities				
Profit for the year		136,768	103,713	96,982
Adjustments for:				
Allowance for credit impairment (net)	15(b)	37,411	6,975	(12,704)
Other provisions	9(b)	(2,291)	350	234
Depreciation	17	14,675	13,374	13,729
Amortisation	18	24,909	24,145	23,216
Gain on sale of foreclosed properties		(9,546)	(584)	(7,402)
Impairment loss on property development		-	1,300	-
Decrease/(increase) in fair value of investment property	16	200	(1,375)	(23,323)
Interest in suspense		(2,193)	3,906	(13,029)
(Profit)/loss on disposal of property and equipment	7	(790)	(663)	(10)
Profit on disposal of property development		(5,929)	47	(2,456)
Transfer from insurance funds		(4,275)	-	-
Provision for retirement benefit obligations		28,559	21,498	18,873
		217,498	172,686	94,110
Changes in operating assets and liabilities				
Changes in other assets		(37,044)	8,176	(400)
Changes in assets held for sale		17,905	4,469	10,255
Changes in treasury deposits		950,000	(900,000)	(225,000)
Changes in other liabilities		51,985	(2,516)	(10,200)
Changes in accrued interest payable		(122,287)	61,566	2,289
Changes in loans to customers		(790,894)	(582,664)	(546,250)
Net cash generated from operating activities		287,163	(1,238,283)	(675,196)
Investing activities				
Purchase of property and equipment	17	(14,935)	(2,013)	(9,126)
Purchase of intangible assets	18	(6,476)	(7,276)	(5,394)
Proceeds from disposal of property and equipment		790	1,498	10
Proceeds from disposal of property development		40,309	36,715	15,491
Additions to property development	14	(121,328)	(21,557)	-
Net cash from investing activities		(101,640)	7,367	981
Financing activities				
Housing deposits certificates (HDC)	20 (b)	(224,866)	785,583	679,600
Plan Epargne Logement Savings (PEL)	20 (a)	244,789	37,460	33,990
Movement in borrowings		(5,433)	235,474	(187,698)
Dividends paid	11	(10,371)	(7,577)	-
Net cash from financing activities		4,119	1,050,940	525,892
Change in cash and cash equivalents		189,642	(179,976)	(148,323)
Movement in cash and cash equivalents				
Cash and cash equivalents at start of the year		137,339	317,315	465,638
Change in cash and cash equivalents		189,642	(179,976)	(148,323)
Cash and cash equivalents at end of the year		326,981	137,339	317,315
Cash and cash equivalents is made up of :				
Cash at bank and in hand (Note 13(a))		327,714	148,120	373,315
Bank overdrafts (Note 21)		(733)	(10,781)	(56,000)
		326,981	137,339	317,315
Non-cash transaction:				
Investment in subsidiary	16 (b)	-	(25,000)	-
Other liabilities		-	25,000	-

Reconciliation of liabilities arising from financial activities

	As at 01 July 2023 Rs'000	Movement in capital Rs'000	Movement in interest Rs'000	As at 30 June 2024 Rs'000
PEL and other savings accounts	1,964,026	244,789	(39,475)	2,169,340
Housing deposit certificates	6,370,693	(224,866)	(82,812)	6,063,015
Borrowings	515,014	(5,433)	(10,048)	499,533
	8,849,733	14,490	(132,335)	8,731,888

The notes on pages 93 to 149 form an integral part of these financial statements.
Auditors' report on pages 83 to 87.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 licences from the Bank of Mauritius and the Financial Services Commission.

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 New and revised standards that are effective for the annual period beginning on 01 July 2023

In the current year, the following revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2023:

Amendment to IFRS 17 Insurance Contracts including the Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17-Initial Application of IFRS 17 and IFRS 9-Comparative Information (Amendment to IFRS 17)

In December 2021, the International Accounting Standards Board (IASB) issued Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 01 January 2023.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 01 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Company applies the amendments.

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 30 June 2024

2. APPLICATION OF NEW AND REVISED STANDARDS (CONT'D)

2.1 New and revised standards that are effective for the annual period beginning on 01 July 2023 (Cont'd)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Cont'd)

The Board of the IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board of the IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

Definition of Accounting Estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

The definition of a change in accounting estimates is replaced with a definition of accounting estimates.

Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Board of the IASB clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is separated as income or expense in the current period. The effect, if any, on future periods is separated as income or expense in those future periods.

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The main change in Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15 (b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

The proposed amendments would introduce a temporary exception from accounting for deferred taxes arising from the implementation of the OECD's Pillar Two model rules, as well as targeted disclosures for affected entities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

2. APPLICATION OF NEW AND REVISED STANDARDS (CONT'D)

2.1 New and revised standards that are effective for the annual period beginning on 01 July 2023 (Cont'd)

International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) (Cont'd)

The amendments will provide temporary relief for companies from having to account for deferred taxes arising from the implementation of the Pillar Two model rules.

The amendments will introduce:

- a temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the global tax rules; and
- targeted disclosure requirements for affected companies to help users of the financial statements better understand a company's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The amendments will ensure that affected companies apply IAS 12 consistently and that investors are given better information before and after any jurisdictional Pillar Two legislation comes into effect.

Management has assessed the impact of the above revised standards and concluded that none of these have a significant impact on the Company's financial statements.

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as applicable to the Company's activities, will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards and amendments to existing standards is provided below:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendment is effective for annual reporting periods beginning on or after 01 January 2024 with earlier application permitted.

Lease Liability in a Sale and Leaseback (Amendments to IAS 16)

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of gain or loss that relate to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments are effective from 01 January 2024 but may be applied earlier.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The combined impact of the 2020 amendments and the 2022 amendments will impact practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements.

The amendments are effective from 01 January 2024 but may be applied earlier.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

2. APPLICATION OF NEW AND REVISED STANDARDS (CONT'D)

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Company

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

Supplier finance arrangements are often referred to as supply chain finance, trade payables finance or reverse factoring arrangements.

The amendments supplement requirements already in the IFRS Accounting Standards and require a company to disclose:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information.

IAS 21 Lack of Exchangeability (Amendments to IAS 21)

The definition of a change in accounting estimates is replaced with a definition of accounting estimates.

- Specify when a currency is exchangeable into another currency and when it is not-a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

2. APPLICATION OF NEW AND REVISED IFRS (CONT'D)

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Company (Cont'd)

IAS 21 Lack of Exchangeability (Amendments to IAS 21) (Cont'd)

- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable-when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable-when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Presentation and Disclosure in Financial Statements (IFRS 18)

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss - the goal of the defined structure is to reduce diversity in the reporting of the statement of profit and loss, helping users of financial statements to understand the information and to make better comparisons between companies.
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. It focuses on grouping items based on their shared characteristics. These principles are applied across the financial statements, and they are used in defining which line items are presented in the primary financial statements and what information is disclosed in the notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

2. APPLICATION OF NEW AND REVISED IFRS (CONT'D)

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Company (Cont'd)

IFRS 19, Subsidiaries without Public Accountability: Disclosures

This new standard specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. The objective of the new standard is to alleviate the reporting burden for subsidiaries without public accountability.

IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information

This new standard sets out the requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2, Climate-related Disclosures

This new standard sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

Management has yet to assess the impact of the above new standards and amendments on the Company's financial statements.

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 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. 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.

(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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(b) Property and equipment (Cont'd)

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
Right-of-use	17% to 33 1/3%	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.

(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.

(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 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. Changes in fair values are included in profit or loss.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes 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.

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 accruals.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

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

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

- the 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 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 Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The 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 Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

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, crosscollateralisation 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).

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 Company expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The Company has 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 Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

Measurement of ECL (Cont'd)

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks 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 Company uses 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 2024, the Company had Rs 23,946,695,443 held as collaterals.

Collateral repossessed

The Company's policy is 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 Company's policy.

In its normal course of business, the Company does 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 Company assesses 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 Company considers the following as constituting an event of default:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

Measurement of ECL (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 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 Company takes 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 Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk

The Company monitors 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 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 Company compares 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 Company considers 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 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 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 Company uses 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 Company still considers 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 Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. If there is evidence of credit impairment, the assets are classified in Stage 3 of the impairment model.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 Company renegotiates 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 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 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 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 Company incorporates 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 Company's Risk Management Committee and consideration of a variety of external actual and forecast information, the Company formulates a view of the future direction of relevant economic variables.

The Company has 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 Company has 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

Derecognition of financial assets

The Company derecognises 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues 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 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 Company derecognises financial liabilities when, and only when, the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Financial instruments (Cont'd)

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.

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 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 Measurement and Income Recognition.

(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 Company determines 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 Company has 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(o) Life assurance and building insurance

The Company is 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 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 Company operates the following insurance schemes:

Secured loans holders are required to make contribution to the 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.

(p) Provisions

Provisions are recognised when the Company has 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 Company reviews 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 Company considers 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 Company assesses 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 Company;
- the Company has 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 Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(r) Leased assets (Cont'd)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises 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 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).

The Company depreciates the right-of-use assets 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the 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.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been disclosed as part of borrowings.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

Operating leases

All other leases are treated as operating leases. Where the Company is 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 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 Company if they have the ability, directly or indirectly, to control the Company, or exercise significant influence over the Company in making financial and operating decisions, (or vice versa) or if they and the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Expense recognition

All expenses 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.

4. FINANCIAL RISKS

In its ordinary operations, the Company is exposed to various risks such as capital risk, interest rate risk, credit risk and liquidity risk. The Company 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 Company's operations. The Company 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 Company 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

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:

	Restated		
	30 June 2024	30 June 2023	30 June 2022
	Rs'000	Rs'000	Rs'000
Tier 1 capital	2,498,287	2,466,926	2,405,446
Tier 2 capital	324,761	328,425	259,006
Total capital base	2,823,048	2,795,351	2,664,452
Risk weighted assets	8,066,857	7,994,536	7,659,625
Capital adequacy ratio	35.0	35.0	35.8

Categories of financial assets and financial liabilities

	30 June 2024	30 June 2023	30 June 2022
	Rs'000	Rs'000	Rs'000
Financial assets			
Measured at amortised cost	12,099,065	12,073,558	10,836,358
	12,099,065	12,073,558	10,836,358
Financial liabilities			
Measured at amortised cost	8,872,878	8,926,477	7,844,215
	8,872,878	8,926,477	7,844,215

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit risk

Credit risk represents the loss the 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 Company to incur losses.

All loans are secured loans and the Company has formulated policies for determining the stage where a loan becomes impaired. The Company has 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 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 Company's stated policies and procedures, IFRS Accounting Standards and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Company, from an individual instrument to a portfolio level.
- Creating credit policies to protect the 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 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 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 Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

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 Company collects performance and default information about its credit risk exposures analysed by type of product and borrower. The information used is both internal and external depending on the portfolio assessed. The table below provides a summary of the staging of the loan portfolio and treasury deposits.

Portfolio Staging	30 June 2022		
	EAD	Average PD	Average LGD
	Rs 000	%	%
Retail loans	8,553,047	4.24	29.41
Treasury deposits	1,375,000	0.27	45.00
Corporate loans	69,393	0.73	45.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit risk (Cont'd)

Significant increase in credit risk (Cont'd)

Portfolio Staging	30 June 2023		
	EAD	Average PD	Average LGD
	Rs 000	%	%
Retail loans	8,971,936	4.42	28.42
Treasury deposits	2,275,000	0.24	45.00
Corporate loans	78,504	0.12	45.00

Portfolio Staging	30 June 2024		
	EAD	Average PD	Average LGD
	Rs 000	%	%
Retail loans	9,771,601	5.15	24.20
Treasury deposits	1,325,000	0.24	45.00
Corporate loans	69,796	0.12	45.00

The Company uses 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 2024 for the years 2025 to 2029, for Mauritius, which is the country where the Company operates and therefore is the country that has a material impact in ECLs.

Macroeconomic indicators	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029
Inflation rate %	3.57%	3.76%	3.52%	3.50%	3.52%
Key rate	4.50%	4.50%	4.50%	4.50%	4.50%
GDP growth rate %	3.68%	3.46%	3.33%	3.33%	3.33%

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 Company has 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 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit risk (Cont'd)

Portfolio: Loan and advances - June 2022	ECL	Average PD	Average LGD
	Rs 000	%	%
Inflation rate			
Base rate	73,261	4.24	46.89
Increased by 1%		4.08	46.89
Decreased by 1%		4.42	46.89

Portfolio: Loan and advances - June 2023	ECL	Average PD	Average LGD
	Rs 000	%	%
Inflation rate			
Base rate	80,847	4.42	45.88
Increased by 1%		4.17	45.88
Decreased by 1%		4.69	45.88

Portfolio: Loan and advances - June 2024	ECL	Average PD	Average LGD
	Rs 000	%	%
Inflation rate			
Base rate	77,183	5.15	41.34
Increased by 1%		4.82	41.34
Decreased by 1%		5.53	41.34

Credit loss expense

Year: 30 June 2022

	Stage 1 ECL Rs 000	Stage 1 Exposure Rs 000	Stage 2 ECL Rs 000	Stage 2 Exposure Rs 000	Stage 3 ECL Rs 000	Stage 3 Exposure Rs 000
Loans to customers	(57,581)	8,247,432	(15,680)	305,615	(547,050)	1,342,466
Treasury deposits	(1,671)	1,375,000	-	-	-	-
Other assets (staff loans)	(127)	6,442	-	-	-	-
Total impairment loss	(59,379)	9,628,874	(15,680)	305,615	(547,050)	1,342,466

Year: 30 June 2023

	Stage 1 ECL Rs 000	Stage 1 Exposure Rs 000	Stage 2 ECL Rs 000	Stage 2 Exposure Rs 000	Stage 3 ECL Rs 000	Stage 3 Exposure Rs 000
Loans to customers	(64,435)	8,685,000	(16,412)	286,936	(546,649)	1,505,027
Treasury deposits	(2,457)	2,275,000	-	-	-	-
Other assets (staff loans)	(29)	3,886	-	-	(321)	530
Total impairment loss	(66,921)	10,963,886	(16,412)	286,936	(546,970)	1,505,557

Year: 30 June 2024

	Stage 1 ECL Rs 000	Stage 1 Exposure Rs 000	Stage 2 ECL Rs 000	Stage 2 Exposure Rs 000	Stage 3 ECL Rs 000	Stage 3 Exposure Rs 000
Loans to customers	(69,561)	9,584,981	(7,621)	186,620	(587,515)	1,495,347
Treasury deposits	(1,431)	1,325,000	-	-	-	-
Other assets (staff loans)	(32)	4,018	-	-	(312)	543
Total impairment loss	(71,024)	10,913,999	(7,621)	186,620	(587,827)	1,495,890

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit risk (Cont'd)

Credit quality

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

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Loan to customers at amortised cost	11,266,721	10,476,743	9,895,513
Treasury deposits at amortised cost	1,325,000	2,275,000	1,375,000
<i>Credit risk - exposure and past due</i>			
Loans that are neither past due nor impaired	9,584,754	8,684,780	8,247,432
Loans that are past due but not impaired	186,620	286,936	305,615
Impaired loans	1,495,347	1,505,027	1,342,466
	11,266,721	10,476,743	9,895,513
Ageing of past due but not impaired:			
Less than 3 months	186,620	286,936	305,615

Non-performing loans

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

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Impaired loans	1,495,347	1,505,027	1,342,466
Specific provision and other provisions in respect of impaired loans	792,839	754,873	753,012
Discounted fair value of collaterals of impaired loans	952,413	1,042,123	835,316

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit risk (Cont'd)

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

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

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Loans to customers	10,396,699	9,641,023	9,069,240
Other assets	1,702,366	2,432,535	1,767,118
	12,099,065	12,073,558	10,836,358

As discussed above in the significant increase in credit risk section, under the 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 by past due status.

Year ended	30-Jun-24		30-Jun-23		30-Jun-22	
	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
Loans to customers						
0 - 30 days	9,584,981	69,561	8,684,780	64,225	8,247,432	57,581
31 - 89 days	186,620	7,621	286,936	16,412	305,615	15,680
90 days and above	1,495,347	587,515	1,505,027	546,649	1,342,466	547,050
Total	11,266,948	664,697	10,476,743	627,286	9,895,513	620,311

Collateral held as security and other credit enhancements

The 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 Company holds 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.

Year ended	30-Jun-24		30-Jun-23		30-Jun-22	
	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
Mortgage lending						
Less than 75%	7,658,468	482,289	7,400,630	424,242	5,703,460	317,138
75% to 89%	1,614,376	74,886	1,248,098	66,627	1,604,291	98,741
90% to 100%	531,260	15,524	517,738	60,294	820,534	34,629
above 100%	1,462,843	91,998	1,310,277	76,123	1,767,228	169,803
Total	11,266,948	664,697	10,476,743	627,286	9,895,513	620,311

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit risk (Cont'd)

Personal lending

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

Corporate lending - Loan to Promoters

The 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 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 Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

	30-Jun-24	30-Jun-23	30-Jun-22
	Rs' 000	Rs' 000	Rs' 000
Foreclosed properties	44,733	53,092	56,977

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 Company are set by and controlled by the Risk Management Committee.

Market risk management

The 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 Company exercises a close follow-up on the market interest rates and adapts its interest margins in response to changes in the rates. The Company sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily. The Company obtains credit facilities at favourable interest rates as these facilities are guaranteed by the Government of Mauritius.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Market risk (Cont'd)

Interest rate risk

The Company is 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 Company as at the reporting date was:

Currency : MUR

Interest rate % per annum

	30-Jun-24		30-Jun-23		30-Jun-22	
	Lowest	Highest	Lowest	Highest	Lowest	Highest
	%	%	%	%	%	%
<i>Financial assets</i>						
Deposits with banks	1.85	4.90	1.50	4.90	-	2.00
Loans to customers	2.00	16.50	2.00	16.50	2.25	13.40
<i>Financial liabilities</i>						
Savings and fixed deposits	2.70	7.65	2.85	7.75	0.30	3.75
Borrowings from Government of Mauritius	-	-	-	2.50	-	2.50
Borrowings from Bank of Mauritius	-	2.00	-	3.00	-	3.00
Borrowings - Commercial banks	5.50	6.35	5.50	6.20	3.25	4.20

A sensitivity analysis has been carried on the main products at MHC. Assuming either an increase or a decrease of 1% in repo rate, the impact on interest will be as follows:

Products	As at 30 June 2024	Increase of 1%	Decrease of 1%
	Rs'000	Rs'000	Rs'000
Interest income on loan to customers	716,689	829,356	604,022
Interest expense on Plan Epargne Logement (PEL)	54,900	74,149	35,651
Interest expense on Housing deposits certificates (HDC)	307,833	366,555	249,111

Products	As at 30 June 2023	Increase of 1%	Decrease of 1%
	Rs'000	Rs'000	Rs'000
Interest income on loan to customers	574,567	679,334	469,800
Interest expense on Plan Epargne Logement (PEL)	32,689	49,471	15,907
Interest expense on Housing deposits certificates - (HDC)	245,721	306,692	184,750

Products	As at 30 June 2022	Increase of 1%	Decrease of 1%
	Rs'000	Rs'000	Rs'000
Interest income on loan to customers	389,111	488,068	290,154
Interest expense on Plan Epargne Logement (PEL)	9,300	25,707	(7,107)
Interest expense on Housing deposits certificates - (HDC)	123,174	176,289	70,059

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Credit 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

30 June 2024

Assets

- Cash at banks and in hand
- Treasury deposits
- Loans to customers
- Other assets

	Fixed interest rate Rs'000	Floating interest rate Rs'000	Non-interest bearing Rs'000	Total Rs'000
- Cash at banks and in hand	-	327,714	-	327,714
- Treasury deposits	1,325,000	-	-	1,325,000
- Loans to customers	263,678	10,133,021	-	10,396,699
- Other assets	4,334	-	45,318	49,652
	1,593,012	10,460,735	45,318	12,099,065
<u>Liabilities</u>				
- PEL	-	2,169,340	-	2,169,340
- HDC	-	6,063,015	-	6,063,015
- Borrowings	-	490,791	8,742	499,533
- Other liabilities	-	-	140,990	140,990
	-	8,723,146	149,732	8,872,878

30 June 2023

Assets

- Cash at banks and in hand
- Treasury deposits
- Loans to customers
- Other assets

- Cash at banks and in hand	-	148,120	-	148,120
- Treasury deposits	2,275,000	-	-	2,275,000
- Loans to customers	290,928	9,350,095	-	9,641,023
- Other assets	6,547	-	2,868	9,415
	2,572,475	9,498,215	2,868	12,073,558

Liabilities

- PEL
- HDC
- Borrowings
- Other liabilities

- PEL	-	1,964,026	-	1,964,026
- HDC	-	6,370,693	-	6,370,693
- Borrowings	-	511,599	3,415	515,014
- Other liabilities	-	-	76,744	76,744
	-	8,846,318	80,159	8,926,477

30 June 2022

Assets

- Cash at banks and in hand
- Treasury deposits
- Loans to customers
- Other assets (Restated)

- Cash at banks and in hand	-	373,315	-	373,315
- Treasury deposits	1,375,000	-	-	1,375,000
- Loans to customers	196,325	8,872,915	-	9,069,240
- Other assets (Restated)	6,961	-	11,842	18,803
	1,578,286	9,246,230	11,842	10,836,358

Liabilities

- PEL
- HDC
- Borrowings
- Other liabilities

- PEL	-	1,944,146	-	1,944,146
- HDC	-	5,505,964	-	5,505,964
- Borrowings	-	317,479	7,280	324,759
- Other liabilities	-	-	69,346	69,346
	-	7,767,589	76,626	7,844,215

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Liquidity risk

The table shows the remaining contractual maturities of financial liabilities:

	Less than 3 months Rs'000	Between 3 months and 1 year Rs'000	Over one year Rs'000	Total Rs'000
<u>Financial liabilities</u>				
- PEL	2,169,340	-	-	2,169,340
- HDC	346,821	494,100	5,222,094	6,063,015
- Borrowings	733	99,251	399,549	499,533
- Other liabilities	126,130	-	14,860	140,990
At 30 June 2024	2,643,024	593,351	5,636,503	8,872,878
- PEL	1,964,026	-	-	1,964,026
- HDC	186,509	2,124,974	4,059,210	6,370,693
- Borrowings	10,781	161,831	342,402	515,014
- Other liabilities	55,319	-	21,425	76,744
At 30 June 2023	2,216,635	2,286,805	4,423,037	8,926,477
- PEL	1,944,146	-	-	1,944,146
- HDC	242,314	1,484,206	3,779,444	5,505,964
- Borrowings	56,000	118,051	150,708	324,759
- Other liabilities	56,234	-	13,112	69,346
At 30 June 2022	2,298,694	1,602,257	3,943,264	7,844,215

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

Being a financial institution, the 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 Company manages 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 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 2024:

	Less than 3 months Rs'000	Between 3 months and 1 year Rs'000	Over one year Rs'000	Total Rs'000
Assets				
- Cash at banks and in hand	327,714	-	-	327,714
- Treasury deposits	625,000	-	700,000	1,325,000
- Loans to customers	4,673	25,462	10,366,564	10,396,699
- Other assets	-	45,318	4,334	49,652
	<u>957,387</u>	<u>70,780</u>	<u>11,070,898</u>	<u>12,099,065</u>
Liabilities				
- PEL	2,169,340	-	-	2,169,340
- HDC	346,821	494,100	5,222,094	6,063,015
- Borrowings	733	99,251	399,549	499,533
- Other liabilities	126,130	-	14,860	140,990
	<u>2,643,024</u>	<u>593,351</u>	<u>5,636,503</u>	<u>8,872,878</u>
Liquidity gap	<u>(1,685,637)</u>	<u>(522,571)</u>	<u>5,434,395</u>	<u>3,226,187</u>

Maturities of financial assets and liabilities at 30 June 2023:

	Less than 3 months Rs'000	Between 3 months and 1 year Rs'000	Over one year Rs'000	Total Rs'000
Assets				
- Cash at banks and in hand	148,120	-	-	148,120
- Treasury deposits	350,000	1,925,000	-	2,275,000
- Loans to customers	8,408	35,039	9,597,576	9,641,023
- Other assets	-	2,868	6,547	9,415
	<u>506,528</u>	<u>1,962,907</u>	<u>9,604,123</u>	<u>12,073,558</u>

	Less than 3 months Rs'000	Between 3 months and 1 year Rs'000	Over one year Rs'000	Total Rs'000
Liabilities				
- PEL	1,964,026	-	-	1,964,026
- HDC	186,509	2,124,974	4,059,210	6,370,693
- Borrowings	10,781	161,831	342,402	515,014
- Other liabilities	55,319	-	21,425	76,744
	<u>2,216,635</u>	<u>2,286,805</u>	<u>4,423,037</u>	<u>8,926,477</u>
Liquidity gap	<u>(1,710,107)</u>	<u>(323,898)</u>	<u>5,181,086</u>	<u>3,147,081</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. FINANCIAL RISKS (CONT'D)

Liquidity risk (Cont'd)

Liquidity risk management (Cont'd)

Maturities of financial assets and liabilities at 30 June 2022:

	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Cash at banks and in hand	373,315	-	-	373,315
- Treasury deposits	400,000	975,000	-	1,375,000
- Loans to customers	8,575	32,424	9,028,241	9,069,240
- Other assets	-	11,842	6,961	18,803
	<u>781,890</u>	<u>1,019,266</u>	<u>9,035,202</u>	<u>10,836,358</u>
	Less than 3 months	Between 3 months and 1 year	Over one year	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities				
- PEL	1,944,146	-	-	1,944,146
- HDC	242,314	1,484,206	3,779,444	5,505,964
- Borrowings	56,000	118,051	150,708	324,759
- Other liabilities	56,234	-	13,112	69,346
	<u>2,298,694</u>	<u>1,602,257</u>	<u>3,943,264</u>	<u>7,844,215</u>
Liquidity gap	<u>(1,516,804)</u>	<u>(582,991)</u>	<u>5,091,938</u>	<u>2,992,143</u>

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.

Insurance risk management

The Company accepts 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 Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 outage.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company'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 Company'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 Company'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 Company 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 Company 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 Company 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 Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represents the Company'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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of credit losses

The Company 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 Company'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 Company'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;
- > 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 Company'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 Company 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 Company 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 Company'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 Company takes into account qualitative reasonable and supportable forward looking information and backstop indicators.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of credit losses (Cont'd)

- 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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- When measuring ECL the Company 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.

(f) Application of IFRS 17, Insurance Contracts

Management has assessed the implications of IFRS 17 on the Company's operations and concluded that it is not applicable as the insurance premiums collected from clients for life and building insurances are managed internally and also no lump sum is payable to borrowers in the case of death, disability or upon full settlement of debts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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.

	30 June 2024 Rs'000	30 June 2023 Rs'000	30 June 2022 Rs'000
Interest income			
Loans interest	716,689	574,567	389,111
Interest on bank deposits	85,789	53,264	16,471
Others	132	193	425
	802,610	628,024	406,007
Interest expense			
Bank overdrafts	-	(414)	-
Bank loans	(9,623)	(10,887)	(11,456)
Plan Epargne Logement (PEL)	(54,900)	(32,689)	(9,300)
Housing deposits certificates (HDC)	(307,833)	(245,721)	(123,174)
Others	(312)	(376)	(579)
	(372,668)	(290,087)	(144,509)
Net interest income	429,942	337,937	261,498

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7. OTHER OPERATING INCOME

Insurance premium (net of claims paid and the change in incurred but not reported claims)
Profit on disposal of property and equipment
Profit/(loss) on disposal of property development assets
Others

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
52,767	49,695	52,558
790	663	10
5,929	(47)	2,456
8,485	1,427	731
67,971	51,738	55,755

8. PERSONNEL EXPENSES

Salaries and human resource development
Pension contributions and other staff benefits

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
187,458	157,649	145,106
44,747	34,032	30,734
232,205	191,681	175,840

9(a). OTHER EXPENSES

Maintenance and repairs
Travelling and transport
Staff welfare, training and study schemes
General expenses
Electricity
Passages benefits
Printing and stationery
Telephone
Motor vehicles running expenses
Directors' emoluments
Audit fees
Professional fees
Family protection schemes' contribution
Software maintenance costs
Rent of properties
Advertising
Postages
Legal fees and expenses
Sponsorship & Corporate Social Responsibility
Retirement benefits (Voluntary Early Retirement)
Donations
Project expenses
Others

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
14,711	11,100	11,419
13,735	13,634	12,902
21,248	16,466	15,992
7,040	5,304	7,557
5,751	4,930	4,552
9,512	6,033	5,863
2,757	3,062	3,023
2,440	4,166	4,081
1,045	799	1,212
3,521	3,364	3,770
1,639	1,316	1,691
3,341	4,897	3,269
2,487	1,875	1,873
20,506	20,703	17,533
158	38	38
2,346	2,349	1,554
4,083	3,609	3,182
231	263	122
982	1,259	110
273	279	283
135	64	70
3,233	1,042	2,905
1,819	1,477	2,127
122,993	108,029	105,128

9(b). OTHER PROVISIONS

(Reversal of provision)/provision on other assets (Note 19(a))

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
(2,291)	350	234
(2,291)	350	234

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

10. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging:
Depreciation on property and equipment
Amortisation on intangible assets
Staff costs (Note (a))

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
14,675	13,374	13,729
24,909	24,145	23,216
234,965	193,835	177,996

(a) Analysis of staff costs

Wages and salaries (Note 8)
Pension costs and other contributions (Note 8)
Retirement benefits (voluntary early retirement)
Family protection schemes' contribution

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
187,458	157,649	145,106
44,747	34,032	30,734
273	279	283
2,487	1,875	1,873
234,965	193,835	177,996

11. DIVIDENDS

Dividends recommended and paid
Dividends recommended and not yet paid

Dividend per share

30 June 2024	30 June 2023	30 June 2022"
Rs'000	Rs'000	Rs'000
10,371*	-	7,577**
-	-	-
Rs	Rs	Rs
0.52	-	0.38

*The dividend of Rs 10,371,182 was paid on 28 June 2024.

**The dividend of Rs 7,576,900 recommended in 2021 was paid in 2022

12. EARNINGS PER SHARE

Profit for the year
Number of shares
Earnings per share

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
136,768	103,713	96,982
20,000,000	20,000,000	20,000,000
6.84	5.19	4.85

13. CASH AND CASH EQUIVALENTS

(a) Cash at banks and in hand

Cash in hand
Cash at banks

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
4,597	4,372	3,216
323,117	143,748	370,099
327,714	148,120	373,315

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

13. CASH AND CASH EQUIVALENTS (CONT'D)

(b) Treasury deposits

Fixed term deposits (Note (i))

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
1,325,000	2,275,000	1,375,000

Treasury deposits measured at amortised cost, are funds held on fixed term with maturities of six to twelve months, held with financial institutions and can be recalled.

14. PROPERTY DEVELOPMENT

At start of year
Costs incurred during the year
Transfer from property and equipment
Amount transferred
Reversal of/(impairment loss) on property development
At end of year

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
120,575	136,385	149,420
121,328	21,557	-
-	694	-
(35,680)	(36,762)	(13,035)
1,300	(1,300)	-
207,523	120,575	136,385

Pursuant to a Memorandum of Understanding of February 2004 between Business Park of Mauritius Ltd (BPML), a locally incorporated company, and the Company, it was agreed that both companies will undertake a joint project for the development of an integrated residential and recreational complex at Ebene Cybervillage site, Republic of Mauritius. At the reporting date, all the housing units were sold.

The property development at Le Hochet, Terre Rouge consisted of 2 phases. Firstly, the 26 completed housing units have been sold except for one unit, which is currently occupied under an arrangement entered with the Government of Mauritius. Secondly, there is a plot of land whereby infrastructure costs have already been incurred and MHC plans to sell the land by way of lots.

The Company is currently embarked on a new project at Residence Clos Verger Rose Hill for the construction of 40 appartments and 4 penthouses. 30% of the construction has been completed as at 30 June 2024 and same is expected to be completed by 31 December 2024. An amount of Rs 142.5M has been incurred as at 30 June 2024.

15. LOANS TO CUSTOMERS

(a) Housing loans are granted to clients only after a well defined pre-established sanctioning process is completed and the repayment terms vary from 1 to 35 years.

Fast loans and flexi loans
Secured loans
Total loans advanced
Provision for credit losses (Note (c) overleaf)
Penalty provisions
Interest suspended

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
1,540,212	1,289,624	1,061,129
9,726,509	9,187,119	8,834,384
11,266,721	10,476,743	9,895,513
(664,697)	(627,286)	(620,311)
(19,773)	(20,689)	(22,123)
(185,552)	(187,745)	(183,839)
10,396,699	9,641,023	9,069,240
Analysed as follows:		
Current	564,299	597,330
Non-current	9,912,444	9,298,183
11,266,721	10,476,743	9,895,513

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. LOANS TO CUSTOMERS (CONT'D)

(b) Allowance for credit impairment

(Net impairment loss)/release of allowance for credit impairment
Amount written off

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
(37,411)	(6,975)	12,704
(614)	429	(4,114)
(38,025)	(6,546)	8,590

(c) Provision for credit losses

At 01 July 2021
Movement during the year
At 30 June 2022

Specific Provision	Portfolio Provision	Total
Rs'000	Rs'000	Rs'000
563,256	69,759	633,015
(16,206)	3,502	(12,704)
547,050	73,261	620,311

At 01 July 2022
Movement during the year
At 30 June 2023

547,050	73,261	620,311
(611)	7,586	6,975
546,439	80,847	627,286

At 01 July 2023
Movement during the year
At 30 June 2024

546,439	80,847	627,286
41,075	(3,664)	37,411
587,514	77,183	664,697

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. LOANS TO CUSTOMERS (CONT'D)

(d) Remaining term to maturity

Within 3 months
Over 3 months and up to 6 months
Over 6 months and up to 12 months
Over 1 year and up to 5 years
Over 5 years
Total

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
4,673	8,408	8,575
8,008	9,702	10,290
17,454	25,337	22,134
426,093	392,835	411,785
10,810,493	10,040,461	9,442,729
11,266,721	10,476,743	9,895,513

(e) Credit concentration of risk by industry sectors

Name of sector

Construction (Housing finance)

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
11,266,721	10,476,743	9,895,513

16(a). INVESTMENT PROPERTY

VALUATION

At 01 July 2022
Fair value adjustment in 2022
At 30 June 2022
Fair value adjustment in 2023
At 30 June 2023
Fair value adjustment in 2024
Transfer to property and equipment (Note 17)
At 30 June 2024

Freehold building	Cybervillage land	Total
Rs'000	Rs'000	Rs'000
82,302	46,000	128,302
4,323	19,000	23,323
86,625	65,000	151,625
875	500	1,375
87,500	65,500	153,000
(2,600)	2,400	(200)
(46,000)	-	(46,000)
38,900	67,900	106,800

- (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 11 June 2024 and 19 June 2024, the investment properties were revalued by Elevante Property Services, 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.

Rental income on investment properties

30 June 2024	30 June 2023	30 June 2022
Rs'000	Rs'000	Rs'000
2,142	6,561	6,450

No expenses on investment properties were incurred during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

16(b). INVESTMENT IN SUBSIDIARY

(i) At cost

At 01 July
Addition during the year
At 30 June

30 June 2024 Rs'000	30 June 2023 Rs'000
25,000	-
-	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	% Holdings
				Rs	
MHC Properties Ltd	Ordinary	2,500,000	Mauritius	25,000,000	100

(iii) The MHC Properties Ltd was incorporated in 2023, with the objective of taking over the property development business of the Company.

(iv) No consolidated financial statements are presented since the subsidiary has not yet started its operations.

(v) MHC Properties Ltd has the following assets and liabilities as at 30 June 2024:

	Rs'000
Assets	
Other debtors	25,000
Total assets	25,000
Equity & Liabilities	
Equity	
Stated capital	25,000
Accumulated losses	(920)
Total equity	24,080
Current liabilities	
Other payables	920
Total equity and liabilities	25,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

17. PROPERTY AND EQUIPMENT

	Freehold land Rs'000	Buildings Rs'000	Furniture and equipment Rs'000	Motor vehicles Rs'000	Right-of-use Rs'000	Total Rs'000
COST OR VALUATION						
At 01 July 2021	275,970	226,721	180,351	6,815	15,844	705,701
Additions	-	-	7,734	-	1,392	9,126
Revaluation	(7,630)	28,154	-	-	-	20,524
Remeasurement	-	-	-	-	(2,757)	(2,757)
Disposals	-	-	(10)	-	-	(10)
At 30 June 2022	268,340	254,875	188,075	6,815	14,479	732,584
Additions	-	-	2,013	-	-	2,013
Transfer	(32,473)	-	-	-	-	(32,473)
Disposals	(788)	-	(172)	-	-	(960)
At 30 June 2023	235,079	254,875	189,916	6,815	14,479	701,164
Additions	-	-	5,083	-	9,852	14,935
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	194,910	3,866	24,331	759,061
DEPRECIATION						
At 01 July 2021	-	11,329	163,743	6,281	7,406	188,759
Disposal adjustment	-	-	(10)	-	-	(10)
Charge for the year	-	4,535	5,154	354	3,686	13,729
Revaluation	-	(15,864)	-	-	-	(15,864)
Remeasurement	-	-	-	-	(3,272)	(3,272)
At 30 June 2022	-	-	168,887	6,635	7,820	183,342
Disposal adjustment	-	-	(125)	-	-	(125)
Charge for the year	-	5,097	4,294	180	3,803	13,374
At 30 June 2023	-	5,097	173,056	6,815	11,623	196,591
Disposal adjustment	-	-	(89)	(2,949)	-	(3,038)
Charge for the year	-	6,034	4,554	-	4,087	14,675
At 30 June 2024	-	11,131	177,521	3,866	15,710	208,228
NET BOOK VALUES						
At 30 June 2024	235,079	289,744	17,389	-	8,621	550,833
At 30 June 2023	235,079	249,778	16,860	-	2,856	504,573
At 30 June 2022	268,340	254,875	19,188	180	6,659	549,242

(i) 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 revalue the assets every three years and the last exercise was carried out in August 2022. The land and buildings were revalued by Mr & Mrs N Jeetun, Msc, M.R.I.C.S, M.M.I.S, P.M.A.P.I of NP Jeetun, independent Chartered Valuation Surveyor. The land and buildings were revalued using comparative method of valuation. This is based on comparison of sales of similar properties within close vicinity of the site and adjusted to reflect the characteristic of the subject properties, at the relevant date. Management considers that no significant event has occurred that would affect the fair values of the land and buildings during the year under review.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

17. PROPERTY AND EQUIPMENT (CONT'D)

Revaluation of land and buildings (Cont'd)

(ii) Movement in revaluation reserves is as follows:

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	Restated 30-Jun-22 Rs'000
At 01 July	550,174	582,736	546,348
Released/transfer to retained earnings	-	(32,562)	36,388
At 30 June	550,174	550,174	582,736

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.

The book values of the properties were adjusted to the revalued amounts and the resulted surplus was credited to revaluation reserves in shareholders' equity. If land and buildings were stated on the historical cost basis, the net book value would be as follows:

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Cost	15,183	15,183	15,183
Accumulated depreciation	(8,546)	(8,242)	(7,938)
Net book value	6,637	6,941	7,245

(ii) Included in the net carrying amount of property and equipment is the right-of-use assets for an amount of Rs 8,621,000.

(iii) The Company has pledged its property and equipment to secure part of its borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

18. INTANGIBLE ASSETS

COST

	ELECTRONIC SYSTEM Rs'000	COMPUTER SOFTWARE Rs'000	CORE BANKING INTEGRATED SYSTEM Rs'000	TOTAL Rs'000
At 01 July 2021	-	20,730	183,499	204,229
Reclassification	-	-	(727)	(727)
Additions	-	-	5,394	5,394
At 30 June 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

AMORTISATION

At 01 July 2021	-	20,730	33,377	54,107
Reclassification	-	-	(727)	(727)
Charge for the year	-	-	23,216	23,216
At 30 June 2022	-	20,730	55,866	76,596
Charge for the year	176	-	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

NET BOOK VALUES

At 30 June 2024	316	-	96,682	96,998
At 30 June 2023	563	-	114,868	115,431
At 30 June 2022	-	-	132,300	132,300

The directors have reviewed the carrying value of the intangible assets and are of opinion that at 30 June 2024, the carrying value has not suffered any impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

19(a). OTHER ASSETS

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	Restated 30-Jun-22 Rs'000
Staff loans	4,334	6,547	6,961
Other receivables and prepayments	55,896	21,458	28,860
	60,230	28,005	35,821
Less:			
Provision for impairment	(2,606)	(9,716)	(9,004)
	57,624	18,289	26,817

19(b). ASSETS HELD FOR SALE

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Foreclosed properties	44,607	52,966	56,435
Allowance for impairment on foreclosed properties	(4,445)	(4,445)	(4,029)
Land and apartments repossessed	4,571	4,571	4,571
	44,733	53,092	56,977

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

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Capital	1,924,899	1,678,169	1,640,726
Interest payable	244,441	283,916	301,496
Other savings accounts	-	1,941	1,924
	2,169,340	1,964,026	1,944,146

20(b). HOUSING DEPOSIT CERTIFICATES

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Capital	5,872,227	6,097,093	5,311,510
Interest payable	190,788	273,600	194,454
	6,063,015	6,370,693	5,505,964
Analysed as follows:			
Current	840,922	2,311,483	1,726,520
Non-current	5,222,093	4,059,210	3,779,444
	6,063,015	6,370,693	5,505,964

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

20 (b). HOUSING DEPOSIT CERTIFICATES (CONT'D)

Analysed as follows:

Individuals

Corporates

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
5,673,998	4,922,998	3,852,364
389,017	1,447,695	1,653,600
6,063,015	6,370,693	5,505,964

Within 3 months

Over 3 months and up to 6 months

Over 6 months and up to 12 months

Over 1 year and up to 2 years

Over 2 years

30-Jun-24		30-Jun-23		30-Jun-22	
Capital Rs'000	Interest Rs'000	Capital Rs'000	Interest Rs'000	Capital Rs'000	Interest Rs'000
318,136	28,685	165,415	21,094	221,095	21,219
158,938	17,640	1,161,483	44,967	1,030,740	9,138
306,277	11,245	823,602	94,922	435,661	8,667
748,608	50,364	683,126	43,215	1,129,791	101,399
4,340,268	82,854	3,263,467	69,402	2,494,223	54,031
5,872,227	190,788	6,097,093	273,600	5,311,510	194,454

The HDC balance at the end of the year include an amount of Rs 1,130.7M (2023: Rs 1,198.8M and 2022: Rs 1,218.3M) which was due to one of the Company largest depositors, with a deposit concentration ratio of 18.6% (2023: 18.8% and 2022: 22.1%).

21. BORROWINGS

Current

Bank overdrafts (Secured) (Note (c) overleaf)

Loan capital (Note (a) overleaf)

Bank loans (Note (b) overleaf)

Lease liabilities (Note (d) overleaf)

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
733	10,781	56,000
602	806	901
94,963	158,008	113,333
3,686	3,017	3,817
99,984	172,612	174,051

Non-current

Loan capital (Note (a) overleaf)

Bank loans (Note (b) overleaf)

Lease liabilities (Note (d) overleaf)

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
67,317	55,844	49,054
327,176	286,160	98,191
5,056	398	3,463
399,549	342,402	150,708
499,533	515,014	324,759

Total borrowings

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

21. BORROWINGS (CONT'D)

(a) Loan capital - Government Guaranteed

Rate of interest	Lenders	Terms of repayment	Repayment period	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
2.50%	Mauritius Marine Authority	Yearly	20.05.2002 - 20.05.2022	-	161	324
2.50%	Mauritius Marine Authority	Yearly	09.07.2002 - 19.07.2023	132	195	257
2.50%	Mauritius Marine Authority	Yearly	14.08.2009 - 14.08.2028	1,306	1,549	1,785
2.50%	Mauritius Marine Authority	Yearly	21.07.2012 - 21.07.2031	2,517	2,798	3,073
2.50%	Mauritius Marine Authority	Yearly	Part of loan disbursed	3,634	3,634	3,634
2.50%	Government Sponsored Loan	Yearly	17.10.1978 - 18.06.2024	-	58	232
3.00%	Bank of Mauritius	Yearly	No fixed repayment terms	60,330	48,255	40,650
				67,919	56,650	49,955
Less repayable within one year shown as short-term loans				(602)	(806)	(901)
				67,317	55,844	49,054
Repayable by instalments:						
- after one year and before five years				2,350	2,360	3,174
- after five years				1,003	1,595	1,596
Repayment terms not yet finalised				3,634	3,634	3,634
Repayable other than by instalments				60,330	48,255	40,650
				67,317	55,844	49,054

Included in borrowings, is the balance of housing loans for Bank of Mauritius staff scheme amounting to Rs 60.3M (2023: Rs 48.3M and 2022: Rs 39.2M) which are managed by MHC in return for a payment of a six monthly service charge on the outstanding balance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

21. BORROWINGS (CONT'D)

(b) Bank loans

5.50% - 6.35% (2022: 3.25% - 4.20% and 2021: 2.85% - 3.85%) per annum and bank loans repayable by monthly/quarterly instalments

Current

Portion repayable within one year

Non-current

Portion repayable after one year and before five years

Portion repayable after five years

Total

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
422,131	444,168	211,525
94,963	158,008	113,333
327,168	286,160	98,191
-	-	-
327,168	286,160	98,191
422,131	444,168	211,524

Included in the bank loans is an amount of Rs 422,131,386 (2023: Rs 444,161,761 and 2022: Rs 211,524,486) secured on the assets of the Company.

(c) Bank overdrafts are secured against fixed deposits that the Company holds with the respective banks.

The carrying amounts of borrowings are not materially different from their fair values. 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 350,000,000.

(d) Leases liabilities

Lease liabilities are presented in the statement of financial position as follows:

Current
Non-current

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
3,686	3,017	3,817
5,056	398	3,463
8,742	3,415	7,280

The Company's lease arrangement includes rental of buildings. 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. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (Note 17).

Future minimum lease payments were as follows:

At 30 June 2022

Lease payment
Finance charges
Net present value

Within 1 year Rs' 000	1 to 2 years Rs' 000	Total Rs' 000
4,176	3,774	7,950
(358)	(312)	(670)
3,818	3,462	7,280

At 30 June 2023

Lease payment
Finance charges
Net present value

Within 1 year Rs' 000	1 to 2 years Rs' 000	Total Rs' 000
3,149	422	3,571
(132)	(25)	(157)
3,017	398	3,415

At 30 June 2024

Lease payment
Finance charges
Net present value

Within 1 year Rs' 000	1 to 2 years Rs' 000	Total Rs' 000
4,048	5,298	9,346
(362)	(242)	(604)
3,686	5,056	8,742

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

21. BORROWINGS (CONT'D)

(d) Leases liabilities (Cont'd)

Additional information on the right-of-use assets by class of assets is as follows:

Office building	Carrying amount Rs' 000	Depreciation for the year Rs' 000	Impairment Rs' 000
At 30 June 2022	6,659	3,686	-
At 30 June 2023	2,856	3,803	-
At 30 June 2024	8,621	4,087	-

The right-of-use assets are included in property and equipment and the operating lease payments represent rental for office buildings.

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-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Rent received under operating lease recognised in statement of profit or loss*	2,142	6,561	6,450

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-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Within one year	2,789	2,789	7,264
Between 2 and 5 years	11,156	11,156	33,556
After more than 5 years	2,789	2,789	8,389
	16,734	16,734	49,209

(e) The carrying amount of borrowings are not materially different from their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

22. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statement of financial position:

- Pension benefits (note (a)(iii))
- Funds kept within the Company (note (c))

Amount charged to profit or loss:

- Pension benefits (note (a)(iii))

Amount charged to other comprehensive income:

- Pension benefits (note (a)(iv))

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
631,967	489,939	408,557
10,560	10,560	10,560
642,527	500,499	419,117
41,135	31,601	28,564
113,469	59,884	52,999

(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:

- Pension benefit obligations
- Fair value of plan assets
- Liability recognised at end of year

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
961,909	806,366	733,436
(329,942)	(316,427)	(324,879)
631,967	489,939	408,557

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

- Current service cost
- Fund expenses
- Net interest expense
- Employee contributions
- Total included in staff costs
- Actual return on plan assets

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
18,028	15,047	16,080
1,100	828	800
28,660	21,066	17,369
(6,653)	(5,340)	(5,685)
41,135	31,601	28,564
27,290	12,236	(444)

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

- Remeasurement
- Liabilities loss
- Assets (gain)/loss

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
122,311	55,607	35,754
(8,842)	4,277	17,245
113,469	59,884	52,999

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (Cont'd)

Additional information on the right-of-use assets by class of assets is as follows:

(v) The reconciliation of the opening balances to the closing balances for the defined benefit liability is as follows:

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
At start of the year	489,939	408,557	336,685
Charged to profit or loss	41,135	31,600	28,564
Contributions paid	(12,576)	(10,102)	(9,691)
Charged to other comprehensive income	113,469	59,884	52,999
At end of year	631,967	489,939	408,557

(vi) The movement in the defined benefit obligations over the year is as follows:

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
At start of the year	806,366	733,436	683,395
Current service cost	18,028	15,047	16,080
Interest expense	47,109	37,578	34,170
Benefits paid	(31,905)	(35,302)	(35,963)
Liability experience loss	122,311	55,607	35,754
At end of year	961,909	806,366	733,436

(vii) The movement in the fair value of plan assets of the year is as follows:

	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
At start of the year	316,427	324,879	346,710
Expected return on plan assets	18,449	16,513	16,801
Employer contributions	12,576	10,102	9,408
Employee contributions	6,653	5,340	5,685
Benefits paid	(33,005)	(36,130)	(36,480)
Assets (gain)/loss	8,842	(4,277)	(17,245)
At end of year	329,942	316,427	324,879

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (Cont'd)

(viii) Distribution of plan assets at end of year

	30-Jun-24	30-Jun-23	30-Jun-22
Percentage of assets at end of year			
Fixed securities and cash	49.9%	53.9%	58.0%
Loans	3.1%	2.8%	2.9%
Local equities	15.2%	14.0%	13.6%
Overseas bonds and equities	31.3%	28.8%	25.0%
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:

	30-Jun-24	30-Jun-23	30-Jun-22
Discount rate	5.60%	5.96%	5.25%
Future salary growth rate	4.50%	4.50%	3.50%
Future pension growth rate	3.50%	3.50%	2.50%

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

(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 133.2 M (increase by Rs 168.6 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 73.7 M (decrease by Rs 63.9 M) if all other assumptions were held unchanged.

If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 29.0 M (decrease by Rs 29.0 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 2024/2025 will amount to Rs 10,866,682.

(xiii) The weighted average duration of the defined benefit obligation is 16 years.

(xiv) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) State Pension Plan

Social benefits contribution

30-Jun-24	30-Jun-23	30-Jun-22
Rs'000	Rs'000	Rs'000
1,338	1,201	1,227

(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

Deposits against foreclosed properties
Leave passage provision
Accruals
Other payables

30-Jun-24	30-Jun-23	30-Jun-22
Rs'000	Rs'000	Rs'000
7,064	8,688	11,946
14,731	10,659	12,400
6,798	15,449	18,561
119,590	61,402	38,384
148,183	96,198	81,291

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

Life assurance (Note (a))
Building insurance (IBNR) (Note (b))
Mortgage insurance

30-Jun-24	30-Jun-23	30-Jun-22
Rs'000	Rs'000	Rs'000
135,466	118,191	118,191
1,507	1,507	1,507
-	4,275	4,275
136,973	123,973	123,973

Movement in insurance funds

At 01 July
Transfer from life insurance reserve (Note 26)
Written back
At 30 June

30-Jun-24	30-Jun-23	30-Jun-22
Rs'000	Rs'000	Rs'000
123,973	123,973	123,973
17,275	-	-
(4,275)	-	-
136,973	123,973	123,973

The mortgage insurance fund amounting to Rs 4,275,000 has been written back during the year since the directors consider that this insurance fund has been discontinued in prior years and hence no claim is expected to be received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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. For the year under review, 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

At 01 July 2023

Transfer to insurance funds

At 30 June 2024

Rs'000

127,769

(17,275)

110,494

- (b) The valuation of the building insurance funds is considered adequate at the reporting date.

25. SHARE CAPITAL

Authorised

25,000,000 ordinary shares of Rs10 each

Issued and fully paid

20,000,000 ordinary shares of Rs10 each

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
250,000	250,000	250,000
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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

26. OTHER COMPREHENSIVE INCOME

Items that will not be reclassified to profit or loss:

30-Jun-24

Remeasurement of defined benefit obligations
Transfer from life insurance reserve

30-Jun-23

Remeasurement of defined benefit obligations

30-Jun-22

Revaluation of land
Remeasurement of defined benefit obligations

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.

Revaluation reserve Rs'000	Actuarial losses Rs'000	Life insurance reserve Rs'000
-	(113,469)	-
-	-	(17,275)
-	(59,884)	-
36,388	-	-
-	(52,999)	-

27. BUILDING INSURANCE RESERVE

Building insurance reserve

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
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 2024, 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

At start of year
Movement on reserves (Note (i) below)
Profit for the year
Actuarial reserve
Dividends (Note 11)
At end of year

30-Jun-24 Rs'000	30-Jun-23 Rs'000	Restated 30-Jun-22 Rs'000
2,182,357	2,137,746	2,101,340
-	782	-
136,768	103,713	96,982
(113,469)	(59,884)	(52,999)
(10,371)	-	(7,577)
2,195,285	2,182,357	2,137,746

- (i) An amount of Rs 781,877 was transferred from revaluation reserves to retained earnings upon disposal of a property in prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

29. RESERVES

(a) OTHER RESERVES

	At 01 July 2021 Rs'000	Movement during the year		At 30 June 2022 Rs'000
		Debit Rs'000	Credit Rs'000	
General reserve	106,590	-	-	106,590
	106,590	-	-	106,590

	At 01 July 2022 Rs'000	Movement during the year		At 30 June 2023 Rs'000
		Debit Rs'000	Credit Rs'000	
General reserve	106,590	-	-	106,590
	106,590	-	-	106,590

	At 01 July 2023 Rs'000	Movement during the year		At 30 June 2024 Rs'000
		Debit Rs'000	Credit Rs'000	
General reserve	106,590	-	-	106,590
	106,590	-	-	106,590

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 2024, the reserve amounts to Rs 200M which is equal to the paid up share capital of the Company (Note 25).

30. COMMITMENTS

(a) Loans

Loans approved but not yet disbursed to individuals

30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
256,645	200,297	189,136

(b) Capital commitments

The Company does not have any capital commitment at 30 June 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

32. RELATED PARTIES TRANSACTIONS

The Company is making the following disclosures in accordance with IAS 24 (Related Party Disclosures):

Transactions during the year

		Nature of transactions	30-Jun-24 Rs'000	30-Jun-23 Rs'000	30-Jun-22 Rs'000
Shareholders of the Company					
Government of Mauritius		Loans	58	174	169
		Interest paid	1	6	10
		Rental expense	38	76	38
Others		Other transactions	65	53	48
Directors and key management personnel					
		Loans	4,785	15,900	6,571
		Loan interest	16	31	1,165
		Deposits capital	7,641	-	2,800
		Deposits interest	351	146	302
		PEL capital	8,718	(1,827)	3,172
		PEL interest	19	(41)	51

Remuneration and other benefits relating to key management personnel, including directors, were as follows:

		30-Jun-24	30-Jun-23	30-Jun-22
		Rs'000	Rs'000	Rs'000
Salaries and benefits		33,818	32,445	27,908
Nature of transactions		(Credit)/ debit balances at 30 June 2024	(Credit)/ debit balances at 30 June 2023	(Credit)/ debit balances at 30 June 2022
		Rs'000	Rs'000	Rs'000
Government of Mauritius	Loans	-	(58)	(232)
Investee company	Payables	(25,000)	(25,000)	-
Directors and key management personnel	Loans	40,818	36,017	20,086
	Deposits capital	12,441	4,800	4,800
	Deposits interest	824	473	327
	PEL capital	12,145	3,427	5,254
	PEL interest	66	47	88

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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. CORRECTION OF PRIOR PERIOD ERROR

a) During the year ended 30 June 2022, management decided to write off the balance for other receivables which exceeded the relevant listing by Rs 17,802,868, since the amount cannot be reconciled. Since this amount related to prior periods, the opening retained earnings were adjusted to take account of this change in condition, in accordance with *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*.

The effects of correcting the prior years' error on the Company's statement of financial position at 30 June 2022 were:

	Other assets Rs'000	Retained earnings Rs'000
Balance as previously reported at 30 June 2021	52,546	-
Effect of correcting prior period's error	2,289,113	2,289,113
Restated balance as at 30 June 2021	2,341,659	2,289,113

37. EVENTS AFTER THE REPORTING DATE

- (i) On 30 September 2024, the Board of Directors has recommended the payment of a dividend of Rs 13,676,883.
- (ii) No other adjusting or significant non-adjusting events have occurred between 30 June 2024 and the date of authorisation of these financial statements.



ANNUAL REPORT 2023/2024



Mauritius Housing Company Ltd

Head Office,

MHC Building, Révérend Jean Lebrun Street
Port Louis, Mauritius

T: (230) 405 5555 | F: (230) 212 3325 | E: mhc@mhc.mu

www.mhc.mu

Find us on

