

ANNUAL REPORT

SICOM Financial Services Ltd

2026



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Mission, Shared Values and Objective Statement



Corporate Information

 Registered Office	SICOM Building Sir Célicourt Antelme Street, Port Louis, Mauritius Telephone: (230) 203 8420 Fax: (230) 208 0874 Email Address: sfsl@sicom.mu Website: www.sicom.mu
 Auditor	Ernst & Young
 Directors	Mr Edison Narainen (Chairperson as from 16 July 2025 to 29 May 2026) Mrs Lakshana Devi Borthosow (as from 29 July 2025 to 05 June 2026) Mr Dev Kumar Gopy Mr Avinash Dreepaul (as from 18 June 2025 to 25 May 2026) Mr Sean Oliver Men Foong Lew Kew Lin Mr Nureshkumar (Ashok) Prayag Mrs Nandita Ramdewar
Company Secretary	DTOS Ltd
Senior Executive Officer	Chadien M
Manager	Kasenally - Boodoo A (Mrs)
Main Banker 	SBM Bank (Mauritius) Ltd

Directors' Report

The Directors have the pleasure to submit the twenty sixth Annual Report of SICOM Financial Services Ltd (the "Company") which includes the audited financial statements for the financial year ended 30 June 2026. The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IASB") and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius.

PRINCIPAL ACTIVITIES

The Company is engaged in depository activities and holds a deposit taking license as a 'Non-Bank Financial Institution'. The Company also transacts in leasing and loan business and manages SICOM General Fund and SICOM Overseas Diversified Fund, which are constituted under the SICOM Unit Trust licensed under the Collective Investment Scheme Regulations.

FINANCIAL RESULTS

Leasing

Investments in finance lease stood at Rs 1.3 billion for the financial year ended 30 June 2026 as compared to Rs 1.2 billion for the financial year ended 30 June 2025. The amount of new leases approved stood at Rs 441.4 million for the year under review as compared to Rs 682.7 million last year. The outstanding amount of new leases as at June 2025 was driven by a surge in vehicle purchases ahead of the changes to electric-vehicle tax regulations, effective 1 July 2025. By June 2026, demand for leasing of vehicles had stabilised.

Personal Loan

Investments in personal loan stood at Rs 589.4 million for the year under review compared to Rs 639.6 million last year. An amount of Rs 146.2 million was disbursed compared to Rs 134.8 million last year. The good performance of the loan segment is mainly due to the enhanced sales/marketing efforts.

Deposits

The total deposits remained stable at Rs 2.2 billion for the year ended 30 June 2026 similar to last year. New deposits for an amount of Rs 97.5 million were mobilised during the financial year ended 30 June 2026.

Net Interest Income

Net interest income increased from Rs 59.4 million to Rs 72.4 million for the year under review and is mainly due to the good performance of the leasing business.

Profitability

Profit before tax stood at Rs 31.2 million for the year ended 30 June 2026 , slightly higher than last year's profit before tax of Rs 31.1 million.

Auditor

Ernst & Young has been appointed as external auditor of the Company for the year ended 30 June 2026. The remuneration of the auditor for the financial year amounts to Rs 1,000,000.

Directors' Report (cont'd)

Auditor (cont'd)

The external auditor also acts as tax advisor for the Company and the fees paid in relation to these non-audit services amount to Rs 85,000 for the financial year ended 30 June 2026.

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

Directors

The names of the directors who held office as directors of the Company as 30 June 2026 and the names of those who ceased to hold office as directors of the Company during the year ended 30 June 2026 are disclosed on page 4.

Directors' share interests and service contracts

The Directors have no direct or indirect interest in the share capital of the Company. Furthermore, the Directors do not have service contracts with the Company.

Directors' emoluments

In compliance with section 221(e) of the Mauritius Companies Act 2001, the below statutory disclosures are made with respect to the remuneration and benefits received by the Directors of the Company:

Mr N Prayag - Rs 186,000, Mr E Narainen - Rs 364,923, Mr S O M F Lew Kew Lin - Rs 216,000, Mr A Dreepaul - Rs 215,484, Ms L D Borthosow - Rs 207,991 respectively.

Donations

There were no donations for the year ended 30 June 2026. (2025: Nil)

Corporate Governance

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

Statement of Directors' responsibilities in respect of the financial reporting

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

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

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

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

Directors' Report (cont'd)

The directors are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Company.

The directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- the financial statements fairly present the state of affairs of the Company, as at the financial year end, and the results of their operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- IFRS Accounting Standards as issued by the IASB and the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004 have been adhered to; and
- the financial statements have been prepared on the going concern basis.

Acknowledgements

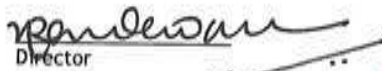
The Board of Directors would like to thank Mr E Narainen, Mrs L D Borthosow and Mr A Dreepaul.

The Board of Directors expresses its deep appreciation of the support given to all the stakeholders of SICOM Financial Services Ltd by the Government of Mauritius, the Bank of Mauritius, the Financial Services Commission, Salespersons, Bankers and Stockbrokers.

The Board of Directors is also thankful to its customers and stakeholders for their loyalty and trust and would like to thank Management and staff for their dedicated effort and commitment to the Company.



Director



Director



Director

Management Discussion & Analysis

The Management Discussion and Analysis (“MDA”) report has been prepared pursuant to the Bank of Mauritius *Guideline on Public Disclosure of Information* this for the financial year ended 30 June 2026.

The MDA includes forward looking statements and that risk exists that forecasts, projections and other postulations contained therein may not materialise and that actual results may vary from the plans and expectations of the Company.

The reader should, therefore, stand cautioned not to place any undue reliance on such statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf.

Economic review

The Mauritian economy remained resilient during the year ended 30 June 2026, although growth moderated amid a weaker external environment, elevated geopolitical uncertainty and softer private sector investment activity. According to the latest National Accounts Estimates published by Statistics Mauritius, real GDP growth is projected at 3.0% in 2026, marginally lower than the 3.2% recorded in 2025, with the outlook reflecting the impact of recent budget measures, trade disruptions and geopolitical tensions in the Middle East. Tourism is expected to remain the principal engine of growth, supported by sustained visitor arrivals and strong tourism receipts, while financial services continue to provide an important contribution to economic activity. Investment activity remained subdued, with Gross Fixed Capital Formation registering a “no growth” in 2026, after a contraction of 3.1% in 2025. Public sector investment is expected to expand by 6.0%, largely driven by ongoing infrastructure projects, while private sector investment is expected to decline by 1.2% in 2026, reflecting a more cautious business environment and elevated financing costs. The construction sector is expected to contract for a second consecutive year, albeit at a slower pace, while manufacturing activity continues to face headwinds from weaker external demand and structural challenges in certain export-oriented industries. Gross National Saving (GNS) as a % of Gross National Disposable Income (GNDI) would be 20.5%, providing continued support to domestic investment and economic resilience.

On the domestic front, the Mauritian equity market weakened during the financial year ended 30 June 2026, with the SEMDEX declining by 2.7%, compared to a gain of 9.5% over the previous financial year. Investor sentiment remained cautious towards the end of the financial year following the presentation of the National Budget 2026-2027, concerns over the fiscal outlook and public debt trajectory of the country, as well as continued uncertainty surrounding global economic conditions.

In its July 2026 report, Moody’s reaffirmed Mauritius’ sovereign rating at Baa3, acknowledging progress in reducing the fiscal deficit. However, the outlook remained negative due to persistent debt and reform risks. The agency emphasized that the government’s planned fiscal consolidation measures are expected to stabilize the country’s credit profile over the medium term. The Bank of Mauritius (BoM) raised the Key Rate by a further 25 basis points to 4.75% on 20 May 2026 to contain inflationary pressures and support macroeconomic stability. The domestic economy continues to face external headwinds, inflation dynamics and fiscal challenges. The authorities’ commitment to fiscal consolidation, prudent monetary policy and foreign exchange market interventions should help reinforce macroeconomic stability. These measures are expected to support investor confidence and strengthen the country’s economic resilience over the medium term.

Financial performance and outlook

Refer to pages 8-12 for a short description of the Company’s performance for the financial year ended 30 June 2026 and management’s outlook for the foreseeable future.

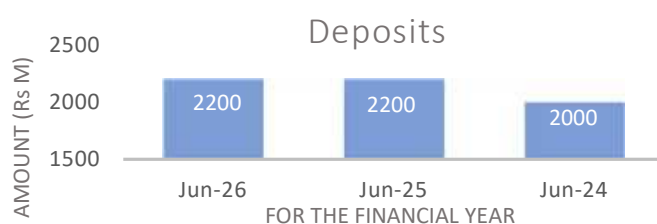
Performance against objectives

Performance Area	Current year's objective	Current year's performance	Next year's objective
Revenue growth	18.71%	12.17%	5.73%
Interest expense growth	10.45%	4.40%	0.83%
Operating profit growth	16.80%	0.11%	45.52%
Productivity	64.42%	75.03%	67.60%
Return on equity	7.68%	6.46%	9.41%
Return on average assets	1.37%	1.12%	1.64%

Financial review

Deposits

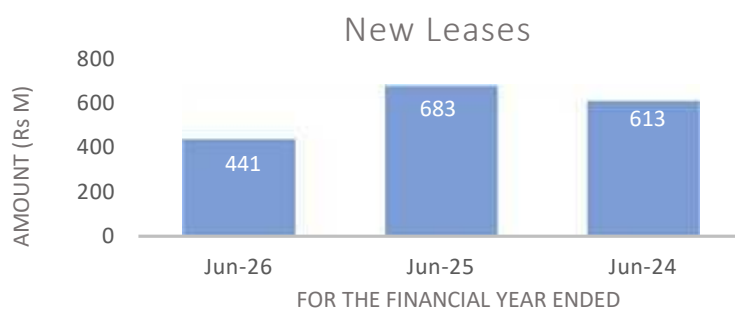
The total deposits of the Company stood at Rs 2.2 billion for the year under review similar to last year.



Financial review (cont'd)

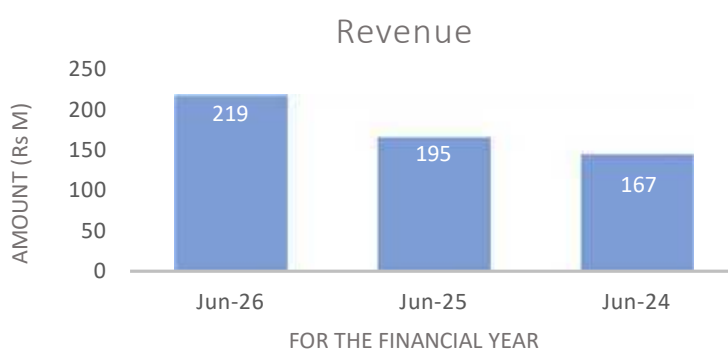
Leases

The amount of lease approved stood at Rs 441.4 million for the financial year ended 30 June 2026 while for last year the amount of lease approved stood at Rs 682.7 million. Last year was an exceptional year given the new tax regulations on motor vehicles which came into effect as from 01 July 2025.



Revenue

The leasing activities saw revenue increased substantially from Rs 113.6 million last year to Rs 136.7 million for the year under review on the back of a boost in sales. Revenue from the personal loan business fell to Rs 46.3 million for the year under review in contrast to Rs 48.3 million for the financial year ended 30 June 2025. Revenue from our Unit Trust activities increased to reach Rs 12.0 million for the year under review as compared to Rs 7.7 million last year.



Revenue (Rs)	30 June 2026	30 June 2025	30 June 2024
Investment Income	24,095,274	25,145,870	23,637,953
Net Leasing activities	136,173,981	113,576,300	82,691,897
Unit Trust	12,029,821	7,665,690	11,562,478
Personal Loan	46,259,111	48,266,940	49,040,319
Total	218,558,187	194,654,800	166,932,647

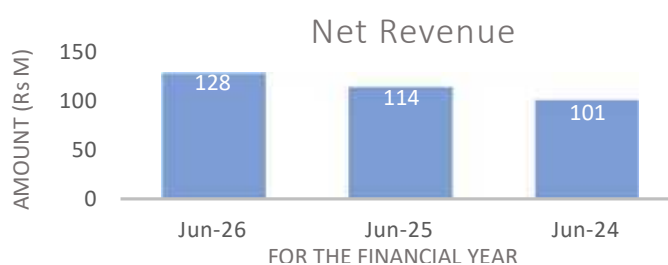
Net Revenue

Net revenue increased from Rs 114.0 million for the financial year ended 30 June 2025 to Rs 127.8 million for the year under review, mainly due to the good performance of the leasing business.

Management Discussion & Analysis (cont'd)

Financial review (cont'd)

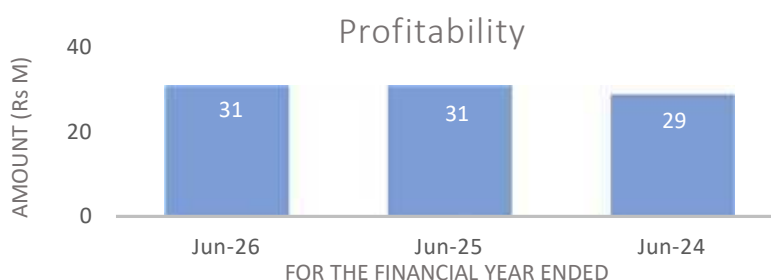
Net Revenue (cont'd)



Net Revenue (Rs)	30-June-26	30-June-25	30-June-24
Deposit takings, leasing and personal Loan	115,734,892	106,350,540	89,155,094
Unit Trust	12,029,821	7,665,690	11,562,478
Total	127,764,713	114,016,230	100,717,572

Profit Before Tax

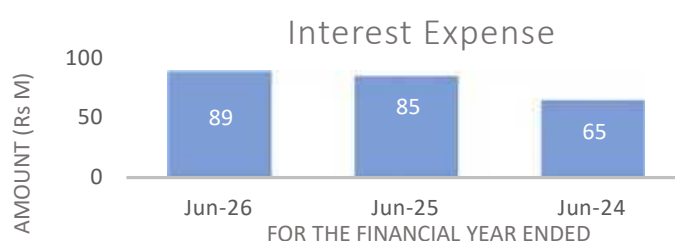
Profit before tax remained stable at Rs 31.2 million for the year ended 30 June 2026 as compared to last year, mainly on account of increased personnel expenses, fees for outsourced services as well as higher impairment charges.



Operating profit (Rs)	30-June-26	30-June-25	30-June-24
Deposit taking, leasing and personal loans	21,609,507	25,645,943	21,444,557
Unit Trust	9,550,019	5,480,323	7,447,953
Total	31,159,526	31,126,266	28,892,510

Interest expense

Interest paid to depositors increased from Rs 85.2 million for the financial year ended 30 June 2025 to Rs 89.0 million for the financial year ended 30 June 2026 due to an increase in interest rates on deposits following the increase in Key Rate.

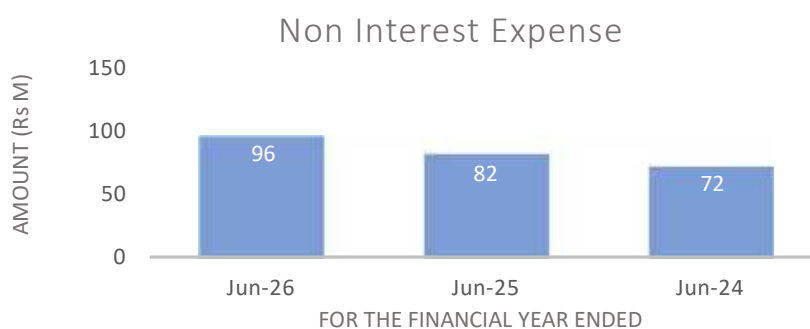


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Cost Control

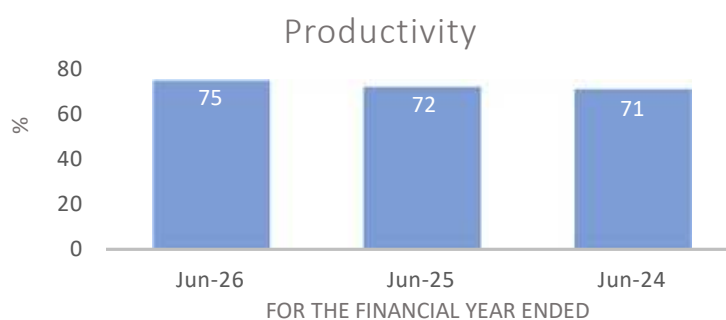
Non-interest expenses increased from Rs 81.9 million last year to Rs 95.8 million for financial year ended 30 June 2026.



Non- interest expenses (Rs)	30-June-26	30-June-25	30-June-24
Deposit takings, leasing and personal Loan	93,385,033	79,724,363	67,710,537
Unit Trusts	2,479,802	2,185,367	4,114,525
Total	95,864,835	81,909,730	71,825,062

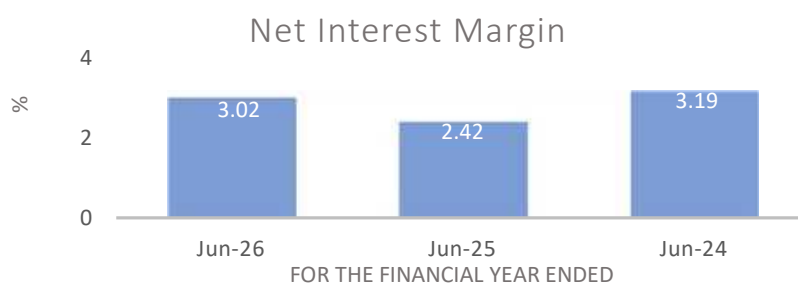
Productivity ratio

The productivity ratio stood at 75.0% for the year under review, slightly higher than last year.



Net interest margin

Net interest margin increased to 3.02% for the year ended 30 June 2026.

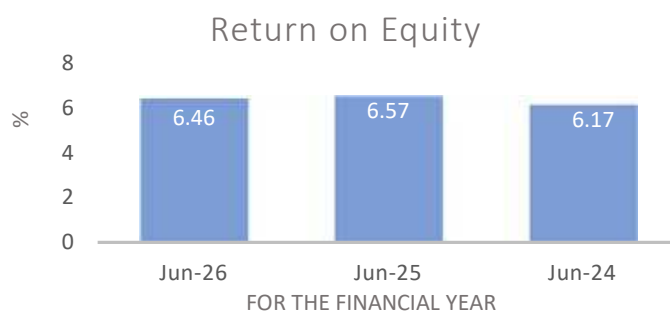


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Return on equity

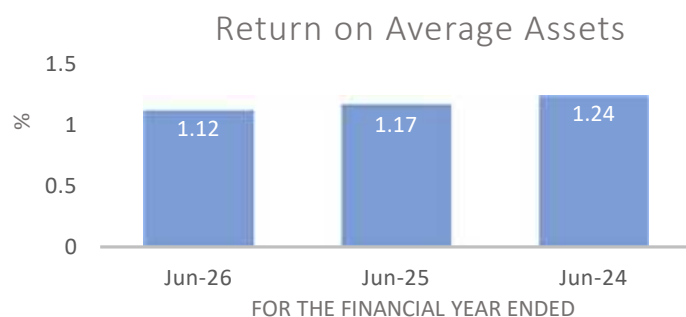
The return on equity for the financial year ended 30 June 2026 stood at 6.46% as compared to 6.57% last year.



Year	Return on Equity
30-June-26	6.46%
30-June-25	6.57%
30-June-24	6.17%

Return on average assets

The return on average assets stood at 1.12% for the year ended 30 June 2026.



Credit quality

The Company's total non-performing book fell from Rs 34.5 million to Rs 33.3 million at 30 June 2026 due to stringent measures to decrease the default amounts. At the same time, the ECL coverage on the non-performing book increased from 13.6% to 16.8%.

More details on credit quality can be found in the notes to the financial statements including a sector-wise distribution of exposures and the respective impairment provisioning in note 12(d)(ii). The bucket-wise ECL coverage by ageing is found in note 12(f).

Management Discussion & Analysis (cont'd)

Risk management policies and controls

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established different sub-committees, which are responsible for approving and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Please refer to the disclosures made under Risk Management Report of the Corporate Governance Report which provides a description of the wider risk management framework of the Company.

Concentration risk

The Company is guided by the principles and requirements outlined in the *Guideline on Credit Concentration Risk* issued by the Bank of Mauritius. As such, the credit exposure of the Company must be within the following limits:

- aggregate credit exposure to any single customer shall not exceed 25 per cent of the Company's Tier 1 Capital;
- aggregate credit exposure to any group of connected counterparties shall not exceed 40 per cent of the Company's Tier 1 Capital; and
- aggregate large credit exposures to all customers and groups of connected counterparties shall not exceed 800 per cent of the Company's Tier 1 Capital.

The Company's six most significant individual credit concentration cases at 30 June 2026 is provided below:

Customer	Category	Net exposure	% of Tier 1 capital
1	Single	Rs 5,859,608	1.64%
2	Single	Rs 5,512,860	1.55%
3	Single	Rs 3,979,959	1.12%
4	Single	Rs 3,769,400	1.06%
5	Single	Rs 3,179,236	0.89%
6	Single	Rs 3,156,924	0.88%

Management Discussion & Analysis (cont'd)

Related party transactions policies and practices

The Company adheres to its Policy on Related Party Transactions as per the *Guideline on Related Party Transactions* issued by the Bank of Mauritius.

The Company has in place policies and procedures to review and approve exposures to related parties and ensure that market terms are approved. The Board oversees that the policies and practices are adhered to. As a general rule, related party transactions require the Board's approval.

Reports are filed on a quarterly basis to the Bank of Mauritius.

None of the credit facilities granted to related parties were non-performing.

Capital Structure

Shareholding Profile

The ownership of stated capital of the Company at 30 June 2026 is given below:

State Insurance Company of Mauritius Ltd	19,800,000 shares (99% holding)
Development Bank of Mauritius Ltd	200,000 shares (1 % holding)

Capital structure

As a non-bank deposit taking institution, the Company is required to:

- maintain a minimum capital adequacy ratio of 10% which was at 22.2 % at 30 June 2026, 24.8% at 30 June 2025 and 27.2 % at 30 June 2024.
- maintain liquid assets equivalent to not less than 10% of deposit liabilities. At 30 June 2026, this ratio stood at 24.1% (2025:24.8%, 2024: 27.2%).

The capital adequacy of the Company is as follows:

	30 June 2026	30 June 2025	30 June 2024
	Rs m	Rs m	Rs m
Total capital made up of:			
Tier 1 capital	356.6	376.8	372.3
Tier 2 capital	21.1	20.0	17.9
Risk Weighted Assets	2717	1,600	1,432
Capital adequacy ratio	22.2%	24.8%	27.2%

The Company has complied with all externally imposed requirements during the year ended 30 June 2026.

Statement of corporate governance practices

The Company is fully committed to maintaining the highest level of integrity and good governance, and is guided by the National Code of Corporate Governance and the Guideline on Corporate Governance as issued by the Bank of Mauritius. Corporate governance disclosures can be referred to in the corporate governance report, within this annual report, which also includes the processes in place for receiving shareholder feedback on its activities and for dealing with shareholder concerns.

Director

Director

Director

Management Discussion & Analysis (cont'd)

CLIMATE-RELATED DISCLOSURE

Our Objective

Climate change remains important to investors, regulators and other stakeholders. Mauritius, as a Small Island Developing State, is exposed to physical climate hazards including cyclones, flash floods, heatwaves and sea-level rise. These hazards can affect infrastructure, customers, counterparties and the continuity of financial services.

SFSL recognises the importance of identifying, assessing and managing climate-related and environmental financial risks. The Company's approach considers both physical risks arising from climate and weather events and transition risks arising from policy, technology, market and stakeholder changes associated with the move to a lower-carbon economy.

Our Approach to Climate Change Reporting

The Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management provides the principal regulatory framework used by SFSL for governance, strategy, risk management and disclosure. SFSL submitted its internal climate roadmap to the Bank of Mauritius in 2024. The roadmap sets out actions to strengthen the consideration of climate-related risks and opportunities in the Company's strategy, risk appetite, business and financial planning, engagement and decision-making.

Our Climate Action Journey. 2025/2026 Progress

During 2025/2026, the Group reported initiatives covering resilience, policy, operational efficiency, emissions measurement, renewable energy, water, waste, digitalisation, employee engagement, biodiversity, responsible investment and governance. These initiatives support the management of physical risk, transition risk, operational resilience and the development of climate-related capabilities.

Theme	Reported initiatives	Climate-risk contribution
Resilience	Business Continuity Management; cybersecurity and digital infrastructure enhancements	Supports preparedness, continuity and recovery from climate-related and other disruptive events.
Policy and governance	Energy Policy; Environmental Policy; Sustainable Procurement Policy; climate-related governance through the CGSNRC and SSC	Integrates environmental considerations into oversight, operational decisions and procurement.
Measurement and efficiency	Scope 1 and Scope 2 carbon footprint assessment; electricity and energy monitoring; energy-efficient air-conditioning upgrade	Establishes an emissions baseline and supports identification of energy-efficiency opportunities.
Renewable energy and resource resilience	Solar PV installation; rainwater harvesting systems	Supports renewable electricity use and water resilience.
Circularity and digitalisation	Waste segregation and composting; paperless and digital transformation initiatives	Reduces resource use and supports circular-economy practices.
People and partnerships	Green Team; employee climate-awareness activities; NGO partnerships including MWF, FORENA, FAREI and Mission Verte	Builds awareness and supports biodiversity, ecosystem restoration and nature-based initiatives.
Financial decision-making	Responsible Investment Policy	Integrates ESG considerations into investment decision-making.

Governance

The Board has overall oversight of the Company's risk management framework, including material climate-related and environmental financial risks. The Risk Management Committee supports the Board through focused oversight, while Senior Management is responsible for implementation through the Company's policies, processes and controls. At Group level, the Board Corporate Governance, Sustainability and Nomination and Remuneration Committee (CGSNRC) receives regular progress reporting on sustainability and climate-related initiatives. These arrangements are intended to strengthen Board and management oversight of climate and environmental matters.

Governance level	Principal role
Board	Sets the overall direction and oversees material climate-related risks, opportunities and regulatory obligations.
Risk Management Committee	Reviews climate-related risk exposures, risk management arrangements and escalated matters.
Senior Management	Implements approved policies, allocates responsibilities and integrates climate considerations into business processes.
Risk function	Coordinates climate-risk identification, assessment, monitoring and reporting within the ERM framework.
Business and support functions	Identify relevant exposures, apply controls, maintain supporting information and escalate material developments.
Internal Audit	Provides independent assurance in accordance with its approved risk-based audit plan.

Strategy

SFSL recognises the role of financial institutions in supporting adaptation, resilience and the transition to a lower-carbon economy. The Company continues to align its direction with the SICOM Group's stated ambition to achieve net zero for its operational carbon emissions by 2040. The credibility of this ambition depends on the progressive development of a verified emissions baseline, implementation plans, interim milestones and monitoring arrangements.

SFSL's principal climate exposure arises through the customers and activities it finances, together with the resilience of its own operations and shared services. The Company therefore considers climate-related factors across lending, leasing, deposit-taking, investment management and operational resilience.

Climate-related risks and opportunities

Risk type	Description	Time horizon	Potential relevance to SFSL
Acute physical risk	Cyclones, intense rainfall, flash floods, heatwaves, fires and other event-driven hazards.	Short term: 0-1 year	Potential disruption to premises, staff, utilities, technology, customers and repayment capacity. Business continuity arrangements are a key control.
Chronic physical risk	Longer-term temperature increases, changing rainfall patterns, water stress and sea-level rise.	Medium to long term: 1-30 years	Potential effects on asset values, infrastructure costs, customer sectors, insurance availability and operational resilience.

Risk type	Description	Time horizon	Potential relevance to SFSL
Policy and regulatory	Evolving prudential expectations, disclosure requirements and climate policy.	Short to medium term	Compliance costs, data requirements and changes to risk-management and financing practices.
Technology	Changes in vehicle, energy and other low-carbon technologies.	Medium term	Asset obsolescence, residual-value risk and opportunities for green finance.

Risk type	Description	Time horizon	Potential relevance to SFSL
Market	Changing customer demand and financing preferences.	Medium to long term	Portfolio shifts, demand for sustainable products and potential changes in credit quality.
Reputation	Stakeholder scrutiny of environmental claims and delivery.	Ongoing	Risk of loss of trust if statements are unsupported or commitments are not delivered.

Opportunities

Climate action creates potential opportunities for financing lower-emission mobility, energy efficiency, renewable energy and climate-resilient assets. SFSL's Eco Lease product for hybrid and electric vehicles remains the clearest existing example of a product aligned with transition-related customer needs.

The Mauritius Country Climate and Development Report published by the World Bank in February 2026 identifies private climate finance, renewable energy, climate-resilient infrastructure and reduced exposure to climate hazards as important national priorities. These themes may create opportunities for financial institutions, subject to appropriate credit assessment, product governance and controls against greenwashing.

Further develop climate-informed customer engagement and credit assessment for sectors with material physical or transition exposure.

Assess commercially viable financing propositions for energy efficiency, renewable energy, low-emission mobility and resilience improvements.

Use the carbon-footprint baseline and energy monitoring to prioritise operational efficiency measures.

Apply clear eligibility criteria and evidence requirements to any product marketed as green or sustainable.

Risk Management

SFSL treats climate-related risk as a risk driver that can increase existing financial and non-financial risks rather than as a wholly separate risk category. Climate considerations are therefore relevant to credit, operational, market, liquidity, strategic, compliance and reputational risk. Climate and ESG risks are incorporated into the Company's risk register and monitored through the existing ERM governance process.

The Company's approach is based on identification of relevant exposures, assessment of materiality, application of proportionate controls, monitoring through risk indicators and reporting through established governance channels. The continued development of customer, collateral, geographical, emissions and sector data is necessary to support more granular exposure assessment and scenario analysis.

Risk channel	Examples of climate-related transmission	Current or developing response
Credit risk	Customer cash flows, asset values and repayment capacity affected by physical events or transition changes.	Incorporate climate factors progressively into customer and portfolio assessment, with sector and collateral data where available.
Operational risk	Premises, utilities, technology, staff and suppliers disrupted by extreme weather.	BCM, disaster recovery, cybersecurity enhancements and supplier resilience considerations.
Market and residual-value risk	Technology or policy changes affect financed asset values, particularly vehicles and equipment.	Monitor market and technology developments and review assumptions used in product and residual-value decisions.
Liquidity risk	Severe events or transition shocks affect cash flows, funding or deposit behaviour.	Consider climate drivers within liquidity risk assessment and stress-testing development.
Compliance and reputation	Incomplete disclosure, unsupported environmental claims or non-compliance with supervisory expectations.	Governance review, evidence-based disclosure and product controls.

Three Lines of Defence

Line	Climate-related responsibilities
First line. Business and support functions	Own climate-related risks within activities, maintain data and controls, perform customer and supplier engagement, and escalate material issues.
Second line. Risk and Compliance	Provide frameworks, challenge, monitoring, regulatory interpretation and consolidated reporting.
Third line. Internal Audit	Provide independent assurance over governance, risk management and controls in accordance with the approved audit plan.

2025/2026 Climate and Environmental Initiatives

The table below lists each climate and environmental initiative reported by the SICOM Group for 2025/2026, the climate risk or opportunity it addresses and its intended contribution.

Initiative	Risk / opportunity	Intended contribution
Business Continuity Management	Physical and operational resilience	Enhances preparedness for cyclones, flooding, extreme weather and other disruptions.
Energy, Environmental and Sustainable Procurement Policies	Transition, operational and supply-chain risk	Embeds environmental considerations into operations, energy use and supplier practices.
Scope 1 and Scope 2 Carbon Footprint Assessment	Metrics and transition planning	Identifies emission sources and establishes a baseline for management and future reporting.
Electricity and Energy Monitoring	Operational efficiency and transition	Supports monitoring of consumption, cost and efficiency opportunities.
Energy-Efficient Air-Conditioning Upgrade	Energy efficiency	Reduces electricity demand where inefficient units are replaced.
Solar PV Installation.	Renewable energy	Increases renewable electricity use and reduces dependence on grid electricity.
Rainwater Harvesting	Water resilience	Supports continuity during water scarcity and reduces reliance on potable supply for suitable uses.
Waste Segregation and Composting	Circular economy	Supports waste reduction, segregation and recovery.
Paperless and Digital Transformation	Resource efficiency	Reduces paper consumption and can improve process efficiency.
Cybersecurity and Digital Infrastructure	Operational resilience	Supports continuity, disaster recovery and protection of critical digital services.
Green Team and Employee Awareness	Culture and capability	Builds staff awareness and supports implementation of climate-related actions.
NGO Partnerships	Biodiversity and adaptation	Supports biodiversity conservation, ecosystem restoration and nature-based initiatives.

Initiative	Risk / opportunity	Intended contribution
Responsible Investment Policy	Investment transition risk	Integrates ESG considerations into investment decision-making.
CGSNRC and SSC oversight	Governance	Strengthens oversight of climate and environmental risks and initiatives.

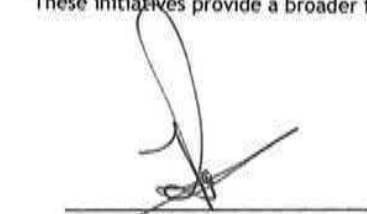
Sustainability and ESG Risk Integration

SFSL continues to integrate ESG considerations into its ERM framework so that environmental, social and governance matters are assessed alongside financial, operational, compliance and strategic risks. Climate-related risks are monitored through the same governance and escalation mechanisms used for other material risks, while dedicated policies and initiatives support more focused management action.

The Responsible Investment Policy, Sustainable Procurement Policy, employee awareness activities and reported governance arrangements broaden this integration beyond risk identification. Their effectiveness will depend on evidence of implementation, defined responsibilities, consistent data and regular management reporting.

Conclusion

During 2025/2026, SFSL and the wider SICOM Group reported progress across resilience, governance, policy, carbon measurement, energy efficiency, renewable energy, water, waste, digitalisation, employee engagement, biodiversity and responsible investment. These initiatives provide a broader foundation for managing physical and transition risks.



Director



Director



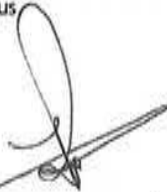
Director

Annual Compliance Statement in respect of the Bank of Mauritius requirements

Name of Institution: SICOM FINANCIAL SERVICES LTD

Reporting Period: 30 JUNE 2026

I, *N. Prayag* the Director of the Board of Directors of SICOM Financial Services Ltd confirm, to the best of my knowledge that SICOM Financial Services Ltd has complied with the provisions of the law, regulations and guidelines issued by the Bank of Mauritius



Director

Introduction

SICOM Financial Services Ltd (the Company or SFSL) was set up as a public company in December 1999 and started its operations in April 2000. The Company which is a subsidiary of the State Insurance Company of Mauritius Ltd (the Holding Company or SICOM) and which forms part of the SICOM Group of entities (the SICOM Group or the Group). SFSL, a Public Interest Entity as defined by the Financial Reporting Act 2004, recognises that sound corporate governance supports trust, financial resilience and the sustainable creation of value over time. The Company's governance framework is guided by, and applies the principles of the National Code of Corporate Governance for Mauritius (2016) (the Code).

This Corporate Governance Report for the year ended 30 June 2026 (the Report) explains how the Company has applied the eight (8) principles of the Code during the year under review. It reflects the Board of Directors' (the Board) commitment to applying upholding high standards of corporate governance and ethical conduct, thereby supporting the organisation's long-term sustainability, enhancing stakeholder value, and contributing positively to society.

Our Corporate Governance Philosophy

The corporate governance framework of SFSL is anchored on the eight (8) principles of the Code, which are as follows:



Disclosures pertaining to the eight (8) principles of the Code have been made in appropriate sections of the Annual Report and the Corporate Governance Report.

SFSL enjoys a solid reputation as a well-managed, well-structured, reputable and trusted financial services provider. Supported by a clear governance and reporting structure, the Company holds several licences with the following two (2) Collective Investment Schemes under its management, both constituted under the SICOM Unit Trust:

- SICOM General Fund; and
- SICOM Overseas Diversified Fund.

Principle 1 – Governance Structure

Governance Framework, an evolution

Over the years, SFSL has strengthened its corporate governance framework and adopted practices aligned with the principles and provisions of the Code. The governance operating model implemented by SFSL enhances the Board's ability to provide effective oversight and supports Management in implementing sound corporate governance practices, thereby contributing to the Group's overall effectiveness, accountability and long-term sustainability.

The Report describes SFSL's approach to corporate governance and how it:

- has the right governance infrastructure;
- actively monitors its business model;
- has increased oversight on strategic and governance matters; and
- ensures risk and culture are at the core of the business.

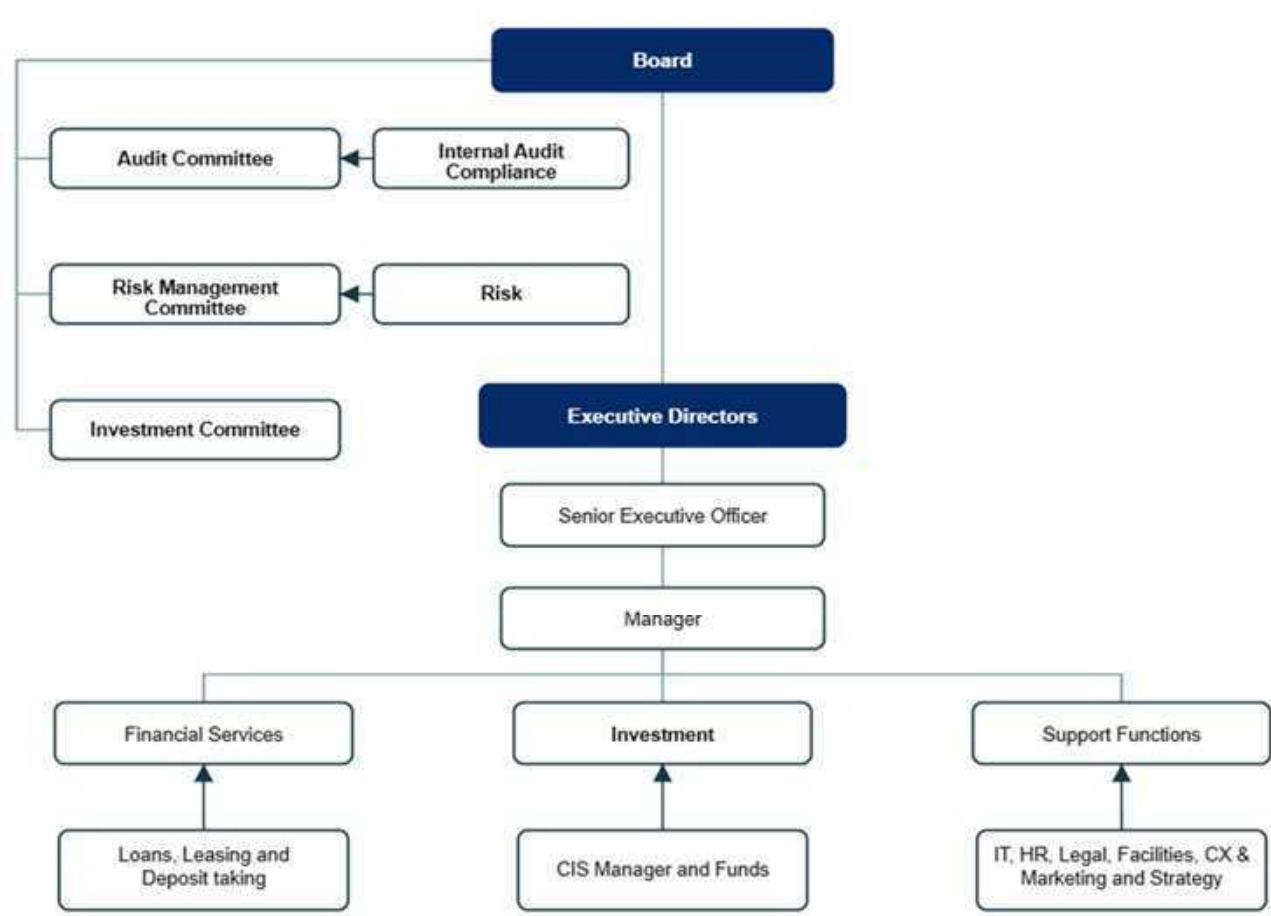
Corporate Governance Infrastructure

This sub-section of the Report explains how SFSL has established and maintained an effective governance infrastructure, which is subject to regular review, to support sound decision-making, clear accountability and constructive collaboration between the Board and Management in achieving the Company's strategic objectives.

Board Operating Structure



SFSL Organisation Structure



¹ Support Functions including Audit, Risk and Compliance are provided by the Holding Company, SICOM. Service Level Agreements are in place, and are reviewed and updated as required.

Both structures are reviewed as and when required, to ensure continued alignment with the Group's strategic objectives, operational requirements, governance arrangements and applicable legal and regulatory requirements. Any material changes to the Board, Committee or organisational structures are subject to approval by the Board.

Our Governance Structure

SFSL's Corporate Governance structure has been established in accordance with the principles and provisions of the Code, national and international best practices, as well as the requirements of the Guideline on Corporate Governance issued by the Bank of Mauritius.

Statement of Accountabilities

The Company is led by a committed and unitary Board, which collectively assumes responsibility for providing strategic direction and effective oversight of the Company. The Board oversees the Company's performance, risk management and governance frameworks, internal control environment and compliance with applicable legal and regulatory requirements. As outlined in the above structures, the Company operates within a clearly defined governance framework, which enables delegation of authority, where appropriate, and clear lines of responsibility, whilst allowing the Board to retain effective control.

The Board is supported by three (3) Board Committees, namely the Audit Committee, the Risk Management Committee and the Investment Committee, which have been established in accordance with the Company's Constitution and the provisions of the Code, as well as the Bank of Mauritius Guideline on Corporate Governance. These Committees assist the Board in the effective discharge of its duties and responsibilities by providing focused oversight and detailed consideration of specific areas within their respective mandates. In fulfilling their oversight role, the Chairpersons of the Board Committees report and escalate significant matters affecting the Company's operations, performance, reputation and governance to the Board.

The roles and responsibilities of the Chairperson, the Group Chief Executive Officer (the Group CEO) as well as the Company Secretary are clearly defined in Board-approved Position Statements, which are reviewed as required and available on the Group's website.

Chairperson	Group CEO	Company Secretary
The Chairperson of the Board is a Non-Executive Director and is seconded in this pivotal role by Executive and Non-Executive Directors. The Chairperson leads the Board, ensuring it is functioning properly and that each Director can make an effective contribution, while remaining the spokesperson for the Board.	The day-to-day operations are entrusted to Management under the responsibility of the Group CEO, who has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as decided by the Board.	The Company Secretary is responsible for the co-ordination of all Board-related businesses, namely Board agendas, Board papers, minutes and statutory filings.
Strategic decisions are made by the Board and all operational decisions are made by Senior Management.	Members of Senior Management have clearly defined job descriptions and report to the Group CEO.	Appointment and removal of the Company Secretary shall be subject of Board approval. DTOS Ltd ("DTOS") acts as Company Secretary to the Board and all its underlying Committees. DTOS, founded in 1993, is a leading corporate service provider and is licensed by the Financial Services Commission.

SFSL's Board Members

Directors

Members	Category
Edison Narainen (Director and Chairperson up to 29 May 2026)	Non-Executive Director
Lakshana Devi Borthosow (up to 5 Jun 2026)	Non-Executive Director
Avinash Dreepaul (up to 25 May 2026)	Non-Executive Director
Dev Kumar Gopy	Executive Director
Sean Oliver Men Foong Lew Kew Lin	Non-Executive Director
Nureshkumar Prayag	Non-Executive Director
Nandita Ramdewar (Group CEO)	Executive Director

Profile of Directors

Mr Nureshkumar (Ashok) PRAYAG

Fellow of the Faculty of Actuaries, Edinburgh, Scotland, UK

BSc (Hons) Actuarial Mathematics & Statistics, Heriot-Watt University, Edinburgh, Scotland, UK

Ashok Prayag was appointed Chairperson in March 2025. A former laureate, he brings over forty years of experience in the financial and insurance sectors.

In the 1990s, he played a key role in the African expansion of the local branch of the German reinsurer, Munich Re. Prior to that, he served as Controller of Insurance, then the regulatory authority overseeing the insurance sector under the aegis of the Ministry of Finance.

In 2014, Mr Prayag founded Quantum Insurance, the first Mauritian insurance company to offer fully online services. He has also served on the boards of several leading organisations, including the Sugar Insurance Fund Board, the Mauritius Sugar Syndicate and the State Bank of Mauritius.

Mr Prayag is also the Chairperson of SICOM Global Fund Limited, SICOM Management Limited and SICOM Properties Ltd. He also serves on the Boards of Directors of SICOM Financial Services Ltd and is a member of the Board of Trustees of the SICOM Pooled Private Pension Fund.

Mr Prayag is also the Chairperson of the Commission of Experts on Pensions Reforms and a Non-Executive Director on the Board of SBM Holdings Ltd.

Nandita RAMDEWAR (Group CEO)

Fellow of the Association of Chartered Certified Accountants (FCCA)

Masters in Business Administration – specialisation in Finance, Manchester Business School

Fellow of the Mauritius Institute of Directors

Member of the International Fiscal Association (Mauritius)

Nandita Ramdewar took up the position of Group CEO in May 2021 after acting as Officer-in-Charge since August 2019. She was appointed to the SICOM Board in 2013.

She worked for a leading audit firm prior to joining the Group as Manager (Finance) in 1992. She has since held senior management roles in various business units and has served as Company Secretary, Deputy Group CEO and Chief Finance Officer. During her career, she has gained broad experience in insurance, strategy, finance, investments, financial services, corporate matters and other fields.

Mrs Ramdewar currently serves on the Boards of Directors of State Insurance Company of Mauritius Ltd, SICOM General Insurance Ltd, SICOM Global Fund Limited, SICOM Management Limited and SICOM Properties Ltd. She is also a past Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd, Central Depository and Settlement Co. Ltd and National Housing Development Co. Ltd.

Dev Kumar GOPY

Diplôme d'Études Approfondies (DEA) in Finance, Institut d'Administration des Entreprises (IAE), University of Montpellier II, France

Maîtrise in Financial Management, Institut d'Administration des Entreprises (IAE), University of Montpellier II, France

Qualified Stockbroker

Dev Gopy is the Chief Investment Officer of the State Insurance Company of Mauritius Ltd (SICOM). Prior to joining SICOM, he has worked at a local leading banking institution. He holds a Diplôme d'Études Approfondies (DEA) in Finance and a Maîtrise in Financial Management from the Institut d'Administration des Entreprises, University of Montpellier II, France. He is also a qualified Stockbroker.

He leads the Group's investment and strategy functions. His responsibilities encompass the formulation and execution of investment strategy and portfolio management across local and international mandates. He also provides oversight to SICOM's financial-services businesses, including leasing and collective investment schemes, and to the operations of SICOM Global Fund Ltd and SICOM Management Ltd.

He also serves on the boards of SICOM General Insurance Ltd, SICOM Financial Services Ltd, SICOM Management Ltd, SICOM Properties Ltd and Cyber Properties Investment Ltd.

Mr Sean Oliver Men Foong LEW KEW LIN

Master of Arts (Joint Honours) in Engineering and Computing Science, University of Oxford

Mr Oliver Lew is an accomplished digital and technology expert with a strong record of creating and developing successful companies. His career spans several Managing Director roles where he has led management, production, sales and technical teams.

He has also served in numerous board and advisory positions, including as Board Directors of the Financial Services Commission, Chairman of the Export Processing Zone Development Authority and Board Director of the National Computer Board.

Mr Lew is currently the Managing Director of the Eruption Group, bringing a wealth of experience in technology-driven business transformation and strategic innovation.

Other Directorships held by Board Members of the Board who held office until 30 June 2026

Directors	Other Directorships	Additional Chair
Dev Kumar Gopy	▪ State Insurance Company of Mauritius Ltd – Executive Director ▪ SICOM General Insurance Ltd – Executive Director ▪ SICOM Management Limited – Executive Director ▪ SICOM Properties Ltd – Executive Director ▪ Cyber Properties Investment Ltd – Non-Executive Director	-
Sean Oliver Men Foong Lew Kew Lin	▪ State Insurance Company of Mauritius Ltd – Independent Director ▪ Eruption Marketing & Business Strategy Ltd – Executive Director ▪ Eruption Media Ltd – Executive Director ▪ Mothair (Mauritius) Ltd	-
Nureshkumar Prayag	▪ State Insurance Company of Mauritius Ltd – Independent Director ▪ SICOM General Insurance Ltd - Non-Executive Director ▪ SICOM Global Fund Limited - Non-Executive ▪ SICOM Management Limited - Non-Executive Director ▪ SICOM Properties Ltd – Non-Executive Director <i>(as from 18 Jun 2026)</i> ▪ SBM Holdings Ltd – Non-Executive Director	▪ State Insurance Company of Mauritius Ltd – Chairperson ▪ SICOM General Insurance Ltd - Chairperson ▪ SICOM Global Fund Limited - Chairperson ▪ SICOM Management Limited - Chairperson ▪ SICOM Properties Ltd – Chairperson <i>(as from 18 Jun 2026)</i>
Nandita Ramdewar	▪ State Insurance Company of Mauritius Ltd – Executive Director ▪ SICOM General Insurance Ltd – Executive Director ▪ SICOM Management Limited – Executive Director ▪ SICOM Global Fund Limited – Executive Director ▪ SICOM Properties Ltd – Executive Director	-

The other Directors do not hold any external directorships.

Management's Profile

Moorganaden (Ruben) CHADIEN

Senior Executive Officer

Ruben Chadien has gathered knowledge and experience working in different departments of the Group since taking up employment with SICOM in 1994. He moved to SICOM Financial Services Ltd upon its inception in 2000 and has gained a wealth of experience in deposit-taking, leasing, loans and unit trust administration over time. He is currently responsible for the day-to-day operations of SICOM Financial Services Ltd and manages the loan portfolio of the Group. Mr Chadien holds an MBA from the University of Surrey (UK) and is a Fellow of the Association of Chartered Certified Accountants (FCCA).

Ameerah KASENALLY-BOODOO

Manager

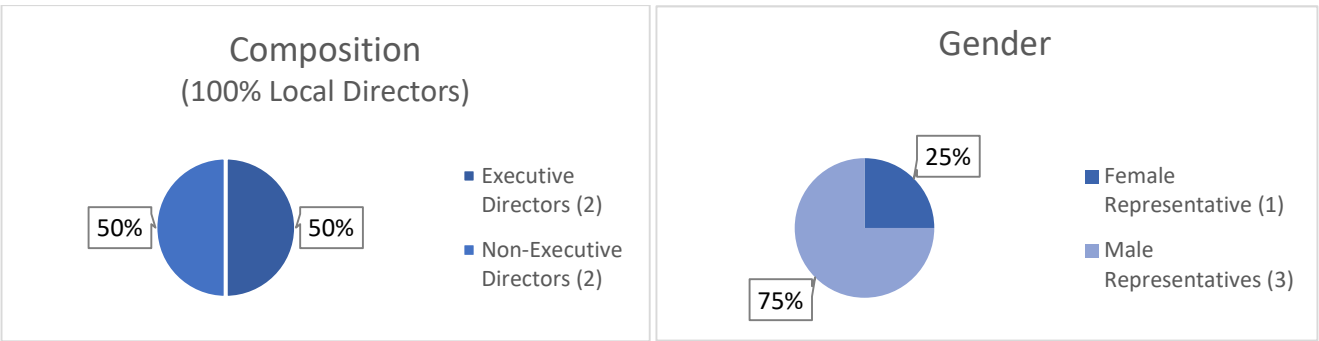
Ameerah Kasenally-Boodoo began her career with the State Insurance Company of Mauritius Ltd in 2003, where she gained valuable experience in the Investment Department. In 2008, she joined SICOM Financial Services Ltd and has since developed extensive knowledge of the Company's operations. In her current role, she actively contributes to the effective management and smooth running of day-to-day activities, supporting the delivery of high-quality financial services and loans management offerings while contributing to the Company's ongoing strategic objectives. Mrs Kasenally-Boodoo holds a BSc in Economics from the London School of Economics and Political Science and an MBA from the University of Birmingham.

Principle 2 - The Structure of the Board and its Committees

Board Size and Composition

The Board is governed by a unitary Board. The latter has been reconstituted and, at financial year end, was composed of four (4) Directors, out of which there are three (3) male representatives and one (1) female representative. The Board is composed of two (2) Executive Directors and two (2) Non-Executive Directors, who are all residents of Mauritius. There are no alternate directors on the Board.

The Board composition at financial year end is shown hereunder.



The Board collectively brings a broad range of industry exposure, skills, diversity and professional experience relevant to the Company’s operating environment. Directors have expertise across financial services, risk, compliance, audit, finance, technology, sustainability and regulatory affairs. The Board is also composed of both male and female directors, reflecting an appropriate level of gender diversity within its overall composition. This diversity of perspectives enhances the quality of Board deliberations and supports informed decision-making.

As at 30 June 2026, the composition of the Board did not meet the requirement under section 18 (3) of the Banking Act .Subsequent to the reporting period, regulatory approval has been sought for the appointment of three (3) new independent Directors, which will allow the Company to comply with the Banking Act.

The Company has adopted a Board Charter which has been approved by the Board, reviewed as required, and is available on the Group’s website. The Board periodically reviews its collective skills, experience and diversity profile to ensure alignment with its strategic objectives, emerging regulatory developments, digital transformation and cybersecurity oversight, sustainability and Environmental, Social, and Governance (ESG) commitments. The Board is satisfied that the current number of Directors with their mix of knowledge, skills and experience is adequate to the nature, scale and complexity of the Company’s activities, enabling the Board to provide effective leadership, sound judgement and robust oversight in the best interests of the Company and its stakeholders.

The functions and responsibilities of the Chairperson and the Group CEO are separate. The Chairperson is a Non-Executive Director and leads the Board, ensuring it is functioning properly and that each Director is able to make an effective contribution. The Chairperson discusses and sets the agenda with the Group CEO and the Company Secretary. The Group CEO has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as decided by the Board.

The Independent and Non-Executive Directors do not have any involvement in the operations of the Company, which could materially affect their ability to exercise independent judgment. Moreover, none of the appointed Independent Directors were employed by the Company or any other entity of the SICOM Group during the past three (3) years.

Board Meetings

In accordance with best governance practices, the Board ensures that regular Board and Board Committee meetings are held to support effective governance and oversight.

Board meetings are set in advance in accordance with the provisions of the Company's Board Charter and Constitution. Additional meetings may be convened, where necessary, to consider urgent matters requiring the Board's attention. During the financial year, the Board held six (6) meetings.

Over and above meetings, some decisions are also taken by circularisation of written resolutions.

Board Meetings Process

The Board follows a structured process to plan, prepare and conduct meetings, as follows:



15 Meetings held in 2025-2026

- Annual Meeting of Shareholders - 1
- Board - 6
- Audit Committee - 3
- Risk Management Committee - 3
- Investment Committee - 2

Information provided to Directors

The Chairperson, assisted by the Company Secretary, ensures that the Directors are provided with the necessary information and sufficiently in advance, at least five (5) working days as far as possible, to effectively discharge their duties and adequately prepare for Board and Board Committee meetings. The Company utilises an online and secure portal through which Board and Board Committee papers are shared to Directors.

Directors, in the performance of their duties, may seek, at the Company's expense, outside legal, financial or other professional advice on any matter within their terms of reference. Directors may also have access, at all reasonable times, to members of the Management team for any clarification on Board matters.

Board Oversight

The Board provides strategic leadership and oversight, ensuring that the organisation's activities remain aligned with its long-term vision, objectives and stakeholder expectations. It is responsible for setting the strategic direction, approving key decisions, and monitoring performance against established targets.

Key priorities, in line with the Group's initiatives, are as follows:

- Business Growth and Development;
- Customer Focus;
- Digitalisation;
- Enhanced Operational Excellence;
- Employee Engagement and Development; and
- Environmental, Social and Governance (ESG).

During this reporting period 2025-2026, the Board met six (6) times, as per hereunder attendance:

Members	Category	Meeting Attendance
Edison Narainen (<i>Director and Chairperson up to 29 May 2026</i>)	Non-Executive Director	5 of 5
Lakshana Devi Borthosow (<i>up to 05 June 2026</i>)	Non-Executive Director	4 of 4
Avinash Dreepaul (<i>up to 25 May 2026</i>)	Non-Executive Director	5 of 5
Dev Kumar Gopy	Executive Director	6 of 6
Sean Oliver Men Foong Lew Kew Lin	Non-Executive Director	6 of 6
Nureshkumar Prayag	Non-Executive Director	6 of 6
Nandita Ramdewar (Group CEO)	Executive Director	6 of 6

Key Focus Areas

- ✓ Annual Reports, Financial Statements, Letters of Representations and Management Letter and External Auditor's Report on Maintenance of Accounting and Other Records and Internal Control Systems
- ✓ Dividend payment for SICOM General Fund and SICOM Overseas Diversified Fund
- ✓ Appointment of External Auditors
- ✓ Evaluation of the performance of the Board and its Committees
- ✓ Budget and Strategy
- ✓ New business structure

Board Committees

The Board has delegated authority to its Board Committees to provide focused oversight, review matters within their respective mandates and make recommendations to the Board, through established reporting mechanisms. Each Committee comprises members with a wealth of knowledge and experience in fields relevant to the operations of the Company, including accounting, insurance, pensions, actuarial science, finance, legal, marketing and business administration.

Each Board Committee operates under a Charter, approved by the Board, which is reviewed as required and available on the Group's website. Each Charter sets out, *inter alia*, the mandates, roles, responsibilities, composition and meeting requirements of each Board Committee. In addition, the responsibilities of the Chairperson of each Board Committee are clearly defined in their respective position statements, thereby promoting accountability and effective leadership.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities related to accounting, financial reporting practices, quality and integrity of financial reports, compliance and internal controls.

The responsibilities of the Audit Committee include:

- examining and reviewing the quality and integrity of the Annual Report of the Company, including the audited financial statements;
- considering and recommending dividend payment;
- keeping under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- assisting the Board in fulfilling its oversight responsibilities related to the Company's Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) compliance;
- reviewing the annual compliance plan and other reports from the Compliance function;
- keeping under review the adequacy and effectiveness of the Company's compliance function.

- reviewing and assessing the annual Internal Audit plan;
- receiving a report on the results of the Internal Auditor's work on a periodic basis;
- reviewing and monitoring Management's responsiveness to the Internal Auditor's findings and recommendations;
- monitoring and reviewing the effectiveness of the Company's internal audit function in the context of its overall risk management system;
- considering and making recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- reviewing and approving the annual audit plan of the External Auditor; and
- reviewing the management letter and management's response to the External Auditor's findings and recommendations.

The Audit Committee did not have independent Directors as at 30 June 2026. Regulatory approval has been sought for the appointment of three (3) new independent Directors, which will allow the Company to comply with the Banking Act.

The Board is satisfied that the Audit Committee comprises members with appropriate qualifications, skills and experience to effectively discharge its responsibilities. Collectively, the Committee possesses expertise in areas including finance, accounting, audit, risk management and corporate governance, enabling it to provide independent oversight of the integrity of financial reporting, the effectiveness of internal controls, risk management processes, compliance arrangements, and the internal and external audit functions.

During the financial year 2025-2026, the Audit Committee met three (3) times. The Directors who served on the Committee during the reporting period, together with their attendance at meetings, are set out in the table below:

Members	Category	Meeting Attendance
Lakshana Devi Borthosow <i>(Chairperson and Member up to 05 Jun 2026)</i>	Non-Executive Director	3 of 3
Avinash Dreepaul <i>(up to 25 May 2026)</i>	Non-Executive Director	3 of 3
Sean Oliver Men Foong Lew Kew Lin	Non-Executive Director	3 of 3

Key Focus Areas

- ✓ Annual Reports, Financial Statements, Letters of Representations and Management Letter and External Auditor's Report on Maintenance of Account and Other Records and Internal Control Systems
- ✓ Dividend Payment for SICOM General Fund and SICOM Overseas Diversified Fund
- ✓ Re-appointment of External Auditors

Risk Management Committee

The Risk Management Committee assists the Board in fulfilling its oversight responsibilities related to risk management. It also advises the Board on the Company's overall current and future risk appetite and reports to the Board on the state of risk culture within the Company. The Committee is responsible for monitoring and evaluating the Company's strategic, operational and financial risks.

The responsibilities of the Risk Management Committee include:

- supporting the Group Risk Officer by understanding key risks the organisation has assumed and overseeing the management of these risks;
- reviewing the risk philosophy, strategy and policies recommended and considering reports;
- ensuring compliance with policies and with the overall risk profile;
- reviewing the management of current and emerging risks;
- providing guidance on areas of focus;
- proposing risk appetites and risk limits for key risks to the Board;
- focusing on risk identification, measurement, mitigation controls, monitoring and management processes; and
- ensuring appropriate methodologies and systems are in place to identify and adequately assess and manage/mitigate operational risks.

The Risk Management Committee was composed of three (3) Non-Executive Directors and one (1) Executive Director. Regulatory approval has been sought for the appointment of three (3) new independent Directors, which will allow the Company to comply with the Banking Act.

During the financial year 2025-2026, the Committee met three (3) times. The Directors who served on the Committee during the reporting period, together with their attendance at meetings, are set out in the table below:

Members	Category	Meeting Attendance
Avinash Dreepaul (<i>up to 25 May 2026</i>) (Chairperson)	Non-Executive Director	3 of 3
Lakshana Devi Borthosow (<i>up to 05 Jun 2026</i>)	Non-Executive Director	3 of 3
Sean Oliver Men Foong Lew Kew Lin	Non-Executive Director	3 of 3
Nandita Ramdewar	Executive Director	3 of 3

Key Focus Areas
✓ Anti-Corruption Policy, Records Retention & Disposal Policy and Emergency Response & Crisis Management Policy for Employees' Safety
✓ List of Risks, Key Risks Indicators, Risk Appetite Statements and Risk Tolerance Levels
✓ Cyber Security Posture

Investment Committee

The Investment Committee lays down and reviews on a regular basis the investment strategy of the different funds managed by the Company. Its objective is to select investments to achieve a reasonable rate of return while taking associated risks into consideration. It may also take investment decisions and ensures that investments are in all respects reasonable and proper. The Committee also monitors and reviews the performance of the different funds under management.

The responsibilities of the Investment Committee include:

- establishing investment policies, strategies and guidelines;
- reviewing investment opportunities and investment reports/proposals;
- considering and approving investments;
- monitoring the performance of local and overseas investments;
- monitoring and reviewing asset allocations;
- reviewing and assessing its mandate and recommending any proposed changes to the Board; and
- determining whether investment service providers should be retained or replaced.

The Investment Committee is composed of two (2) Non-Executive Directors and one (1) Executive Director.

During the financial year 2025-2026, the Committee met two (2) times. The Directors who served on the Committee during the reporting period, together with their attendance at meetings, are set out in the table on the next page:

Members	Category	Meeting Attendance
Nureshkumar Prayag (Chairperson)	Non-Executive Director	2 of 2
Edison Narainen (up to 2 May 2026)	Non-Executive Director	2 of 2
Nandita Ramdewar	Executive Director	2 of 2

Key Focus Areas
✓ Review of Investments for the year ✓ Investment strategies and proposals

Principle 3 – Director Appointment Procedures

Active Monitoring

This section explains how Board Members are provided with the information, resources and training required to effectively fulfil their responsibilities and provide sound leadership to the organisation.

Appointment of Directors

As part of its mandate, the Board carefully considers the needs of the organisation when appointing new Directors. To ensure an appropriate balance of skills, experience, knowledge, independence and diversity on the Board, it assesses candidates against the following objective criteria:



The Corporate Governance, Sustainability, Nomination and Remuneration Committee (established under the Board of SFSL's Holding Company) is the body responsible to review the profile of prospective Directors and to make recommendations to the Board for approval. Each Director is elected by a separate shareholders' resolution to hold office until the next Annual Meeting of Shareholders at which he/she may be eligible for re-election.

Under the Company's Constitution, the Board is allowed to appoint any person as a Director to fill a casual vacancy or Shareholders can make an addition to the existing Directors subject to the number thereof not exceeding nine (9).

The Induction Process

The Board assumes responsibility for the induction of newly appointed Directors and has established a structured induction process to support their integration into the Board. The objective of this process is to ensure that the new directors acquire a sound knowledge of the Company, its operations, governance framework, strategic priorities and current challenges, enabling them to effectively discharge their duties and responsibilities from the outset.

Upon appointment, Non-Executive Directors are given a letter of appointment, and all new Directors attend a comprehensive induction and orientation programme. As part of the induction process, newly appointed Directors are provided with an induction pack containing the following documents:

✓ Overview of the Company
✓ Company's Constitution
✓ Board Charter
✓ Charters of the Board Committees
✓ Code of Ethics for Directors
✓ Banking Act 2005
✓ Financial Services Act 2007
✓ Relevant extracts of the Companies Act 2001
✓ National Code of Corporate Governance for Mauritius (2016)
✓ Latest Annual Report
✓ AML/CFT Compliance Manual

The Group CEO and the Company Secretary remain available to provide newly appointed Directors with any additional information, guidance or clarification they may require.

All Directors appointed during the reporting period successfully completed the induction process.

Directors' Professional Development

The continuous development of Directors is considered essential to maintaining a highly engaged, well-informed and effective Board. The Company therefore identifies the development needs of Directors and provides them with appropriate training to enhance their skills, knowledge and understanding of emerging issues relevant to their roles and responsibilities. Directors are also encouraged to identify and request specific training that they consider necessary to support the effective discharge of their duties.

During the financial year 2025-2026, as part of the ongoing training and development programme, the Directors received updates and training on:

- AML/CFT
- Ethics and Good Governance
- Global Market Review and Outlook
- Sustainability
- Artificial Intelligence

The Board periodically reviews the professional development and ongoing education of Directors to ensure that they continue to possess the knowledge, skills and competencies required to effectively discharge their responsibilities and respond to evolving business, regulatory and governance developments. As part of this review process, the Company identifies priority areas for development and training, taking into account the needs of the Board, legal and regulatory developments and Directors' interests. Several topics have already been identified for inclusion in the training programme for the next financial year.

Succession Planning

The Board ensures a structured and effective succession plan is in place for the Board and Senior Executive positions, with the aim of maintaining an appropriate balance of knowledge, skills and experience on the Board and within the Company. To support this objective, the Corporate Governance, Sustainability, Nomination and Remuneration Committee, established under the Board of SFSL's Holding Company, has been delegated the task by the Board to consider succession planning for Directors and other Senior Executives. This exercise takes into account the challenges and opportunities facing the Company, as well as the future competencies required. As part of the Company's succession plan, the situation at Board and Senior Management levels is assessed as and when necessary, and appropriate action is taken to fill any identified gaps.

Principle 4 - Directors' Duties, Remuneration and Performance

Legal Duties

All Directors are aware of their legal duties and are required to act in good faith, with due care and diligence, and in the best interests of the Company.

Access to Information

Directors have access to the advice and services of the Company Secretary, as well as access to Senior Management for matters they wish to discuss at Board or Board Committee meetings or any other matter they consider to be appropriate. Directors have unrestricted access to information necessary for the discharge of their duties.

Information, Information Technology and Information Security Governance

The Group recognises the paramount importance of ensuring the confidentiality, integrity, and availability of information. In response to the escalating cyber security threats witnessed globally, continuous investments have been made in technology to enhance the Group's operational resilience. The Group's commitment to upholding a robust security posture has driven it to actively seek and implement advanced security solutions to effectively counter evolving threats.

SICOM Group has established comprehensive information policies that encompass various spheres associated with information security, including information systems, logical and physical access administration, and information transmission. These policies are regularly updated to reflect current requirements and best practices adopted by the Group. To ensure widespread accessibility, these policies and related procedures are readily available to all staff members through the Group's intranet platform.

The Holding Company benchmarks itself against best practice frameworks to continuously improve its security posture.

As part of its ongoing efforts to maintain the highest standards of security, the Group frequently undergoes audits to ensure compliance with regulatory requirements and industry standards.

In parallel, the Group has recognised the critical importance of fostering a culture of cybersecurity awareness among its employees. To support this, dedicated awareness sessions have been organised to equip staff with the knowledge and vigilance required to identify and address potential security threats. By promoting a security-conscious environment, the Group strengthens its collective ability to effectively safeguard its information assets.

SICOM's Board approves the budget of expenditure on information technology, among others. Investment in information technology and IT security is ongoing, and the Group has a well-established and effective process in place for approval of all major investments.

Assessment and Evaluation of Board Members

The Company is committed to developing its corporate governance by adopting the best practices applicable to the industry. An annual evaluation of the Board and its Committees is conducted through a structured self-assessment process using comprehensive questionnaires. The evaluation considers:

- Board composition and dynamics;
- Quality and timeliness of information provided;
- Oversight of strategy and risk;
- Committee effectiveness; and
- Individual Director contributions.

Improvement areas identified are discussed, action plans developed where necessary and required training are carried out.

During the assessment, the Directors showed satisfaction as regards the functioning and effectiveness of the Board and its Committees, as well as the role played by the Chairperson and the Group CEO. Improvement areas identified are discussed and action plans developed where necessary. The Board remains committed to continuous improvement and may consider external facilitation of future evaluations where appropriate.

Remuneration

The Company's underlying remuneration philosophy is to provide competitive remuneration packages that are aligned with the industry practice, enabling it to attract, motivate and retain its personnel and Directors. In determining remuneration, due consideration is given, where applicable, to relevant laws, regulations and guidelines, views of the Shareholders and the Group's strategic priorities and long-term objectives.

As set out in the Board-approved Remuneration Policy for Directors and Senior Executives, which is referred to on page 6 of this Report, remuneration for Non-Executive Directors consists of fixed fees for serving on the Board, and where applicable, its Committee(s), together with such benefits and allowances as may be approved by the Shareholders. Non-Executive Directors have not received any remuneration in the form of share options, bonuses or other incentives linked to the Company's performance.

The remuneration of Executive Directors and Employees is covered under the Salary Review exercise, which is carried out every three (3) years by an independent Salary Commissioner. Remuneration comprises a fixed component, including salary and allowances, and a variable component, which is based on a combination of the Group's profitability levels and the individual employee's performance.

The Company does not have any long-term incentive plans in place.

Details of Directors' remuneration are found on page 6 of the Annual Report, under Statutory Disclosures (Section 221 of the Companies Act 2001).

Principle 5 – Risk Governance and Internal Control

At the core: Risk and Culture

Board Opinion

The Board derives assurance on the effectiveness of the Company's risk management and internal control framework through:

- Risk reports;
- Compliance reports;
- Internal Audit findings and follow-up reviews;
- External Audit observations; and
- Regulatory submissions and feedback (as applicable).

Based on the information received, the Board is satisfied that the risk management and internal control systems are effective and appropriate for the size and complexity of the Company.

Risk Management

Effective risk management is a vital component of sound corporate governance, enabling us to safeguard stakeholders' interests, protect assets and ensure the long-term sustainability of the Company.

The Board, through its Committees, oversees and monitors the principal risks facing the Company on an ongoing basis.

The Board has the ultimate responsibility to maintain an effective risk management and internal control system including:

- Setting up an Enterprise Risk Management Framework;
- Overseeing its implementation and subsequent monitoring;
- Embedding risk management practices within day-to-day business operations;
- Determining the risk culture;
- Providing Management with leadership and guidance;
- Ensuring that any person responsible for risk management has the appropriate skills, knowledge, independence and authority;
- Defining the roles and responsibilities of Management;
- Ensuring that the Risk Management Function is adequately resourced and Risk Management Committee have the appropriate training and support to fulfill their responsibilities;
- Considering risk appetite statements and risk tolerance levels for list of key risks;
- Considering stress and reverse testing and their impact on the Company;
- Reviewing policies for the management of key risks;
- Monitoring of emerging risks;
- Reviewing material outsourcing arrangements, the Disaster Recovery Plan and Business Continuity Plan during unforeseen events; and
- Overseeing the management and monitoring of cyber security-related risks.

The Risk Management Committee is mandated by the Board to oversee all risk management and internal control issues. The task of maintaining a sound risk management system has been delegated to Senior Management and the Group Risk Officer. Internal governance structures include a Risk Management function that complies with legislative requirements.

The comprehensive Risk Management Report can be found at pages 62 to 76 of this Report.

Internal Controls

The system of internal controls has been designed to prevent, detect and mitigate significant risks faced by the Company. Such a system provides reasonable assurance against material errors, omissions, misstatements or loss, and manages risks of failure in operational systems. The Company maintains proper records to ensure the effective operation of its business and compliance with laws and regulations.

Management is responsible for managing all of the Company's activities, including the implementation of the strategies and policies adopted by the Board, and the operation of the internal control system.

Internal control covers all material processes of the Company. Key areas of effective internal controls include the following:

- a) An effective organisation structure, including the delegation of appropriate responsibilities to the Board Committees, the Group CEO, Senior Management and Management;
- b) A Compliance function is in place under the leadership of the Compliance Officer/Money Laundering Reporting Officer (MLRO), and compliance policies and procedures have been established to ensure compliance with applicable laws, regulations, codes and guidelines;
- c) Reports of the Internal Auditor, Compliance Officer/MLRO and the External Auditor are considered when assessing the effectiveness of internal controls;
- d) A comprehensive management information and accounting system is in place to provide reliable financial and operational performance data; and
- e) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Internal Audit function interacts with the Risk Management function on the main risks in the Risk Register and associated reviews are considered in the Internal Audit Plan to assess the effectiveness of controls to mitigate the risks. The External Auditor also carries out a sample review of controls during the financial year-end audit exercise.

The Board, through the Audit Committee and Senior Management, is regularly apprised of such assessments. Deficiencies, if any, are promptly considered by Management, and remedial actions taken and/or action plans devised to address the weaknesses. The Compliance Officer/MLRO, the Internal Auditor and the External Auditor have direct access to the Audit Committee.

Principle 6 – Reporting with Integrity

Board Affirmation

As the Board of SFSL, we affirm our responsibility for the integrity of the Annual Report 2025-2026. In collaboration with Management, we have applied our collective expertise to ensure that the information presented in this Report complies with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Companies Act 2001, Banking Act 2004, the Financial Reporting Act 2004, as well as the rules laid out by the Financial Services Commission and the guidelines and guidance notes issued by the Bank of Mauritius. The Board is satisfied that this Report presents a fair, balanced and comprehensive view of the organisation's financial, environmental, social and governance performance, position and future outlook.

In preparing this Report, the Board has exercised appropriate oversight to ensure that the information disclosed is reliable, relevant and reflective of the Company's commitment to transparency, accountability and long-term value creation.

SFSL's Annual Report, can be accessed on our website at <https://www.sicom.mu/about/abouts-sicom/annual-report>.

SFSL is part of the SICOM Group which is a trusted and diversified financial services group dedicated to supporting Mauritius' economic development. SFSL advances the interests of its customers while integrating sustainability into its strategy and operations. It manages clients' funds prudently and maintains strong stakeholder engagement to deliver service high standards of service excellence.

As a responsible financial services provider, SICOM Group recognises that long-term success extends beyond financial performance. It equally relies on the stability and wellbeing of the economic, social, and environmental ecosystems in which it operates. In this regard, the Group undertakes initiatives to promote health and wellbeing, enhance financial literacy, empower youth and preserve biodiversity – aligning its growth trajectory with principles of social inclusion, environmental sustainability and long-term resilience.

Sustainability

The Group has reaffirmed its commitment to sustainability by submitting yearly annual progress reports aligned with the principles of the UN Global Compact and the UN Principles for Responsible Investment.

In line with the principles of the Integrated Reporting Framework, the Group's value creation model—presented on pages 56 to 60 of its Integrated Report—illustrates how SICOM leverages the six capitals (financial, human, intellectual, manufactured, social, and natural) to deliver sustainable value for its shareholders and broader stakeholder community. This model reflects the interconnectedness of resources and relationships that drive long-term value creation across financial and non-financial dimensions.

Safety and Health

At SICOM Group, the safety, health and wellbeing of its employees and stakeholders remain a top priority. The Group complies with the requirements of the Occupational Safety and Health Act (OSHA) 2005 and related regulations, while integrating Safety and Health considerations into its daily operations across all business units and locations. Through a proactive and preventive approach, the Group continuously works towards identifying, evaluating and mitigating workplace risks to maintain a safe, secure and healthy working environment.

Throughout the financial year 2025-2026, several initiatives were undertaken to strengthen workplace safety, health, and emergency preparedness across the Group. These included regular workplace safety inspections,

enhanced hygiene practices, fumigations exercises, water quality checks and pest control interventions. Fire response simulations, evacuation drills and fire safety awareness were conducted in collaboration with the Mauritius Fire and Rescue Service to enhance employee preparedness and emergency response capabilities.

The Group continued to prioritize employee wellbeing through initiatives to promote physical and mental health in the workplace. Awareness and wellness activities were organised to encourage healthier lifestyles.

No major workplace incidents or accidents were recorded during the financial year. These actions reflect our unwavering commitment to fostering a resilient, safe and health-conscious workplace for all employees and stakeholders.

Human Rights

Aligned with the Group's initiatives, the Company is firmly committed to upholding the highest standards of ethics, compliance, and corporate responsibility. SFSL adheres to all applicable laws, regulations and internal policies, and expects every employee to uphold these standards in their daily conduct. This commitment extends beyond legal compliance to encompass a deep respect for human rights and dignity across all operations.

The Company respects individual human rights and strictly prohibits any form of discrimination including race, religion, sex, age, amongst others. Furthermore, it is committed to preventing other violations of human rights.

Environment

SFSL is committed to responsibly use natural resources and enhance environmental sustainability by integrating responsible resource management and mitigate negative environmental impacts.

Political Donations

The Company did not make any political donations during the financial year 2025-2026 (2025 and 2024: Nil).

SFSL's Board Policies

Management is responsible for managing the day-to-day activities of the Company, including the implementation of the strategies and policies adopted by the Board and the operation of the internal control framework. To promote transparency and accessibility, SFSL's key governance documents, summarised below, together with other corporate governance information, are available on the Group's website under the 'Codes & Policies' section.

These documents are reviewed as and when required to ensure their continued relevance and effectiveness. They not only support compliance with applicable legal and regulatory requirements but also reflect the Group's commitment to adopting recognised governance principles, best practices and emerging developments at both national and international levels.

Summary of the main Governance documents

Constitution	The Constitution of the Company is dated April 2000. The Company's Constitution, in conformity with the provisions of the Companies Act 2001, governs the general internal functioning of the Company including, amongst other matters, the rights and obligations of the shareholders.
Board's Charter	The Company's Board Charter sets out the composition, roles, obligations, rights, responsibilities and powers of the Board. The Board Charter is reviewed as and when required.
Corporate Governance Policy for the Group	The Group's Corporate Governance Policy establishes, along with the Company's Charters of the respective Board and its Committees and other policies, a framework of good governance practices for the Group.
Remuneration Policy for Directors and Senior Executives for the Group	The Group's Remuneration Policy for Directors and Senior Executives provides a structured basis in determining the remuneration of Board Members and Senior Executives of the Group.

The Company also has in place the following governance documents:

- Board Committees' Charters;
- Position Statements of the Chairperson of the Board and Board Committees, Group CEO and Company Secretary;
- Director Selection and Orientation Policy;
- Group's Data Protection Master Policy;
- Group's Privacy Policy;

- Group's Records Retention and Disposal Policy; and
- Group's Anti-Corruption Policy.

Ethics Framework

SICOM Group is committed to ensure continuous integrity, transparency, and responsible business practices at all levels. The ethics culture within the Group is re-enforced through the following measures:

1. Leadership Commitment

The Board of Directors and Senior Management of the Group promote and foster a strong ethical culture across the Group by setting the tone from the top and demonstrating a commitment to integrity, accountability and responsible business conduct. To reinforce this commitment, an Ethics Officer has been appointed at the level of the Board of the Holding Company to oversee the implementation and monitoring of the Group's ethics framework.



2. Code of Ethics for Directors and Employees

The Group has adopted a Code of Ethics for Directors and a Code of Ethics and Business Conduct for Employees, both of which are in line with the principles of the National Code of Corporate Governance for Mauritius (2016) and have been approved by the Board of the Holding Company. These Codes set out the ethical standards and principles expected of Directors and employees in the conduct of their duties and responsibilities. Both Codes are available on the Group's website.

The procedures governing the appointment of new Directors are set out in the 'Active Monitoring' section of this Report.

Upon appointment, Directors receive a comprehensive induction pack, which includes the Code of Ethics for Directors and other key governance documents. In accordance with the Code of Ethics for Directors, safeguards are in place to prevent overboarding by Directors. In particular:

- Directors must ensure that they devote sufficient time to enable them to diligently carry out their responsibilities and their duties to the Company.
- Directors must be judicious in the number of directorships they accept so that they can do full justice to their responsibilities as Board Members.

To ensure that Directors devote sufficient time and attention to the affairs of the Company, all newly appointed Directors are required to provide an executed declaration confirming that they have the necessary time commitment to effectively discharge their duties and responsibilities.

All new employees are required to formally acknowledge that they have read, understood, and agreed to comply with the Group's Code of Ethics and Business Conduct for Employees.

In addition to the Code of Ethics for Directors and a Code of Ethics and Business Conduct for Employees, the Group has established a number of policies that support and reinforce its ethical framework. These include the Whistleblowing Policy, Equal Opportunity Policy, Complaints Handling Policy, Anti-Harassment and Non-Discriminatory Policy, and Policy on Related Party Transactions.

3. Ethics Training

Ethics training for Directors and employees is conducted on a yearly basis. During the financial year ended 30 June 2026, a Consultant delivered training on "Business Ethics and Good Governance in the Insurance Sector" to Directors and employees of the Group.

4. Reporting of Ethical and other Issues

Employees are encouraged to raise ethical issues directly with the Ethics Officer. Other issues are escalated through the appropriate reporting channels in accordance with the relevant policies, procedures and the provisions of the Employee Handbook.

5. Conflicts of Interest

The Board is responsible for overseeing the effective management of conflicts of interest and transactions involving related parties. Employees can seek the guidance of the Ethics Officer or Senior Management if there are any questions or doubts relating to any proposed transaction or situation.

In accordance with the Companies Act 2001, the Company Secretary maintains an interest register which is updated as and when required. Directors are required to disclose any actual, potential or perceived conflict of interest in matters considered by the Board or its Committees. Where a conflict exists, the Director concerned declares the nature of the interest and abstains from participating in the related discussions and decision-making process. Such disclosures are duly recorded in the minutes of the relevant Board and/or Board Committee(s) meeting(s).

In addition, Directors are required to complete an annual declaration of interests to support the ongoing monitoring of potential conflicts. The interest register may be made available to the Shareholders of the Company upon request to the Company Secretary. For this reporting year, no conflict of interest has been reported.

The Company adheres to the requirements set out in the Guideline on Related Party Transactions issued by the Bank of Mauritius and to its Policy on Related Party Transactions, established under the said Guideline.

Details on related party transactions are available under Note 28 to the financial statements.

Principle 7 – Audit

Directors' Responsibilities

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by IASB and in compliance with the requirements of the Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004, Guidelines issued by the Bank of Mauritius, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Assurance Framework

Independent assurance forms a core safeguard of SFSL's governance framework. The Internal Audit function and the External Auditor provide layered assurance over internal controls, financial reporting and risk management. Collectively, these assurance mechanisms support the Board and its Committees in assessing the effectiveness of control, governance and risk management processes within the Company.

Internal Audit

The Internal Audit function provides independent and objective assurance and consulting services designed to add value and improve the Company's operations. Through a systematic and disciplined approach, it assists the Company in achieving its objectives by evaluating and enhancing the effectiveness of governance, risk management and internal control processes. The Internal Audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board and Management.

The Internal Audit function is composed of four (4) members, headed by the Manager – Internal Audit, and derives its authority from the Board. The Manager – Internal Audit has direct access to the Chairperson of the Audit Committee and reports directly and regularly to the Audit Committee. As and when required, the Audit Committee meets solely with the Manager – Internal Audit to discuss important issues or matters of concern. The Manager – Internal Audit has unfettered access to all records, employees and Management of the Company.

The Internal Audit function is adequately staffed and the members have the necessary qualifications, appropriate tools and experience to carry out their duties and responsibilities. The function is also committed to continuous improvement by ensuring training in relevant fields and ongoing professional development for its members. During the financial year ended 30 June 2026, members of the Internal Audit function have had the opportunity to attend several internal and external workshops including:

- Business Continuity Management System Implementation delivered in house by Ernst & Young;
- Rewiring Governance, Risk and Performance in the Age of Artificial Intelligence and Uncertainty organised by the Institute of Internal Auditors (Mauritius);
- Microsoft Copilot delivered in house by Formation Recrutement et Conseil Informatique Limitée (FRCI);
- Artificial Intelligence Practical Masterclass delivered in house by Knowledge of the Art Academy;
- Business Ethics and Good Governance in the Insurance sector organised by an external Consultant; and
- AML/CFT refresher training organised by an external Consultant.

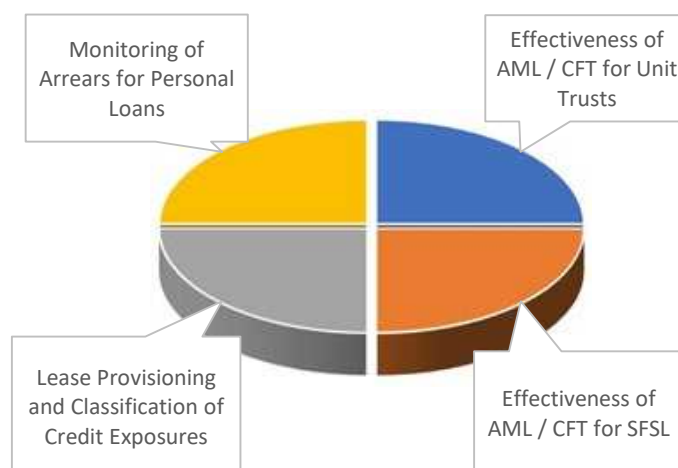
Furthermore, the Internal Audit function makes use of its audit software tool to assist in data analysis and exceptions reporting. It allows scrutiny of the whole database in addition to relying on sample testing of cases. This in turn contributes to greater efficiency in audit procedures, agile auditing and value-added recommendations for improvement in controls and risk management.

The profile of the Manager – Internal Audit is available on the Group's website. He is a Fellow of the Association of Chartered Certified Accountants (FCCA).

The annual Internal Audit Plan, which is approved by the Audit Committee, is based on the principles of risk management and aims to ensure that the scope of work is aligned with the degree of risks attributable to the areas to be audited. All significant areas are covered by the Internal Audit function. The internal audit approach and methodology are designed to provide reasonable assurance by focusing on:

- Significant business risks, both internal and external, that can impact the Company's business processes;
- Key controls and measures in place that are aligned with customers' needs and key business objectives;
- Continuous improvement of existing processes and information systems to bring performance closer to best practices; and
- Regulatory and legal provisions (for e.g., AML/CFT framework, guidelines from regulators, amendments in Finance Act etc.).

During the financial year 2025-2026, four (4) planned internal audit reviews were carried out and covered the areas depicted in the chart below:



Following the completion of audit reviews, recommendations are made to Management to address identified issues and strengthen internal controls, governance and risk management processes, and are reported to the Audit Committee. The latter regularly monitors the implementation of audit recommendations and Management's responsiveness thereto against agreed timelines.

Furthermore, a report on the review of the effectiveness of the Institutional Risk Assessment and related internal control systems on AML/CFT for the Leasing, Deposit Taking and Personal Loans businesses was submitted to the Bank of Mauritius in November 2025.

The Audit Committee periodically assesses the independence and effectiveness of the Internal Audit function, taking into consideration the Company's overall governance, risk management and internal control framework.

External Audit

The Board has recommended the appointment of Ernst & Young (EY) as the External Auditor of the Group for the financial years 30 June 2026-2030 following a tender exercise. EY succeeds Deloitte, whose appointment covered the financial years 30 June 2021-2025. This change is in line with the policy of rotating external auditors at least every five (5) years, to promote auditor independence, objectivity and the continued effectiveness of the external audit process.

The roles and responsibilities of the Audit Committee in the external audit process are set out in the Audit Committee Charter, which is published on the Group's website. The Audit Committee meets with the External Auditor as and when required and at least once a year without management being present to discuss any issues arising from the audit including discussion about critical policies, judgements, and estimates. The Audit Committee is responsible for reviewing and approving the External Audit Plan, evaluating the effectiveness of the external audit process, and making recommendations to the Board on matters relating to the appointment, re-appointment or removal of the External Auditor, subject to approval by the Shareholders at the Annual Meeting of Shareholders.

All findings and significant issues raised by the External Auditor during its audits were discussed and submitted to the Audit Committee and to the Board, as part of its presentation on the year end audit. The implementation of the recommendations made by the External Auditor in its Management Letter for the financial year 2024/25 were followed up by the Internal Audit function, as per set targets and status reports, with updated management responses, and submitted on a timely basis to the Audit Committee for consideration and to the Board for information.

The provision of non-audit services is subject to appropriate approval and procurement processes to ensure that such services, if provided by the External Auditor, do not impair, or appear to impair their independence and objectivity, with appropriate safeguards maintained through restrictions on the provisions of these services such as:

- where the External Auditor may be required to audit its own work, or
- where the External Auditor participates in activities that should normally be undertaken by Management.

External Auditor fees and fees for other services (exclusive of VAT) are as follows:

	COMPANY	
	2026	2025
	EY	Deloitte
	<u>MUR'000</u>	<u>MUR'000</u>
Statutory audit	1,000	741
Tax advisory services	85	76

Principle 8 - Relations with Shareholders and Other Key Stakeholders

Shareholding

Details of shareholders and shareholding structure are disclosed page 23 of the Annual Report.

Meeting our Commitments to our Stakeholders

The Group's commitment extends to addressing all material matters impacting stakeholders across the businesses, ensuring that it is accessible through its various engagement platforms. It is of utmost importance to manage stakeholders' relations and to observe effective industry and international governance practices in managing and responding to the requirements and views of the Group's stakeholders.

OUR VALUE CREATION PROCESS

VALUE CREATION MODEL

The value model of SICOM Financial Services Ltd (SFSL) encompasses all of its stakeholders. Value is generated through the interaction of multiple forms of capital, including financial, human, manufactured, intellectual, social and natural capitals. It is the combined contribution of these capitals that delivers sustainable value. Human capital, in particular, interacts with and enhances the others, fostering the synergies required to achieve lasting impact.

This process is enabled by several key elements, such as leadership commitment, digital transformation, skilled and motivated employees and a supportive organisational culture. Equally critical is the ability to remain agile and adapt to shifts in the external environment or internal circumstances. SICOM Group, including SFSL, operates through well-established processes to deliver financial solutions to its diverse customer base.

As a value-driven organisation, the Company's performance measures extend beyond financial returns. They also embrace employee and customer satisfaction, risk management and sustainability commitments. Shareholders, customers, employees, Government, business partners, the community and the environment are all recipients of the value created. The actions of stakeholders in turn reinforce value for the Group, creating a continuous process.



OUR AMBITIONS



OUR RESOURCES

FINANCIAL

- Strong financial stability, robust liquidity and a diversified portfolio with Assets under Management of MUR 2.8 bn
- A diversified investment portfolio
- AAA Care rating at Group level, denoting the highest degree of financial stability

MANUFACTURED

- 6 branches across the country
- Digital Experience Platform
- Robust IT infrastructure

HUMAN

- Employer of Choice initiatives that elevate the employee experience and foster trust and collaboration
- Talented and committed team members
- 61% women in employment, including 29% in leadership roles at Group level
- Human capital strategy focused on well-being and inclusivity
- Enhanced learning and development through the PMS

INTELLECTUAL

- Specialist in financial services
- Structured talent management and development programmes
- Digital platform and process optimisation
- Branding and marketing strategies that strengthen visibility
- Collaborative partnerships with Car dealers that expand capabilities
- Strong governance and enterprise risk management framework

SOCIAL AND NATURAL

- Sustainability and responsible-farming awareness initiatives at Group level
- Affiliation with and reporting to local and international frameworks supporting the UN SDGs, including SigneNatur, UN Global Compact and UN Principles of Responsible Investment
- Sponsorship of sustainability projects amounting to MUR 1.3 m at Group level
- Green-building initiatives, including additional split inverter-type air conditioners and LED lighting at Group Level
- Other social and environmental initiatives like the Eco Lease product for hybrid/electric cars

OUR VALUE CREATION PROCESS (CONTINUED)



OUR OUTPUT

FINANCIAL

- Profit before Tax of MUR 31.2 M
- Dividends to shareholders
- Greater visibility as a strong brand and increased business opportunities

HUMAN

- An engaged and satisfied workforce
- A stronger organisational culture and improved work-life balance
- Enhanced technical, soft and digital skills for the future of work
- Fostering innovation, creativity and stronger leadership

SOCIAL AND NATURAL

- A sustainability-oriented culture and capacity building by a Sustainability Consultant at Group level
- Group strategy aligned with leading ESG practices and UN PRI / UN Global Compact reporting structures
- Youth empowerment, NGO partnerships, Learning with Nature and Rodrigues agroforestry projects at Group level
- Carbon-footprint measurement through emission assessment at Group level
- Recognition as a responsible corporate citizen

MANUFACTURED

- Leveraging expertise to expand internationally
- Increased cross-selling across business lines
- Enhanced customer experience and new business opportunities
- Greater use of business intelligence and proactive risk management

INTELLECTUAL

- Seamless service across distribution channels with 24/7 availability
- Higher customer satisfaction, productivity and cost savings

STAKEHOLDERS

Shareholders - Customers (Individual and Corporate) - Employees - Intermediaries - Business Partners - Government and Regulators - Community - Environment

Relations with Shareholders and Other Key Stakeholders

Connected to Our Stakeholders

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2025/2026	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
 Customers (Individual and Corporate) Our customers generate revenue, through the purchase of our products and services. We offer our customers quality advice and fairly priced products to help them meet their needs and achieve their financial goals. Our competitive advantage leverages providing our customers with financial education and inclusion initiatives to encourage saving, investing, credit behaviour and retirement readiness.	Omnichannel experience and ease of use Responsible and appropriate advice Fast and efficient customer service Innovative and flexible product solutions Relief in times of significant financial difficulty	- Enhanced our digital platform channels to drive digital engagement - Provided value for money financial solutions to our customers in a responsible way - Use robotics to simplify our processes, giving back time to customers through reduction in servicing and processing time - Call centre services for greater availability	- Traditional distribution channels (including branches and worksites) - Implementation of customer satisfaction surveys - Online Sales Platform - Media channels - Annual and interim reports - Newsletters - E-mails
 Shareholders Our shareholders provides for our financial capital so that our businesses can compete in their chosen markets and support sustainable growth.	- Strong governance, ethics and transparency - Long-term sustainable financial returns and distributions - Clear strategic direction and consistency in operational execution - Experienced management team - Transparent reporting and disclosures - Strong financial control environment including corporate governance and ethics frameworks	- Strong delivery on our operational objectives - Strategy Validation Exercise - Maintained transparent reporting and disclosures in line with our reporting standards and internal policies and procedures - Frequent updates to the Board about major projects	- Annual General Meeting - Annual Report - Website - Digital Tools - Media Channels

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2025/2026	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
 Employees Our people are our greatest competitive advantage, and their welfare is our highest priority. We rely on our highly motivated and engaged employees to put our customers first in everything they do and to act as brand custodians, enabling us to execute on our strategic priorities and generate long-term value for our investors.	• Competitive reward structures and benefits • Career growth and development • An inclusive culture that is safe and enabling • Addressing mental health and overall wellness • Flexibility – work/life balance	• Benchmarked rewards to industry and linked to business performance and outcomes • Learning culture and continued professional development are encouraged by way of various schemes that motivate employees to pursue their self-development. • Invested in various employee skills development and mentorship initiatives, including agile and other technical courses • Various Communication channels e.g. SMS, Intranet • Conducted multiple wellness initiatives	• Communication via Intranet, Creation of a Learning Zone • Internal communication • Annual and interim reports
 Intermediaries They serve as a crucial link between our customers and us. By establishing relationships with new customers, providing appropriate advice based on their needs, and providing a service to them through a combination of face-to-face and digital channels, they optimise and enhance the customer experience. They play a vital role in attracting new business and in retaining existing customers.	• Ease of doing business • Digital capabilities that enable engagement sales, and servicing • Product and regulatory training • Fair incentives that reward efforts • To be associated with a brand which delivers on its promises	• Improved our digital servicing capabilities, such as tracking tools, and sales and servicing platforms, to drive ease of use of our digital solutions • Provided ongoing training to improve the experience of our intermediaries • Develop sustainable relationships • Digitalisation of the service between SICOM and Intermediaries for SICOM Financial Services Ltd	• Branches and worksites • Digital tools • Agent Awards Night • Annual and interim reports
 Business partners (Car dealers, Legal advisors, Consultants, Suppliers)	• Fair payment practices • Comply to terms in Service Level Agreements • Fair tender process • Supplier relationship management	• Timely payment to suppliers and other business partners such as consultants • Develop sustainable relationships • Work as a team with a common goal • Timely communication and consultation	• Digital Tools • Email, Phone call, Letters • Regular Visits

SFSL Corporate Governance Report 2025-2026

Relations with Shareholders and Other Key Stakeholders

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2025/2026	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
 Government and Regulators	• Good governance • Compliance with BoM and FSC regulation • Proactively engage with regulators through Trilateral Meetings and Inspections • The effectiveness of the control functions	• Maintained our solvency capital at levels above regulatory requirements • Detailed risk management and controls systems and performed a self assessment for Risk and the Compliance function • Focused more on dealing with future pandemics as part of business as usual, with management taking the requisite steps to risk-proof the business • Comply with new laws and create organisation wide awareness	• Direct communication including 'submissions of required report, attendance of meetings
 Community We recognise the interdependence between ourselves and the communities we serve. We go beyond our operations and focus on contributing to socio-economic development that is impactful and sustainable to uplift our communities	• Financial education and inclusion • Access to supplier development opportunities • Skills development and employment opportunities • Education support	• Supporting the National Social Inclusion Foundation for CSR projects • Trainees periodically onboarded for short-term training within the organisation • Supported the communities through various initiatives, such as sponsorships related to education, road safety, skills development initiatives etc.	• Media channels • Annual and interim reports • Community projects and campaigns
 Environment	• Going Green initiatives • Energy saving initiatives	• Adherence to BoM Guideline on Climate Change • Include more plants and trees within our premises • Installation of LED bulbs in the buildings • Going Paperless • Rain water harvesting for maintenance purposes • Undertake energy audits of buildings • Procurement of energy efficient equipment	• Meeting with the Ministry of Environment, Solid Waste Management and Climate Change representatives for possible environmental projects • Forestation project at Mont Vert

Shareholders' Diary

Details	Date
Financial year-end	30 June 2026
Audited Financial Statements (year ended 30 June 2026)	September 2026
Statutory Returns to Regulator	September 2026
Annual Meeting of Shareholders	November 2026
Dividend Payment	December 2026

Shareholders' Communication

The Company convenes an Annual Meeting of Shareholders, with prior notice given in accordance with the provisions of the Companies Act 2001). Shareholders are invited to consider and vote on key matters, including the approval of accounts, approval of dividends, and the appointment or re-appointment of Directors.

Dividend Policy

The Company aims to create sustainable value for its Shareholders by delivering an optimum return on equity. In determining the appropriateness of dividend distributions, the Company considers its profit after taxation, appropriations to statutory and other reserves to support ongoing operational activities, the Group's strategic objectives, and the requirements of the Bank of Mauritius Guideline on Payment of Dividend. Subject to regulatory approval, the current dividend policy provides for the distribution of a minimum of 25% of the Company's profit after tax.

Risk Management Report

As a provider of leasing, deposit-taking and personal loan products in Mauritius, SFSL is exposed to a range of strategic, financial, credit, liquidity, operational, cyber, regulatory and emerging risks. In an increasingly uncertain environment characterised by economic volatility, technological change, cyber threats and potential disruptions arising from geopolitical events, pandemics and natural disasters, risk management and business continuity are closely connected.

Risk management remains central to SFSL's operations and decision-making, supporting the achievement of strategic objectives, the safeguarding of its reputation and the protection of shareholder capital. The Company adopts a proactive and forward-looking approach to identifying, assessing, managing, monitoring and reporting risks across its leasing, deposit-taking and personal loan activities. Risk considerations are integrated into strategic and operational planning to enhance resilience and support continuity of critical business functions under adverse conditions.

Through its Enterprise Risk Management and Business Continuity Management frameworks, SFSL seeks to maintain service delivery, protect employees and stakeholders and sustain operational continuity during periods of disruption. Risk management is embedded across the Company, with employees responsible for managing risks within their respective areas, while the Board of Directors retains ultimate oversight and accountability. The Company's risk appetite defines the nature and level of risk it is prepared to accept in pursuit of its strategic objectives and is supported by dedicated Board and Management Committees. The risk management framework, policies, controls and reporting processes are regularly reviewed to remain aligned with applicable laws, regulatory expectations, corporate governance requirements and industry practices.

Overarching Risk Objective

In an increasingly dynamic and evolving risk environment, the Company's overarching risk objectives focus on strengthening resilience, enhancing risk-informed decision-making and supporting sustainable value creation. The Enterprise Risk Management (ERM) Framework remains central to this approach, ensuring that risks are proactively identified, assessed, managed and monitored across the organisation in alignment with the Company's defined risk appetite.

Risk management is embedded into both strategic and operational decision-making, enabling the Company to respond effectively to emerging risks and opportunities. Continued emphasis is placed on enhancing data-driven risk capabilities, including the use of advanced analytics to strengthen risk identification, assessment and response across key risk areas.

Business continuity remains an integral component of the Company's resilience strategy. The ISO 22301-certified Business Continuity Management System supports the continuity of critical operations and enhances preparedness for disruptive events, including cyber and climate-related risks.



Our Risk Culture

SFSL has a strong and pervasive risk culture which fosters accountability and informed decision-making across the Company. It underpins our commitment to proactive risk management and long-term value creation as listed below:



Reflecting on our Risk Strategy and Roadmap

Risk management remains a fundamental pillar of SFSL's strategic and operational framework. Anchored in strong corporate governance, regulatory compliance and evolving industry standards, the Company adopts a disciplined and forward-looking approach to risk-taking. Through the continuous identification, assessment and oversight of risks, SFSL ensures that exposures are managed within clearly defined risk appetite and tolerance levels, while supporting sustainable business growth.

In an increasingly complex environment characterised by economic volatility, evolving regulatory expectations and emerging technology and climate-related risks, the Company continues to strengthen its capabilities to anticipate and respond effectively to potential threats. This approach supports resilience, safeguards long-term value and enhances the Group’s risk-return profile, while enabling the organisation to capitalise on emerging opportunities.



Our Risk Appetite

SFSL’s Risk Appetite Statement (RAS) sets qualitative principles and quantitative limits that balance prudence with growth. Key elements include limits for credit concentration and underwriting quality; arrears and impairment coverage; funding and liquidity; market/interest-rate sensitivity; cyber and technology resilience; outsourcing performance thresholds; and conduct/compliance metrics.

KRIs are embedded in management dashboards and Board reporting. Breaches trigger timely remediation plans and persistently elevated risk levels prompt reassessment of strategy, pricing, risk selection or controls.

We review and update our risk appetite statements and key indicators annually to ensure relevant, aligned priorities.

Our Risk Governance Framework

The Risk function supports a culture of ownership and accountability across SFSL. The governance framework applies the Three Lines of Defence model, with business and operational management owning and managing risk, oversight functions providing challenge and monitoring, and Internal Audit providing independent assurance over the effectiveness of governance, risk management and controls.



Our Enterprise Risk Management (ERM) Framework

The ERM Framework defines SFSL's approach to setting risk strategy and managing risks that may affect its strategic objectives and day-to-day operations. It establishes the principles, practices and governance arrangements required to identify, assess, manage, monitor and report risks, and supports consistent, risk-informed decision-making across the Company. Aligned with the Three Lines of Defence model, the Risk Management Process supports the maintenance of an accurate and forward-looking risk profile for SFSL's leasing, deposit-taking, personal loan, funding and investment activities.

Our Risk Management Process

SFSL's risk management system supports the achievement of strategic objectives and sustainable value creation. Through continuous monitoring of internal and external factors, risks are proactively identified, assessed and managed in alignment with the Company's defined risk appetite.

The Risk Management Process, formalised through the Company's Risk Register, is central to the ERM Framework and embedded within day-to-day operations. Risks are identified and classified, assessed on the basis of likelihood and financial, operational, regulatory and reputational impact, and managed through defined controls and improvement actions. Monitoring frequencies are established in the Risk Register, and material exposures are reported through the relevant governance committees.

Risks are assessed on both an inherent basis, before considering controls, and a residual basis, after taking account of control effectiveness. The assessment records the control response, improvement actions and monitoring frequency for each risk, thereby supporting consistent escalation and follow-up.

SFSL maintains a defined risk appetite for the risks it is prepared to take or tolerate in pursuing its strategic objectives and business plans. Financial and non-financial indicators are used to monitor material exposures and support a balanced approach to risk and opportunity across the Company's activities.

This is further complemented by the Company's Business Continuity Management System, which is ISO 22301 certified and supports the resilience of critical operations and effective response to disruptive events.



Risk Management Roles and Responsibilities

The diagram below illustrates SFSL's risk management structure and key responsibilities. The governance arrangements support the effective embedding of the Risk Management Process across the Company.

RISK MANAGEMENT COMMITTEE (At Company Level)	INTERNAL RISK COMMITTEE (At Group Level)	CYBER SECURITY COMMITTEE (At Group Level)	CRISIS COMMITTEE (At Group Level)
- Assists the Board in fulfilling its oversight responsibilities. - Advises the Board on the development and implementation of an ERM Framework. - Monitors and approves all related party transaction issues of the Company. - Ensures that all credit exposures are in line with regulatory limits.	- Reports to the Group's Risk Committee of the Board. - Has an understanding of the key risks to which the Group is exposed and oversees the effective management of these risks. - Reviews the ERM Framework including the Risk Management Strategy and Policies, Risk Appetite Statements and Risk Tolerance Levels.	- Oversees the Group's risk assessment and management processes with regards to Cyber Risks. - Designs the cybersecurity strategy in line with expectations from key stakeholders. - Participates in design and review of security policies and procedures. - Reviews threat intelligence outputs and makes recommendations to the IRC on the organisation's exposure to current and emerging information security threats.	- Coordinates and ensures smooth intervention of any required action. - Ensures that physical infrastructures are secured and to ensure prompt intervention. - Ensures that IT Infrastructure is secured to ensure prompt intervention wherever required. - Communicate with staff of any decision taken. - Provide regular updates to the Senior Management. - Identify lessons learnt. - Activate crisis management plan.

Achievements For the Year

During financial year 2026, SFSL continued to strengthen its risk management arrangements in a complex operating environment. The Company maintained its focus on safeguarding value creation and supporting sustainable growth across its leasing, deposit-taking and personal loan activities. The key enhancements delivered during the year are presented the next page.

RISK ACHIEVEMENT



Implementation of Business Continuity Framework

Implementation of BCMS and achievement of the ISO 22301 certification. Outsourcing Policy drafted and finalised.



Risk Register and Main Risks

Review of Risk Register and key risks was carried out and the key risk indicators were reviewed.



Classification and Provisioning of Credit Exposures

Submitted quarterly reports on classification, provisioning, recovery and write-offs to the Risk Management Committee.



Climate-Related and Environmental Financial Risk Management

Climate-Related Disclosures for the FY 30 June 2025.



Risk Report

Quarterly risk reporting to the Board for effective governance and risk-based decision-making.

Emerging Risks

The rapidly evolving global environment in 2026 continues to create significant opportunities, risks and disruptions for financial services institutions. Emerging risks are driven by technological advancement, economic volatility and shifting regulatory and stakeholder expectations. Key threats include cyber and AI-related risks, climate impacts, market volatility, geopolitical tensions, ESG pressures, regulatory complexity and talent challenges. These risks carry considerable uncertainty but may materially affect business models, investment performance and operational resilience.

To navigate this landscape, the Company is strengthening its ability to identify, assess and respond to emerging risks proactively. Through enhanced risk intelligence, scenario analysis, advanced analytics and integrated risk management, SFSL aims to build resilience, support informed decision-making and sustain long-term value creation.

Managing Risk in Line with our Strategy

SFSL's Management team, under the oversight of the Board, develops the Company's strategy through a planning process that sets objectives, defines actions and integrates risk management into the delivery of business plans. The Risk function works with business units to identify and assess risks, review key assumptions and challenge exposures arising from strategic initiatives.

This supports risk-informed decision-making and execution within the Company’s risk appetite.

Management of Key Risks

A consolidated Risk Register records the risks relevant to SFSL. Risks are assessed on an inherent basis before controls and on a residual basis after considering the documented controls. The principal risks derived from this assessment are monitored quarterly. They are reviewed annually and considered by the Risk Management Committee and the Board.

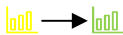
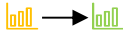
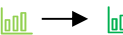
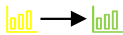
The heat map below presents the residual ratings of SFSL’s key risks.

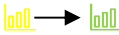
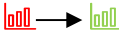


Principal Risks

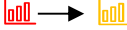
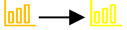
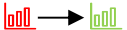
The symbols in the table below indicate the perceived change in the risk profile of the principal risks faced during financial year 2025/26:



	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
Market and Investment Risks	Interest Rate Risk Due to poor economic conditions, SFSL may be exposed to interest rate fluctuations, which could negatively impact existing/new business growth for: - loans and leases - reduction in interest rates which lead clients to refinance - deposits - increase in interest rates which incite clients to withdraw deposits.	- All increases in the Key Rate are continuously monitored and interest rates are adjusted accordingly. - Ensure that all its investments are restructured in such a way that the Company benefits fully from the increase in Key rates. - Annual promotional campaign with very competitive products/conditions and/or rates of interest. - Management also, through its Credit Committee, reserves the right to match an interest rate so as not to lose business. - Early withdrawal of deposits will entail a penalty charge to discourage clients from cashing deposits.	
	Liquidity and Market Liquidity Risk Due to a lack of buyers, an inefficient market or deposit withdrawals, SFSL may be faced with the inability to convert its investments into cash when required, which could lead to cash flow constraints and result in inability to meet payment obligations and financial losses from the sale of assets at depressed market values to meet cash outflows.	- Annual budgeting and regular update of cashflow projections. - Ongoing Cash Flow monitoring. - Funds are invested in highly liquid assets which can be easily cashed in case of emergency. - Diversified investments across maturities.	
	Funding Liquidity Risk Due to adverse market conditions, maturity mismatch, counterparty risk, regulatory changes or shift in market expectations that can impact the availability or cost of funding, SFSL may be exposed to the risk that a maturing liability or class of liabilities may not be able to be refinanced without additional relative cost over any given period of time, which could lead to financial instability, reputational damage and regulatory sanctions.	- Maintain a diversified funding base. - Effect regular stress testing funding scenarios. - Ensure that there are sufficient liquid assets to meet short-term obligations. - Investments are made in line with the Guidelines from the Bank of Mauritius (BoM) and the respective limits regarding concentration/investment valuation are adhered to.	
	Investment Concentration Risk Due to non-compliance with investment policy and/or guidelines, SFSL may be exposed to the risk that investments are concentrated in one entity which might ultimately face financial loss/declared bankrupt, or 1 negatively performing investment fund (SUT), which could lead to financial losses from disinvesting to reach acceptable asset concentration limits.	- Asset exposure limit is monitored. - Asset class exposure limit is monitored. - Ensure that Investments are in line with limits and tolerances detailed in investment policy and SUT prospectus. - Ensure that investments in term deposits are placed into various institutions and are therefore well diversified. - Funds are invested in highly liquid assets which can be easily encashed in case of emergency.	
Counterparty Default Risk	Default Risk Due to reduced repayment capacity arising from economic downturn, poor underwriting/due diligence procedures, institutions not being able to honour their commitments,	- Monthly Arrears Committees are held to monitor arrears. - As soon as a client defaults, a reminder is sent to him.	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
Operational Risks	SFSL may be exposed to the risk that counterparties default on contractual obligations for all products and services, including investments, which may lead to increase in ECL and impact negatively on profits.	- Legal actions are taken promptly to seize the vehicle if the client continues to default on loans and leases. - Ensure that arrears are kept at a minimum through monthly arrears committee and stringent measures to reduce impairment provisioning.	
	Credit Concentration Risk Due to credit exposure to one entity which may be above the limits imposed by the Central Bank, SFSL may be exposed to the risk of large losses from credit concentration, which may negatively impact the company's financial health and its ability to carry out its core operations.	- The BoM Guideline on Credit Concentration specifies that no entity can get lease facilities in excess of 10% of the total lease portfolio. The percentage is monitored on a monthly basis. - Also, when undertaking lease appraisals, the underwriting department calculates the exposure to the client when granting more than 1 lease. - The underwriting team assesses the concentration ratio whenever multiple leases are granted to an individual or corporate body. Management also checks and signs on the appraisal sheets.	
	Earnings Volatility risk Due to adverse changes in market conditions such as changes in interest rates and monetary/fiscal policy, SFSL may be exposed to the risk that actual Profit Before Tax is subject to excessive volatility, which could result in significant deviation from budgeted profit, long-term impact on reserves and a reduction in shareholder value and/or confidence.	- Monthly monitoring of budget variations and appropriate actions taken following feedback from department. - Procurement guidelines and processes well established.	
	Fraud risk As a result of employees with poor integrity and non-adherence to payment processing procedures, SFSL may be exposed to the risk of intentional tampering/falsification of information, deliberate alteration or manipulation of data or mishandling of cash transactions.	- Bills are verified before payments are made. - Various documents are collected from clients. - Online payment system complying with 3D Secure 2.0 mandate. - PCI DSS Level 1 certified payment system. - Promote the highest levels of integrity during induction sessions. - Zero Tolerance towards those who fail to work with integrity. - Access rights review on IT systems applications - review to be performed and monitored by HODs as per roles and responsibilities of every user, including timely removal/update whenever required. - Compliance and Internal Audit functions in place. - Annual review of the Group's Business Risk Assessment in place. - AML/CFT programme in place from a risk-based approach. - AML/CFT programme includes AML/CFT policies and procedures, CRA Tool for client onboarding and KYC/CDD Checklists. - KYC/CDD reviews in place. - AML/CFT training programme in place.	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
		- Independent AML/CFT audit by our Internal Audit function. - Regular reporting to Senior Management/Board. - Clear policies that explicitly prohibit corrupt practices and provide guidance on ethical conduct such as Code of Ethics for Employees and Directors of SICOM Group - Conflict of interest Policy, Related Party Transactions Policy and SICOM Code of Conduct. - Procurement Policies and Procedures and Procurement Committee in place. - Conduct thorough due diligence on employees, agents and business partners to identify potential integrity risks. - Establish strong internal controls, segregation of duties, and regular monitoring and auditing processes to detect and prevent corrupt activities. - Encourage reporting of potential corruption through whistleblower mechanisms and ensure the protection of whistleblowers through a Whistleblowing Policy. - Cooperate with regulatory authorities and law enforcement agencies to combat corruption and maintain compliance with anti-corruption laws. - Segregation of duties to prevent collusion between employees - Regular training on ethical behaviour and compliance - Infrastructure to work from home including work from home policy - Monthly monitoring and reporting of fraud to the Bank of Mauritius	
Operational Risks	Outsourcing & Contract Management Risk Due to inadequate due diligence on potential service providers, poor contract terms drafting, non-compliance with contractual terms, disputes and absence of ongoing monitoring of service providers' performance at Group level, SFSL may be exposed to the risk of poor third-party contract management at Group level and non-performance or poor performance by service providers, which could result in operational failures unforeseen and hidden costs and delay in project completion.	An SLA has been signed with the Group and all services are being fully monitored through evaluation exercise	 → 

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	Cyber Risk Due to increased sophistication of cyber criminals, employee inattention/negligence, insufficient/outdated security measures and insufficient external activity monitoring, SFSL may be exposed to the risk of cyber-attacks on critical systems or related infrastructure including telecommunication systems, which could lead to shutdown of IT systems, severe disruption of ICT services or loss of vital organisational records for a prolonged period of time, loss/corruption of data, stolen identities, loss of intellectual property or unavailability of critical systems/services, misuse of information assets to attack third party systems or to communicate inappropriate information and ransom demands.	- Periodic security assessment and penetration testing of critical systems. - Use of backup. - Threat Intelligence solution implemented. - Security Awareness. - Regular Phishing simulation & training for all employees - Installation of Mobile security. - Implementation of end-point anti-virus protection. - Minimising use of accounts with administrative privileges. - Antivirus implemented. - Data loss prevention. - Multi-factor authentication. - Disable automatic execution of code, macros, rendering of graphics and reloading mailed links at the mail clients and update them frequently. - Implementation of Web application firewall (WAF). - Implementation of Microsoft defender to protect mobile phones. - Threat Hunting & Endpoint Detection Rate - Infrastructure to work from home including wfh policy. - Network discovery and monitoring. - Implementation of Digital Security Operation Centre (DSOC). - Implementation of Network Access Control. - Playbook for ransomware.	
Operational Risks	IT Data management risk Due to data breaches arising from hacking and cyber-attacks, human error during file migration, damage to or misuse of IT equipment/systems, SFSL may be exposed to the risk of customer and confidential corporate data losses, which could lead to reputational damage, legal fines, regulatory sanctions and loss of clients.	- Encryption solution has been deployed for USB levels. - Facilities to encrypt emails. - Facilities to encrypt files on fileserver. - Auditing has been enabled for sensitive Business Applications. - Capturing of logs from servers and desktops with endpoint anti-virus protection. - External Auditor regularly audit IT Systems. - Information security awareness program. - Policies are in place. - Data loss prevention. - Implement Network access control. - Mobile device management - Threat locker to protect against malicious applications.	
	Business Continuity - IT Resiliency and Continuity Risk As a result of computer or data system failure and security breaches, SFSL may be exposed to the possibility of critical business operation disruptions, which could result in financial losses, regulatory sanctions and reputational damage.	- SLAs with telecom providers in event of equipment failure. - Generators & UPS in place for power disruptions. - Offsite IT backups in place. - Annual DR Mock Drill. - Solution to monitor IT Infrastructure has been implemented.	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
		- Implementation of email backup and archive. - Cisco Jabber in cloud. - Some services are being shifted into the Cloud. - Regular penetration testing. - Update security infrastructure - Systems are regularly checked, bugs reported and fixed. - Proper testing of software before release to user. - Systems are built according to spec, insufficient functionalities are identified. - Existing systems are reviewed for enhancements/replacement. - UAT is conducted for major projects.	
	Business Continuity Risk - Non-IT Related As a result of power failure, restricted/no access to work areas, damage to work equipment and loss of key staff arising from natural calamities or man-made disasters, SFSL may be exposed to the possibility of critical business operation disruptions, which could result in financial losses and reputational damage.	- Business Continuity Risk Assessment carried out. - Risk Assessment carried out. - Back-up of core system is kept offsite. - Work From Home in place, with needed hardware and software access to many staff. - Facilities Management Disaster Response Plan. - Fire Drill Plan. - Generators & UPS in place for power disruptions. - Monthly testing of diesel generators. - Review of risk assessment.	 → 
	Staff Retention Risk Due to better conditions of employment offered by other institutions, SFSL may be exposed to the risk of failing to retain employees, which could lead to loss of competency.	Flexibility in reviewing conditions of service (counteroffer).	 → 
	Complaints Risk Due to poor product/service performance, SFSL may be exposed to the risk of receiving and poor handling of valid complaints from clients, which could lead to regulatory queries, reputational damage and loss of business.	Complaints handling policy and procedure in place.	 → 
Strategic & Environmental Risk	Capital Risk Due to inaccurate model/assumption for business planning and solvency projections as well as stress testing scenario selection to assess resilience from a capital and liquidity perspective, SFSL may be exposed to the risk of insufficient capital to support new business plans, failure to meet regulatory solvency, stress test and future capital requirements, which could lead to financial, reputational and regulatory impacts.	- Quarterly reporting to Risk Management Committee. - Monitoring of the Capital Adequacy Ratio as prescribed by the Bank of Mauritius.	 → 
	Group Affiliation Risk As a result of poor management practices, performance measures and risk evaluation by other	- Close monitoring of issues in other subsidiaries. - Monthly Group consolidated accounts are evaluated against budget.	 → 

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	subsidiaries of the Group, SFSL may be exposed to group affiliation risk, which could lead to financial losses, business operation disruption, loss of vendors and clients, regulatory sanctions and negative brand image.	- Quarterly reporting of consolidated accounts to the Board. - Senior Management meetings at Group level.	
	Strategic Risk Due to deviation from strategic assumptions, unclear or poor strategic planning, change in senior management and leadership, failure to adapt to market/industry changes, financial challenges and reputational damage, SFSL may be exposed to the risk of failing to achieve strategic business objectives, which could lead to financial, reputational and regulatory impacts.	- Monthly strategic projects monitoring, - Quarterly Reporting to the Board. - Quarterly financial performance monitoring for new strategic diversification projects.	 

Regulatory Framework

SFSL's risk management arrangements operate within the regulatory framework applicable to its financial services activities, including prudential requirements and guidelines issued by the Bank of Mauritius. The Company maintains Board and Management oversight, policies, controls, risk reporting and monitoring processes designed to support compliance across its leasing, deposit-taking and personal loan activities.

Risk Mitigation Strategy Process

SFSL applies a structured approach to risk treatment. Following identification and assessment, the Company selects an appropriate response, records existing controls and improvement actions, assigns monitoring frequencies and tracks the residual exposure against risk appetite and tolerance levels. The approach combines qualitative judgement and quantitative indicators, where applicable, to support proportionate and timely management action.

Residual Risks

As part of quarterly monitoring, SFSL evaluates residual risks against its Risk Appetite Statement, Key Risk Indicators and defined tolerance levels. Material breaches or deviations are escalated to the Risk Management Committee and the Board, together with management actions to strengthen controls, adjust processes or reduce exposures. Quarterly risk reporting provides an overview of the Company's risk profile, mitigation progress and emerging risk developments.

Strategies to Address Key Risks

Management implements mitigation strategies that reflect the nature and scale of SFSL's leasing, deposit-taking, personal loan, funding and investment activities. Key Risk Indicators are used to monitor exposure and control effectiveness, while recommendations and improvement actions are tracked through the Company's risk governance process.

Business Planning, Capital and Stress Testing

Risk considerations are integrated into business planning to assess whether strategic initiatives remain aligned with SFSL's risk appetite, capital position and liquidity requirements. The Company monitors its Capital Adequacy Ratio as prescribed by the Bank of Mauritius and considers relevant stress scenarios to assess resilience from a capital and liquidity perspective. The results support management and Board oversight of the Company's capacity to pursue its business plan under adverse conditions.

Business Continuity

Business continuity serves as a comprehensive strategy to pinpoint potential organisational threats and their operational impacts, establishing a structured approach to enhance resilience, protect stakeholder interests and secure value creation during crises. This expansion is largely fuelled by the rising frequency of disasters, civil wars and cyber threats, combined with stricter regulatory requirements across various industries.

The Company successfully implemented a Business Continuity Management System and achieved the ISO 22301 certification, reinforcing its commitment to international standards in operational resilience. This milestone was supported by strengthened coordination across compliance and data protection functions, ensuring a more integrated and proactive governance approach. As a result, the organisation has enhanced its ability to anticipate, withstand and respond to disruptions while significantly improving overall regulatory readiness and operational stability.

Our Areas of Focus

SFSL's risk landscape continues to evolve in line with changes in the business and regulatory environment. The Company is strengthening its approach through enhanced collaboration across the Three Lines of Defence, continued review of risk-related policies and increased use of data and analytics. In addition to its principal risks, SFSL continues to identify and assess emerging risks relevant to its leasing, deposit-taking, personal lending, funding, investment and operational activities.

The principal emerging risk areas currently under consideration are outlined below:

Cyber Threats

Cyber threats remain one of the most significant and rapidly evolving risks for organisations globally. Despite the implementation of robust controls, including patch management processes, endpoint detection and response and multi-factor authentication, to mitigate cyber-attacks. Cyber-attacks observed in recent years in the industry have demonstrated that threat actors continue to develop sophisticated techniques capable of bypassing both basic and advanced controls. These attacks can result in operational disruptions, financial losses and reputational damage. As organisations increasingly adopt artificial intelligence and other emerging technologies, new challenges are expected to arise in areas such as cybersecurity, data privacy and governance. Continued investment in and commitment to managing risks associated with these technologies will be critical to maintaining a strong and resilient risk management framework.

Artificial Intelligence & Technology Risk

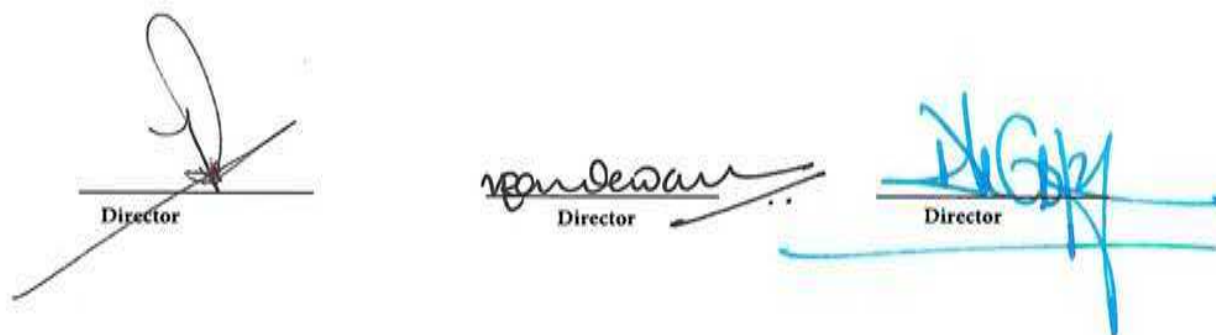
The rapid advancement and adoption of artificial intelligence and emerging technologies are transforming business operations and creating new opportunities. At the same time, they introduce evolving risks related to data quality, model reliability, governance, ethical considerations, and regulatory compliance. As reliance on these technologies increases, it is essential to ensure that appropriate governance structures, oversight mechanisms and risk management practices are embedded within their deployment. This will enable the organisation to harness the benefits of innovation while effectively managing potential unintended consequences.

Geopolitical Uncertainty and Macroeconomic Risks

Mauritius, as a small and open economy, remains exposed to external shocks arising from geopolitical instability and macroeconomic volatility. Conflicts, trade disruptions, sanctions, inflationary pressures, interest-rate movements and currency volatility may affect funding costs, customer repayment capacity, investment values and demand for SFSL's leasing, deposit and personal loan products. SFSL therefore continues to monitor relevant developments and assess their implications for credit quality, liquidity, market risk and business performance.

Credit and Counterparty Risk

Credit and counterparty risk remains a key area of focus for SFSL in 2026. Economic and interest-rate conditions may affect the repayment capacity and financial standing of borrowers, issuers and other counterparties, potentially increasing arrears, expected credit losses and financial loss. SFSL therefore maintains its focus on prudent credit assessment, ongoing monitoring of exposures, arrears management, concentration limits and portfolio diversification across its leasing, personal loan, deposit and investment activities.



The image shows three handwritten signatures, each written over a horizontal line with the word "Director" printed below it. The first signature on the left is in black ink and is a stylized, cursive mark. The middle signature is also in black ink and appears to be a more legible cursive name. The third signature on the right is in blue ink and is a bold, stylized mark.

Statement of Compliance

[Section 75(3) of the Financial Reporting Act 2004]

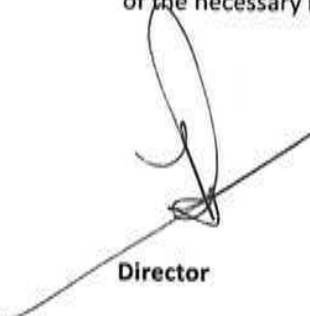
Name of Public Interest Entity ('PIE'): SICOM Financial Services Ltd

Reporting Period: Year ended 30 June 2026

On behalf of the Board of Directors of SICOM Financial Services Ltd (the Company), we confirm that, to the best of our knowledge, the Company has complied with the obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) (the Code) in all material aspects except for:

1. As at 30 June 2026, the composition of the Board did not meet the requirement for at least 40% of its members to be independent Directors; and
2. The Audit Committee held three (3) meetings during the reporting year and, accordingly, did not meet the required minimum of four (4) meetings. The reduced number of meetings resulted from the resignation of some of the Directors.

Subsequent to the reporting period, regulatory approval has been sought for the appointment of three (3) independent Directors, which will enable the Company to comply with the requirements of the Banking Act. The Company expects the appointments to be completed within a reasonable timeframe, subject to the receipt of the necessary regulatory approvals.



Director

23 September 2026



Director

Statement of Management's Responsibility for Financial Reporting

The Financial Statements for the Company's operations in Mauritius presented in this Annual Report have been prepared by Management, who is responsible for their integrity, consistency, objectivity and reliability. IFRS Accounting Standards as issued by the IASB as well as the requirements of the Banking Act 2004 and the Guidelines issued thereunder have been applied and Management has exercised its judgement and made best estimates where deemed necessary.

The Company has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the 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 and Risk Management Committee, which comprise Independent Directors who are not officers or employees of the Company, 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 Holding 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 the 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 Auditor, Ernst & Young has full and free access to the Board of Directors and its Committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

For and on behalf of the Board of Directors


Director
Director
Director

23 September 2026

Secretary's Certificate

We certify to the best of our knowledge and belief that for the year ended 30 June 2026, the Company has filed with the Registrar of Companies all such returns as are required of the Company under Section 122(d) of the Mauritius Companies Act 2001.



DTOS Ltd

Company Secretary

SICOM Financial Services Ltd

23 September 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM FINANCIAL SERVICES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sicom Financial Services Ltd (the "Company") set out on pages 85 to 156 which comprise the statement of financial position as at 30 June 2026, and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2026, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and comply with the Companies Act 2001, Banking Act 2004 and Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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") as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of the Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Allowance for expected credit losses on Loans and advances to customers and Net investment in finance leases Net investment in finance leases and Loans and advances to customers represent 70% of the Company's assets.	The procedures performed in relation to the expected credit losses included, amongst others, the following: We obtained an understanding of managements ECL credit modelling processes, control environment and governance process through inspection of process documentation, enquiry of management and the performance of a walkthrough of the respective processes.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM FINANCIAL SERVICES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
The assessment of expected credit losses ("ECL") on these portfolios of assets is significant in the context of the financial statements due to the estimation uncertainty and significant judgement applied by management. ECL of Rs. 2,527,264 for the year ended 30 June 2026 has been recognised in the statement of profit or loss as Net impairment losses on financial assets in accordance with the accounting policies described in note 2.11. Net investment in finance leases Net investment in finance leases in the statement of financial position amounted to Rs. 1,348,260,531 at 30 June 2026 net of allowance for expected credit loss of Rs. 5,589,153. Management applies the simplified approach under the IFRS 9 Financial Instruments Accounting Standard ("IFRS 9") to measure lifetime ECLs using a provision matrix derived from historical roll-rate analysis. In determining the expected loss rates, management considers historical loss and recovery experience, including recoveries realised from underlying collaterals. Management made use of independent valuation specialist in determining the collateral values. The determination of ECLs involves significant judgement and estimation, as disclosed in note 3 to the financial statements, which included the following significant assumptions: <i>segmentation of the lease portfolio, determination of the roll rates used in the provision matrix, and the assessment of the recoverable value of underlying collaterals.</i> The Net investment in finance leases along with the ECL recognised are disclosed in note 12 to the financial statements. Loans and advances to customers The Loans and advances to customers in the statement of financial position amounted to Rs. 592,934,777 at 30 June 2026 net of allowance for expected credit loss of Rs. 2,459,884.	With the involvement of our EY internal specialists, we assessed the methodologies adopted by management in their ECL computations for consistency with the impairment requirements of IFRS 9. We evaluated the arithmetical accuracy of the ECL computations through independent reperformance. We verified the adequacy of the disclosures in the financial statements against the requirements of IFRS 9. Specifically in relation to the Net investment in finance leases With the involvement of our EY internal specialists we assessed the reasonableness of the roll rates applied by management in the ECL model by independently recalculating the rates using historical arrears data. We evaluated the independence, objectivity and competence of the valuation specialists engaged by management to estimate the value of collateral with reference to their professional qualifications, industry experience and directly obtained independence confirmations. We inspected the valuation reports prepared by management's valuation specialist to understand the methodologies and assumptions applied in estimating collateral values. We compared the recoverable value of underlying collaterals applied by management in the ECL model to independently obtained collateral valuations and historical recovery experience from repossessed assets. We assessed the design, implementation and operating effectiveness of select controls over leases granted and management's monitoring processes on a sample basis through inspection of supporting documentation and / or the reperformance of the control activities. We tested the accuracy of select data used by management in the ECL model, including the segmentation applied, by agreeing a sample of lease balances, arrears information and customer data to the underlying lease management system.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM FINANCIAL SERVICES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
ECL on Loans and advances to customers are determined using a probability of default methodology, derived from external government default rates. Significant judgement is applied by management in assessing the suitability of the external government default rates used as a proxy for the credit risk characteristics of the portfolio and adjustments required to reflect current and expected economic conditions, which have a significant impact on the level of ECL recognised. The judgements and estimates are disclosed in note 3. The Loans and advances along with the ECL recognised are disclosed in note 8 to the financial statements. We identified the calculation of the ECL allowance as a key audit matter due to the significance of the company's Net investments in finance leases and Loans and advances to customers to the statement of financial position and the measurement of expected credit loss involves estimation uncertainty and significant judgement applied by management, and which required significant audit effort and the involvement of our EY internal specialists.	<i>Specifically in relation to the Loans and advances to customers</i> With the involvement of our EY internal specialists we: considered the appropriateness of the approach applied by management using a probability of default methodology, derived from external government default rates. assessed the probability of default applied by management to the Loans and advances to customers, including their judgement and adjustments applied, by comparing the default rates used by management to default statistics and credit risk information published by recognised external rating agencies and other relevant external sources. We tested the accuracy of select data used by management in their ECL computations, including the loan balances and their ageing, by agreeing a sample to the underlying Company's records.

Other matter

The financial statements of the Company for the year ended 30 June 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 September 2025.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 155-page document titled "Sicom Financial Services Ltd -Annual Report for the year ended 30 June 2026", which includes the Directors' Report, Management Discussion and Analysis, Annual Compliance Statement in respect of the Bank of Mauritius requirements, risk Management Report, Statement of Management's Responsibility For Financial Reporting, Secretary's Certificate as required by the Companies Act 2001. The other information does not include the financial statements and our auditor's report thereon

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM FINANCIAL SERVICES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM FINANCIAL SERVICES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Use of our report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

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

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

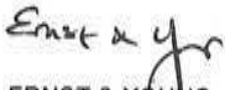
Banking Act 2004

In our opinion, the financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

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

Financial Reporting Act 2004

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



ERNST & YOUNG
Ebène, Mauritius



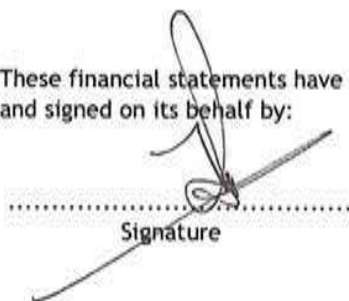
DAVID NG MAN CHUEN, A.C.A
Licensed by FRC

Date: 23 September 2026

SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026	2025	2024
		Rs.	Rs.	Rs.
ASSETS				
Cash and cash equivalents	5	86,822,147	21,887,780	98,156,521
Investment securities	6	185,882,375	180,139,550	176,758,621
Deposits with financial institutions	7	317,556,952	460,510,487	339,744,629
Loans and advances to customers	8	592,934,777	643,395,051	704,067,065
Net investment in finance leases	12	1,348,260,531	1,245,615,672	1,022,262,638
Equipment	9	175,997,221	154,432,366	136,971,891
Intangible assets	10	383,509	598,037	974,593
Right-of-use assets	11	8,874,218	10,538,138	10,795,221
Current tax assets	15(a)	-	-	2,183,108
Deferred tax assets	15(d)	-	-	792,464
Other assets	13	56,109,769	55,988,347	46,735,457
TOTAL ASSETS		2,772,821,499	2,773,105,428	2,539,442,208
EQUITY AND LIABILITIES				
LIABILITIES				
Deposits from customers	14	2,188,526,082	2,208,729,293	1,991,934,932
Dividend payable	18	-	19,221,956	21,868,264
Current tax liabilities	15(a)	661,638	5,825,427	-
Deferred tax liabilities	15(d)	621,073	416,298	-
Lease liabilities	11	10,399,662	12,087,174	11,417,139
Retirement benefit obligations	17	49,725,325	25,767,000	27,018,000
Other liabilities	16	40,781,964	27,539,083	18,730,505
TOTAL LIABILITIES		2,290,715,744	2,299,586,231	2,070,968,840
SHAREHOLDERS' EQUITY				
Stated capital	19	200,000,000	200,000,000	200,000,000
Retained earnings		202,913,742	180,086,400	180,086,401
Other reserves	20	79,192,013	93,432,797	88,386,967
TOTAL EQUITY		482,105,755	473,519,197	468,473,368
TOTAL EQUITY AND LIABILITIES		2,772,821,499	2,773,105,428	2,539,442,208

These financial statements have been authorised and approved for issue by the Board of Directors on **23 SEP 2026** and signed on its behalf by:


 Signature
 Director


 Signature
 Director


 Signature
 Director

The notes on pages 91 to 156 form an integral part of these financial statements.
 The independent auditor's report is on pages 80 to 84.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026	2025	2024
		Rs.	Rs.	Rs.
Interest income calculated using the effective interest method	21	68,167,660	71,073,097	69,228,002
Interest income on finance lease receivables	21	93,208,242	73,573,423	56,435,023
Interest expense	21	(89,006,562)	(85,252,984)	(65,166,393)
Net interest income	21	72,369,340	59,393,536	60,496,632
Operating lease rental income	22(b)	39,083,179	33,816,679	20,130,471
Fee and commission income	22(a)	5,771,197	7,986,400	7,783,653
Dividend income	22 (c)	3,718,272	2,608,515	2,781,856
Other income	26	4,766,519	4,934,347	5,084,937
Loss on disposal of repossessed assets	13	(521,890)	(556,292)	-
Net gains arising on financial assets measured at FVTPL*	6	4,365,005	1,218,625	5,488,706
		57,182,282	50,008,274	41,269,623
Operating income		129,551,622	109,401,810	101,766,255
Net impairment (losses)/gains on financial	23	(2,527,264)	3,634,130	(1,048,681)
Impairment of repossessed assets	13(e)	(850,019)	-	(609,000)
Personnel expenses	24	(30,844,090)	(26,189,476)	(24,414,222)
Other expenses	25	(33,257,211)	(28,323,763)	(31,184,173)
Depreciation and amortisation	9,10,11	(30,913,517)	(27,396,437)	(15,617,668)
Profit before income tax		31,159,521	31,126,264	28,892,511
Income tax expense	15(b)	(4,303,825)	(8,512,198)	(3,165,141)
Profit for the year		26,855,696	22,614,066	25,727,370

* FVTPL = Fair value through profit or loss

The notes on pages 91 to 156 form an integral part of these financial statements.
The independent auditor's report is on pages 80 to 84.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026	2025	2024
		Rs.	Rs.	Rs.
Profit for the year		26,855,696	22,614,066	25,727,370
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurement of post employment benefit obligations	17(a)(vi), 17(c)(iv)	(21,946,998)	1,912,000	1,314,000
Income tax relating to components of other comprehensive income	15(d)(ii)	4,169,930	(363,280)	(223,380)
Fair value (loss)/gain on investments in equity instruments designated as at FVTOCI*		(492,070)	105,000	136,500
Other comprehensive income for the year net of tax		(18,269,138)	1,653,720	1,227,120
Total comprehensive income for the year		8,586,558	24,267,786	26,954,490

* FVTOCI = Fair value through other comprehensive income

The notes on pages 91 to 156 form an integral part of these financial statements.
The independent auditor's report is on pages 80 to 84.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

				Other reserves				
Notes	Stated capital	Retained earnings	Statutory reserve	Investment revaluation reserve	Actuarial losses reserve	General risk reserve	Total equity	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
At 1 July 2023	200,000,000	210,937,982	64,843,607	(129,000)	(19,194,209)	6,928,761	463,387,141	
Profit for the year	-	25,727,370	-	-	-	-	25,727,370	
Other comprehensive income for the year	-	-	-	136,500	1,090,620	-	1,227,120	
Total comprehensive income for the year		25,727,370		136,500	1,090,620		26,954,490	
Dividend to ordinary shareholders	18	-	(21,868,264)	-	-	-	(21,868,264)	
Transfer to statutory reserve	20(a)	-	(3,859,105)	3,859,105	-	-	-	
Transfer to general risk reserve	20(d)	-	(30,851,583)	-	-	30,851,583	-	
At 30 June 2024		200,000,000	180,086,400	68,702,712	7,500	(18,103,589)	468,473,367	
At 1 July 2024		200,000,000	180,086,400	68,702,712	7,500	(18,103,589)	468,473,367	
Profit for the year		-	22,614,066	-	-	-	22,614,066	
Other comprehensive income for the year		-	-	-	105,000	1,548,720	1,653,720	
Total comprehensive income for the year		-	22,614,066		105,000	1,548,720	24,267,786	
Dividend to ordinary shareholders	18	-	(19,221,956)	-	-	-	(19,221,956)	
Transfer to statutory reserve	20(a)	-	(3,392,110)	3,392,110	-	-	-	
At 30 June 2025		200,000,000	180,086,400	72,094,822	112,500	(16,554,869)	473,519,197	

The notes on pages 91 to 156 form an integral part of these financial statements.
The independent auditor's report is on pages 80 to 84.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2026

Notes	Other reserves						Total equity
	Stated capital	Retained earnings	Statutory reserve	Investment revaluation reserve	Actuarial losses reserve	General risk reserve	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2025	200,000,000	180,086,400	72,094,822	112,500	(16,554,869)	37,780,344	473,519,197
Profit for the year	-	26,855,696	-	-	-	-	26,855,696
Other comprehensive income for the year	-	-	-	(492,070)	(17,777,068)	-	(18,269,138)
Total comprehensive income for the year	-	26,855,696	-	(492,070)	(17,777,068)	-	8,586,558
Transfer to statutory reserve	20(a)	(4,028,354)	4,028,354	-	-	-	-
At 30 June 2026	<u>200,000,000</u>	<u>202,913,742</u>	<u>76,123,176</u>	<u>(379,570)</u>	<u>(34,331,937)</u>	<u>37,780,344</u>	<u>482,105,755</u>

The notes on pages 91 to 156 form an integral part of these financial statements.
The independent auditor's report is on pages 80 to 84.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

		2026	2025	2024
		Rs.	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES	Notes			
Profit before income tax		31,159,521	31,126,264	28,892,511
Adjustments for:				
Net impairment (gains)/losses on financial assets	23	2,527,264	(3,634,130)	1,048,681
Interest income	21	(161,375,903)	(144,646,520)	(125,663,025)
Interest expense	21	89,006,562	85,252,984	65,166,393
Dividend income	22	(3,718,272)	(2,608,515)	(2,781,856)
Net movement in retirement benefit obligations		2,011,326	1,512,000	1,671,000
Depreciation on equipment	9	28,605,291	24,761,508	13,939,642
Amortisation of intangible assets	10	644,306	459,438	205,950
Depreciation on right-of-use assets	11	1,663,920	2,175,491	1,472,076
Impairment of repossessed assets	13(e)	850,019	-	609,000
Net gain arising on financial assets measured at FVTPL	6	(4,365,005)	(1,218,625)	(5,488,706)
Loss on disposal of repossessed leased assets	13	521,890	559,292	-
		(12,469,081)	(6,260,814)	(20,928,334)
Changes in:				
Other liabilities		13,380,757	8,671,367	8,863,785
Other assets		990,406	(9,467,958)	(25,811,335)
Purchase of investment securities	6	(2,267,421)	-	-
Net investment in finance leases		(100,700,094)	(222,658,904)	(263,752,099)
Net loans and advances disbursed		48,843,593	60,747,916	9,313,217
Deposits from customers (net)		(67,110,595)	171,185,607	355,664,093
		(119,332,435)	2,217,214	63,349,327
Interest received		149,208,755	136,536,565	101,060,451
Dividend received		2,643,417	2,802,317	2,220,330
Interest paid		(41,597,987)	(38,825,491)	(29,871,396)
Retirement benefits paid	17	-	(851,000)	(851,000)
Income tax (paid)/refund	15	(5,092,909)	341,819	(1,738,029)
Net cash (used in)/generated from operating activities		(14,171,159)	102,221,424	134,169,683
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to deposits with financial institutions		-	(150,000,000)	(500,000,000)
Repayment of deposits with financial institutions		150,000,000	40,000,000	550,000,000
Purchase of investment securities	6	-	(2,454,922)	(1,945,255)
Purchase of equipment	9	(52,895,212)	(43,971,983)	(111,890,466)
Purchase of intangible assets	10	(429,778)	(82,882)	(25,300)
Proceeds from disposal of equipment		2,725,066	1,750,000	-
Disposal of repossessed leased assets	13	1,116,111	205,000	-
Net cash generated from/(used in) investing activities		100,516,187	(154,554,787)	(63,861,021)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid		(19,221,957)	(21,868,264)	(21,297,528)
Repayment of lease liabilities	11	(2,188,704)	(2,067,113)	(1,823,924)
Net cash used in financing activities		(21,410,661)	(23,935,377)	(23,121,452)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		64,934,367	(76,268,740)	47,187,210
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		21,887,780	98,156,521	50,969,311
CASH AND CASH EQUIVALENTS AT 30 JUNE		86,822,147	21,887,780	98,156,521

The notes on pages 91 to 156 form an integral part of these financial statements.
The independent auditor's report is on pages 80 to 84.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

1. GENERAL INFORMATION

SICOM Financial Services Ltd (“the Company”) is a public company incorporated in Mauritius on 28 December 1999 and started operations on 26 April 2000. Its registered office and place of business is situated at SICOM Building, Sir Celicourt Antelme Street, Port Louis, Mauritius.

The Company is engaged in depository business, investment business, finance and operating lease activities and the granting of loans. The Company holds a deposit taking licence from the Bank of Mauritius as a non-bank deposit taking and a leasing licence from the Financial Services Commission (“FSC”). It also holds a Collective Investment Scheme (“CIS”) Manager Licence from the FSC for the management of its two Unit Trusts, namely SICOM Overseas Diversified Fund and SICOM General Fund.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company. The directors have authorised the issue of the financial statements on 23 September 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

The Company’s financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and in compliance with the requirements of the Mauritius Companies Act 2001, Banking Act 2004, Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Company are concerned.

The financial statements have been prepared on a historical cost basis, except where otherwise stated.

The financial statements are presented in Mauritian Rupees (“Rs”) which is also the Company’s functional currency.

2.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of measurement

New and revised Standards that are effective but with no effect on the financial statements

Lack of exchangeability - Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability - Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments did not have any impact on the Company’s financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.3 Basis of measurement (cont'd)

New and revised Standards that are effective but with no effect on the financial statements (cont'd)

	Effective date
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21	1 January 2027
IFRS 20 - Regulatory Assets and Regulatory Liabilities	1 January 2029

Management considers that the above standards will not have an impact on the financial statements when they become effective except for the standard described below.

IFRS 18 - Presentation and Disclosure in Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2027.

Key requirements

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which require judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.3 Basis of measurement (cont'd)

New and revised Standards that are effective but with no effect on the financial statements (cont'd)

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed.

Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMS.

IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.4 Financial instruments

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.5 Financial assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of financial assets are recognised and derecognised on the trade date. A regular-way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the timeframe generally established by regulation or convention in the relevant marketplace. For the Company, regular-way trades principally comprise purchases and sales of quoted equity securities and Government of Mauritius debt securities.

Financial assets that do not meet the definition of a regular-way trade, including loans and advances to customers, and deposits placed with financial institutions, are recognised when the Company becomes a party to the contractual terms of the instrument and the contractual funds or facility are advanced or placed.

On initial recognition, a financial asset is measured at fair value. For a financial asset not measured at fair value through profit or loss, directly attributable transaction costs are added to its fair value. Transaction costs relating to financial assets measured at fair value through profit or loss are recognised immediately in profit or loss.

For all financial assets the amount 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.

Specifically:

- Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity investments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.
- Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other operating income when the right to payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment assessment.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income or expense over the relevant period

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

When the Company revises the estimates of future cashflows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Debt instruments at amortised cost

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

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principals and interests ("SPPI").

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

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

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

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Company's loan portfolio comprises loans to customers that are held for collecting contractual cash flows, loans granted to staff members, and speedy loans, which are loans granted to government employees under a specific scheme.

Certain debt securities are held by the Company in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Company considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows and has thus classified these at amortised cost.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.7 Fair value through profit or loss ("FVTPL")

The Company has equity instruments that are held for trading and therefore mandatorily classified as fair value through profit or loss. FVTPL Changes in fair value are recorded in profit or loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to payment has been established.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 2.4.

2.8 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 classification.

Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described in notes 2.9 and 2.10.

2.9 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities but instead transferred to retained earnings.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

2.10 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Company renegotiates loans or to customers in financial difficulty to maximise collection and minimise the risk of default. A loan receivable forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.10 Modification of financial assets (cont'd)

The revised terms in most of the cases include an extension of the maturity of the credit facility, changes to the timing of the cash flows of the credit facility (principal and interest repayment) and any reduction in the amount of cash flows due (principal and interest forgiveness).

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

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

2.11 Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- loans and advances to customers;
- net investment in finance leases;
- deposits with financial institutions;
- cash and cash equivalents;
- other assets; and
- loan and lease commitments issued.

No impairment loss is recognised on equity investments.

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. More details on the determination of a significant increase in credit risk are provided in note 2.11 (B).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

The Company's policy is always to measure loss allowances for lease receivables as lifetime ECL. The Company has thus applied the simplified approach ("provision matrix") for computing ECLs on its lease receivable book, as detailed below under 2.11 (A).

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

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

More information is available in note 2.11(C) on the ECL methodology applied by the Company in respect to its loan book.

(A) Simplified approach for lease receivables

The Company applies the IFRS 9 simplified approach to measure the lifetime ECLs on its lease receivables. Through this approach, the Company recognises the ECLs at each reporting date, from the initial recognition.

To measure the ECLs, the Company has grouped its lease receivables based on shared credit risk characteristics (e.g. by sectors) and days past due.

Initially, the entire lease portfolio are allocated into pre-defined sectors per the Bank of Mauritius sector-wise distribution by sectors, and further disaggregated based on specific parameters, determined by management.

Computing the Probability of Default ("PD") under the simplified approach:

The Company determines the default rate based on the provision matrix, which uses the free-flow rate method based on the Company's observed historical default rates. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company further calibrates the provision matrix to adjust the historical credit loss experience with forward looking information. For example, if the forecast economic conditions (e.g. gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in any particular sector, the historical observed default rates are updated, and changes in the forward looking estimates are analysed and the assessment of correlation between historical observed default rates and the forward economic information refreshed.

Considering the imperfect relation dependent and independent variables, management has determined the weighted average default rate for the purpose of computing the ECLs, which are adjusted for expected changes in the Mauritian economy, based on management's estimates, to arrive at the probability weighted lifetime loss rate.

Given that all leases are secured by the underlying collaterals, the Company has determined the LGD by determining the fair value of the collaterals on a sample basis to provide a representative unbiased picture of its whole lease book (e.g. by covering model, year of purchase, type of asset, etc).

The underlying leased assets considered in the measurement of loss given default form part of the contractual terms of the finance lease arrangements and are not recognised as separate assets of the Company while the related finance lease receivable remains recognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(A) *Simplified approach for lease receivables*

Expected cash flows from the realisation of collateral are included in measuring expected credit losses only to the extent that the collateral or other credit enhancement forms part of the contractual terms and is not recognised separately by the Company. The estimated recoveries reflect the probability and timing of foreclosure, the expected realisable value of the underlying asset, and the costs expected to be incurred in obtaining, repossessing and selling the asset.

When the Company repossesses an underlying leased asset and the asset meets the applicable recognition criteria, the repossessed asset is recognised separately in the statement of financial position. At that date, the related finance lease receivable is reduced or derecognised, as applicable, for the amount recovered through repossession. No collateral recovery included in the measurement of ECL is also recognised as a separate repossessed asset. This ensures that expected collateral recoveries and repossessed assets are not double counted.

Repossessed assets held for disposal are subsequently accounted for in accordance with the Company's accounting policy for repossessed assets pending disposal. (See note 2.26)

This haircut is applied to arrive at the expected cash flows expected from foreclosure of the asset. The net fair value of the collaterals is arrived after applying the adjustments for the cost to sell and the haircut and compared against the total lease receivable outstanding and arrears, to determine the LGD.

Computing the ECLs

ECLs are computed as the product of the LGD and the PD as detailed above, and the exposure at default ("EAD") which is the lease receivable inclusive of accrued interest at period end.

For the performing book (i.e. leases which are not more than 90 days overdue), the bucket wise probability weighted PDs is applied to the lease receivable and the corresponding LGD at period end.

For the non-performing book, i.e. leases which are more than 90 days overdue which management considers as being in default, the Company performs an individual assessment of the lease by considering the value of the underlying collateral, sustainability of any business plans, availability of any other financial support, subsequent receipts, and the timing of any future cash flows. The impairment loss is computed by comparing the expected cash flows (recoverable amount) against the outstanding lease receivable amount at the end of each reporting period. The PD of the impaired asset is assumed to be at 100%.

(B) *General ("Three Stage") approach for other financial instruments*

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in credit risk since initial recognition ("SICR").

SICR

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The Company has applied the backstop of 30 days as prescribed under IFRS 9 and a financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments, i.e. would move from Stage 1 to Stage 2.

For retail customers, if the borrower meets one of more of the following criteria:

- Short term forbearance;
- Standing order or direct debit cancellation;
- Extension to terms granted; and
- Previous arrears within the last 12 months.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(B) General ("Three Stage") approach for other financial instruments (cont'd)

SICR (cont'd)

For wholesale customers, if the borrower is on the watchlist or if the instrument meets one or more of the below criteria:

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance* or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; and
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/leases.

Stage classification

Exposures would be classified into three stages as follows:

Stage 1	Exposures for where a significant increase in credit risk has not occurred since origination. For these exposures, 12-month ECLs are recognised.
Stage 2	Exposures for which a significant increase in credit risk has occurred since origination. The Company assesses whether a significant increase in credit risk has occurred based on qualitative and quantitative drivers; as well as exposures that are more than 30 days past due contractual payment date. Lifetime ECLs are recognised for these assets.
Stage 3	Exposures which meet the definition of default. The Company has defined default as exposures that are more than 90 days past due, forbearance, as well as indicators that an exposure is unlikely to pay. Lifetime expected credit losses are recognised for these assets.

(C) Measuring ECLs under the general approach

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether the asset is considered credit-impaired. Expected credit losses are the discounted product of Probability of Default ("PD"), Exposure at Default ("EAD") and the Loss Given Default ("LGD").

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

Financial statement	ECL approach
Cash and cash equivalents	Credit risk from balances with banks and financial institutions is considered to be negligible since the counterparties are reputed financial institutions with high quality external credit ratings.
Deposits with financial institutions	Based on management's assessment, the ECLs have been computed using a 12-month PD under Stage 1 and LGD under the Basel III recommendations.
Investment securities	Investment securities at amortised cost represent investments made in bonds issued by the Government of Mauritius. The sovereign risk is considered to be negligible. Based on management's assessment, the ECLs have been computed using a 12-month PD under Stage 1 and LGD under the Basel III recommendations.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(C) Measuring ECLs under the general approach (cont'd)

Financial statement	ECL approach
Loans and advances	The Company has two types of loans, namely staff loans and speedy loans to civil servants, employees of parastatal bodies, state-owned companies, public entities & pensioners of schemes administered by SICOM The monthly repayment for both the staff and speedy loans is automatically done from the borrowers' monthly salary by "check-off". Given the absence of any default since the set-up of the speedy loan scheme, and the very low levels of arrears, the Company has applied a hybrid approach for the computation of the ECLs, taking into account the following: • A proxy model whereby management has considered the industry observed ECL as well as the attrition rate in the region for the public sector; • The Basel III prescribed LGDs for unsecured exposures and associated PDs; and • Specific client sectors which management considers to represent higher credit risk for which an additional provisioning has been provided (E.g. gambling).
Other assets	Other assets include receivables from related parties as well as other short-term debtors (e.g. rental income receivable, residual value receivable, registration fees, etc.). Given the history of no write offs and post year end receipts, the entire receivables have been categorised as under Stage 1 and a corresponding ECL computed.

(D) Default

The Company considers a financial asset to be in default when contractual payments are more than 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held.

A loan is considered to be non-performing when the days in default are more than 90 days past due.

(E) Write offs

Loans, lease receivables and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains, which will be presented under 'other income' in profit or loss.

The Company is also guided by the requirements set out by the internal policies on write offs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(F) Modification loss

Refer to Note 2.10 for details of modification of a financial asset and when it can result in a derecognition. This note provides details on the ECLs.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan/ lease is considered to be originated-credit impaired. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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

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

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

(G) Presentation of ECLs in the statement of financial position

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

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- for loan commitments as a provision under "other liabilities".

(H) Movement between stages

Financial assets can be transferred between the different stages depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Except for renegotiated leases, financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.12 Financial liabilities

Financial liabilities carried at amortised cost consist mainly of deposits from customers and other liabilities. All financial liabilities are recognised initially at fair value and in the case of any borrowings, net of transaction costs incurred. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the effective interest rate method (EIR) amortisation process.

2.13 Offsetting financial instruments and transactions

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

2.14 Leasing

The Company as a lessee

The Company leases building space~~office~~ premises from its Holding Company. At the commencement date, the Company recognises a right-of-use asset and a corresponding lease liability.

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

Right-of-use assets relating to office premises are depreciated on a straight -line basis over the shorter of the lease term and the useful life of the underlying premises. The lease term applicable to the Company's office premises is 10 years, resulting in an annual depreciation rate of 10%.

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

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company and the lease does not benefit from a guarantee from the Company.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessee (cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payment made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

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

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Equipment' policy.

The Company as a lessor

The Company is engaged in the provision of leases to both individuals and corporates. The Company's portfolio is made up of principally motor vehicles and equipment. As part of the wider risk management principles of the Company, the risks associated with the lease portfolio was monitored through a strong credit assessment, determining the financed amount as part of the cost of the asset based on the customers' credit risk profile, and considering other collaterals where applicable (e.g. guarantors).

The Company, as a lessor, recognises and measures the rights and obligations under a lease as per the general requirements of *IFRS 16 Leases*. Consequently those rights and obligations are not subject to the general recognition and measurement requirements of *IFRS 9 Financial Instruments*. However, the lease receivables recognised by the Company are subject to the derecognition and impairment requirements of IFRS 9 which have been described in notes 2.9 and 2.11(A).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessor (cont'd)

(i) Recognition and initial measurement for finance lease receivables

The gross investment in finance leases comprises the lease payments receivable by the Company under the finance lease and any unguaranteed residual value accruing to the Company. The net investment in finance leases represents the gross investment discounted at the interest rate implicit in the lease.

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Company, and thus the lease payment receivable is treated by the Company as repayment of principal and interest income to reimburse and reward the lessor for its investment and services. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable; there is no need to add them separately.

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Company aims to allocate interest income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Company's finance lease receivable.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in finance lease receivables.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease receivables to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the Company's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease is revised and any reduction in respect of amounts accrued is recognised immediately.

Operating leases

Assets leased out under operating leases are included in equipment in the statement of financial position. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Assets classified as operating leases are depreciated over their useful lives on a basis consistent with similar fixed assets.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Leasing (cont'd)

Modification of finance leases

A finance lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease.

The Company accounts for a modification to a finance lease as a separate lease when the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope, adjusted as appropriate for the circumstances of the contract.

For a finance lease modification that is not accounted for as a separate lease, the Company assesses the classification that the modified lease would have had if the modification had been effective at the inception date:

- if the modified lease would have been classified as an operating lease, the Company accounts for the modification as a new lease from its effective date and measures the carrying amount of the underlying asset at the amount of the net investment in the lease immediately before that date; and
- otherwise, the Company applies the requirements of IFRS 9 to the modified finance lease receivable. Where the modification does not result in derecognition, the finance lease receivable is remeasured using the modified contractual cash flows discounted at the original effective interest rate and the resulting modification gain or loss is recognised in profit or loss.

Modification of operating leases

A modification to an operating lease is accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments for the new lease.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks. For the purpose of the presentation in the statement of cash flows, cash and cash equivalents includes balances with banks in Mauritius cash on hand, deposits held at call with financial institutions to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Investment securities

Quoted equity instruments designated at FVOCI

On initial recognition, the Company may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income when the instrument meets the definition of an equity instrument under IAS 32 and is not held for trading.

Fair value changes are recognised in other comprehensive income and accumulated in the investment revaluation reserve. These gains and losses are not reclassified to profit or loss on disposal. Dividends are recognised in profit or loss when the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to the IFRS 9 impairment requirements.

Unquoted fund units measured at FVTPL

The Company holds units in unquoted investment funds, principally the SICOM General Fund and the SICOM Overseas Diversified Fund. These units represent equity or ownership interests in the underlying funds and do not give rise to contractual cash flows that are solely payments of principal and interest.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.16 Investment securities (Cont'd)

Accordingly, the hold-to-collect business model and SPPI assessment applicable to debt instruments are not relevant to these investments. The fund units are mandatorily measured at fair value through profit or loss. Changes in fair value are recognised in profit or loss in the period in which they arise. Fair value is determined using the net asset value per unit provided by the relevant fund manager at the reporting date.

Debt instruments measured at amortised cost

Debt instruments comprise investments in Government of Mauritius securities. These securities are held within a business model whose objective is to collect contractual cash flows, and their contractual terms give rise to cash flows that are solely payments of principal and interest. The instruments are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, net of expected credit losses.

2.17 Loans and advances

The 'loans and advances' caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method. Expected credit losses on these loans and advances are computed in the manner described in note 2.11(C).

2.18 Equipment

Recognition and measurement

Equipment is initially stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required.

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

Items of equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of equipment have different useful lives, then they are accounted for as separate items (major components) of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. The gain or loss arising on the disposals or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Subsequent costs

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.18 Equipment (cont'd)

Depreciation

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

The estimated useful lives of equipment for the current and comparative periods are as follows:

Furniture and fittings	10%
Computer equipment	20%-33.3%
Motor vehicles under operating lease	5- 7 years

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

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

Assets under operating leases are depreciated over their expected useful lives net of any residual value.

2.19 Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and are assessed at each reporting period whether there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 5 to 12.5 years.

2.20 Income tax

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

Current income tax

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.20 Income tax (Cont'd)

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current tax and deferred tax for the year

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

Other tax exposures

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The Corporate Social Responsibility (CSR) charge for the current period is measured at the amount expected to be paid to the Mauritius Revenue Authority. The Company is also subject to the Advanced Payment System (APS) whereby it pays income tax on a quarterly basis. The Finance (Miscellaneous Provisions) Act 2024, which was gazetted on 27 July 2024, introduced a new Corporate Climate Responsibility ("CCR") levy at 2% of chargeable income as from the year of assessment ("YoA") commencing on 01 July 2024.

2.20 Deposits from customers

Deposits are received from individual and corporate clients. Deposits are repayable and derecognised on demand or when the deposits come to maturity. Deposits are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.21 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders and the Bank of Mauritius.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.22 Retirement benefit obligations

Defined contribution plan

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

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The 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 comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements 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 period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

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

Unfunded benefits

In addition to the Defined Benefit Plan, the Company also provides benefits outside the pension funds to members of the defined benefit plans.

The liability recognised in the statement of financial position in respect of unfunded benefits is the present value of the unfunded obligation at the end of the reporting period. The unfunded obligation is calculated annually by independent actuaries using the projected unit credit method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.23 Retirement benefit obligations (Cont'd)

Unfunded benefits (Cont'd)

Remeasurement of the net unfunded liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Company determines the interest expense on the unfunded liability for the period by applying the discount rate used to measure the unfunded obligation at the beginning of the annual period to the unfunded liability, taking into account any changes in the unfunded liability during the period as a result of benefit payments. Interest expense 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.

State Plan

Contributions to the Contribution Sociale Generalisee plan are expensed to the profit or loss in the period in which they fall due.

Short term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.23 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.24 Equity

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

2.25 Repossessed assets pending disposal

Reposessed assets are recognised at the date the Group takes possession of the collateral and are initially measured at the lower of the carrying amount of the related loan and the fair value of the asset. Subsequently, reposessed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Impairment losses and gains or losses on disposal are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.26 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

Monetary assets and monetary liabilities denominated in foreign currencies at the end of each reporting period are translated into Mauritian rupees at the rate of exchange ruling at that date. Foreign currency transactions are converted into Mauritian rupees at the exchange rate ruling at the dates of the transactions. Exchange differences arising on the settlement and the retranslation of monetary items are recognised in profit or loss.

2.27 Interest income and expense

Interest income and expense for financial instruments measured at amortised cost using the effective interest method are recognised as 'Interest income' and 'Interest expense' in the profit or loss account.

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

2.28 Income from leasing business

Finance lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return on the net investment amount outstanding on the finance leases.

Operating lease income is recognised over the term of the lease using the straight-line method over the lease term.

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Company's accounting policies (Cont'd)

Classification as finance or operating leases

The directors have considered the guidance set out in IFRS 16 Leases to determine the classification of leases as finance or operating leases, and had to consider whether the significant risks and rewards of ownership are transferred to the lessees.

Establishing groups of assets with similar credit risk characteristics

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. Refer to note 2.11(A) for details of the characteristics considered in this judgement. 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.

Key estimation uncertainty

Discount rate used to determine the carrying amount of the Company's defined benefit obligation

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the Company's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 17.

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

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities in line with the principles set out under IFRS 16. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects the rate the Company 'would be subject to', which requires either estimation when no observable rates are available or adjustments to reflect the terms and conditions of the lease.

Calculation of loss allowance

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.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default 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.

If the loss rate on the loan book would have been 5% higher as of 30 June 2026, the total impairment provisioning on the loan portfolio would have been **Rs 0.02 million** higher (2025: Rs 0.02 million).

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NOTES TO THE FINANCIAL STATEMENTS
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4. CATEGORIES OF FINANCIAL INSTRUMENTS

	At amortised cost	FVOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 202 6				
Financial assets				
Cash and cash equivalents	86,822,147	-	-	86,822,147
Investment securities	121,359,276	640,430	63,882,669	185,882,375
Deposits with financial institutions	317,556,952	-	-	317,556,952
Loans and advances to customers	592,934,777	-	-	592,934,777
Net investment in finance lease	1,348,260,531	-	-	1,348,260,531
Other assets	19,123,140	-	-	19,123,140
Financial liabilities				
Deposits from customers	2,188,526,082	-	-	2,188,526,082
Lease liabilities	10,399,662	-	-	10,399,662
Other liabilities	40,781,964	-	-	40,781,964

	At amortised cost	FVOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 202 5				
Financial assets				
Cash and cash equivalents	21,887,780	-	-	21,887,780
Investment securities	121,756,807	1,132,500	57,250,243	180,139,550
Deposits with financial institutions	460,510,487	-	-	460,510,487
Loans and advances to customers	643,395,051	-	-	643,395,051
Net investment in finance lease	1,245,615,672	-	-	1,245,615,672
Other assets	23,948,384	-	-	23,948,384
Financial liabilities				
Deposits from customers	2,208,729,293	-	-	2,208,729,293
Lease liabilities	12,087,174	-	-	12,087,174
Other liabilities	27,539,083	-	-	27,539,083
Dividend payable	19,221,956	-	-	19,221,956

30 June 2024				
Financial assets				
Cash and cash equivalents	98,156,521	-	-	98,156,521
Investment securities	122,154,425	1,027,500	53,576,696	176,758,621
Deposits with financial institutions	339,744,629	-	-	339,744,629
Loans and advances to customers	704,067,065	-	-	704,067,065
Net investment in finance lease	1,022,262,638	-	-	1,022,262,638
Other assets	17,903,293	-	-	17,903,293
Financial liabilities				
Deposits from customers	1,991,934,932	-	-	1,991,934,932
Lease liabilities	11,417,139	-	-	11,417,139
Other liabilities	18,730,505	-	-	17,893,203
Dividend payable	21,868,264	-	-	21,868,264

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SICOM FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

5. CASH AND CASH EQUIVALENTS

	2026 Rs.	2025 Rs.	2024 Rs.
Cash in hand	380,655	362,167	1,481,294
Cash at bank	82,909,890	18,409,594	90,216,657
Call deposits	3,531,602	3,116,019	6,458,570
Cash and cash equivalents (current)	86,822,147	21,887,780	98,156,521

Call deposits bear interests in the range of 0.00% to 3.50 % (2025: 0.00% to 3.55% and 2024: 0.00% to 1.98%) per annum. Cash and cash equivalents are held with reputable financial institutions. Based on the credit risk assessment performed at the reporting date, Management determined that any expected credit loss allowance would be immaterial and, accordingly, no impairment allowance has been recognised.

6. INVESTMENT SECURITIES

<u>2026</u>	Quoted equity instruments designated at FVTOCI* Rs.	Unquoted equity instruments measured at FVTPL Rs.	Debt instruments measured at amortised Cost Rs.	2026 Total Rs.
At 1 July	1,132,500	57,250,243	121,756,807	180,139,550
Additions	-	2,267,421	-	2,267,421
(Decrease)/Increase in fair value	(492,070)	4,365,005	-	3,872,935
Amortisation of premium /discount	-	-	(300,366)	(300,366)
At 30 June	640,430	63,882,669	121,456,441	185,979,540
Allowance for expected credit losses (Stage 1)	-	-	(97,165)	(97,165)
	640,430	63,882,669	121,359,276	185,882,375
<u>Remaining term to maturity:</u>				
- Within 1 year (Current)	-	-	100,655,060	100,655,060
- Between 1 to 5 years (Non-Current)	-	-	20,704,216	20,704,216
- no fixed term	640,430	63,882,669	-	64,523,099
	640,430	63,882,669	121,359,276	185,882,375

SICOM FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

6. INVESTMENT SECURITIES (CONT'D)

2025

	Quoted equity instruments designated at FVTOCI*	Unquoted equity instruments measured at FVTPL	Debt instruments measured at amortised Cost	2025 Total
	Rs.	Rs.	Rs.	Rs.
At 1 July	1,027,500	53,576,696	122,154,425	176,758,621
Additions	-	2,454,922	-	2,454,922
Increase in fair value	105,000	1,218,625	-	1,323,625
Amortisation of premium / discount	-	-	(300,135)	(300,135)
At 30 June	1,132,500	57,250,243	121,854,290	180,237,033
Allowance for expected credit losses (Stage 1)	-	-	(97,483)	(97,483)
	1,132,500	57,250,243	121,756,807	180,139,550

Remaining term to maturity:

- Within 1 year (<i>Current</i>)	-	-	121,756,807	121,756,807
- Between 1 to 5 years (<i>Non-Current</i>)	-	-	-	-
- no fixed term	1,132,500	57,250,243	-	58,382,743
	1,132,500	57,250,243	121,756,807	180,139,550

2024

	Quoted equity instruments designated at FVTOCI*	Unquoted equity instruments measured at FVTPL	Debt instruments measured at amortised Cost	2024 Total
	Rs.	Rs.	Rs.	Rs.
At 1 July	891,000	46,142,735	122,651,255	169,684,990
Additions	-	1,945,255	-	1,945,255
Increase in fair value	136,500	5,488,706	-	5,625,206
Amortisation of premium / discount	-	-	(399,028)	(399,028)
At 30 June	1,027,500	53,576,696	122,252,227	176,856,423
Allowance for expected credit losses (Stage 1)	-	-	(97,802)	(97,802)
	1,027,500	53,576,696	122,154,425	176,758,621

Remaining term to maturity:

- Within 1 year (<i>Current</i>)	-	-	122,154,425	122,154,425
- Between 1 to 5 years (<i>Non-Current</i>)	-	-	-	-
- no fixed term	1,027,500	53,576,696	-	54,604,196
	1,027,500	53,576,696	122,154,425	176,758,621

*The FVTOCI designation was made because the investments are expected to be held for the long term for strategic purposes and recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy and realising their performance potential in the long run.

6. INVESTMENT SECURITIES (CONT'D)

	2026	2025	2024
	Rs.	Rs.	Rs.
Allowance for expected credit losses - Stage 1			
At beginning of the year	97,483	97,802	98,121
Release of allowances for expected credit losses	(318)	(319)	(319)
At end of the year	97,165	97,483	97,802

Allowances for expected credit losses on investments in government bonds are classified under stage 1 and there was no movement between stages during the years 2026, 2025 and 2024.

- (i) Investment securities at FVTPL comprise principally unquoted securities in local funds. The fair value is based on the ex-div Net Asset Value ("NAV") of the underlying funds at the end of the reporting date.
- (ii) Investment securities at FVTOCI comprise principally local quoted securities. The fair value of local quoted securities is based on the latest market price published by the Stock Exchange of Mauritius at the end of the reporting date.
- (iii) Debt instruments at amortised cost comprise investments in Government of Mauritius Bonds bearing interests at rates in the range of 5.00% to 8.29% (2025 and 2024: ranging from 5.00% to 8.29%) per annum and maturing between November 2026 and August 2027.

7. DEPOSITS WITH FINANCIAL INSTITUTIONS

These consist of deposits with local banks and other financial institutions for period ranging from one to five years and with interest at rates in the range of 5.42% to 5.50% (2025: 5.00% to 5.50%, 2024: 3.40% to 5.42%) per annum.

	2026	2025	2024
	Rs	Rs	Rs
Term deposits	275,000,000	425,000,000	315,000,000
Accrued interest receivable	43,337,516	36,029,145	25,127,272
	318,337,516	461,029,145	340,127,272
Less: allowance for expected credit losses (Stage 1)	(780,564)	(518,658)	(382,643)
	317,556,952	460,510,487	339,744,629
Remaining term to maturity			
<u>Current</u>			
Over 6 months and up to 12 months	-	50,754,193	-
<u>Non-Current</u>			
Over 1 year and up to 5 years	318,337,516	410,274,952	340,127,272
	318,337,516	461,029,145	340,127,272
Allowance for expected credit losses - Stage 1			
At beginning of the year	518,658	382,643	422,876
ECL charge/(release) for the year	261,906	136,015	(40,233)
At end of the year	780,564	518,658	382,643

The Company recognises a Stage 1 expected credit loss ("ECL") allowance on deposits with financial institutions in accordance with IFRS 9. As the deposits are held with counterparties assessed to have a low risk of default and no significant increase in credit risk was identified during the year, all exposures remained classified within Stage 1. The ECL allowance increased from Rs 518,658 at the beginning of the year to Rs 780,564 at 30 June 2026, primarily due to changes in ECL model inputs and assumptions. No deposits were credit-impaired or written off during the year.

8. LOANS AND ADVANCES TO CUSTOMERS

	Note	2026 Rs.	2025 Rs.	2024 Rs.
Staff loans	8.1	3,560,941	3,785,129	2,977,652
Speedy loans	8.2	589,373,836	639,609,922	701,089,413
		592,934,777	643,395,051	704,067,065

8.1 Staff loans

	2026 Rs.	2025 Rs.	2024 Rs.
At beginning of the year	3,795,757	2,986,744	3,247,110
Additions	475,000	1,487,700	216,900
Repayments	(701,064)	(678,687)	(477,266)
	3,569,693	3,795,757	2,986,744
Less: allowance for expected credit losses (Stage 1)	(8,752)	(10,628)	(9,092)
At end of year	3,560,941	3,785,129	2,977,652

Allowance for expected credit losses - Stage 1	2026 Rs.	2025 Rs.	2024 Rs.
At beginning of the year	10,628	9,092	9,092
ECL (release)/charge for the year	(1,876)	1,536	-
At end of the year	8,752	10,628	9,092

Allowance for expected credit losses on staff loans are classified under stage 1 and there was no movement between stages during the years 2026, 2025 and 2024.

	2026 Rs.	2025 Rs.	2024 Rs.
Remaining term of maturity			
<u>Current</u>			
Up to 3 months	198,553	169,133	149,587
Over 3 months and up to 6 months	200,110	170,483	149,587
Over 6 months and up to 1 year	405,003	345,063	299,175
<u>Non-current</u>			
Over 1 year and up to 5 years	2,572,193	2,806,616	2,063,426
Over 5 years	193,834	304,462	324,969
	3,569,693	3,795,757	2,986,744

Staff loans bear interest at 2.00% to 4.00% (2025 and 2024: 2.00% to 4.00%) per annum and have repayment terms ranging between three to seven years. These relate principally to loans granted to staff members of the Company. Loans granted to staff members are categorised under the "Personal" category as per the Bank of Mauritius classification.

8. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

8.2 Speedy loans

	2026	2025	2024
	Rs	Rs	Rs
Gross amount	591,824,968	640,442,497	701,999,426
Less: allowance for expected credit losses	(2,451,132)	(832,575)	(910,013)
At 30 June	589,373,836	639,609,922	701,089,413
Carrying Amount 2026	Stage 1	Stage 2	Stage 3
	Rs	Rs	Rs
At 1 July 2025	640,442,497	-	-
New loans	149,550,000	-	-
Derecognition (repayment)	(198,167,529)	-	-
Transfer to stage 3	(1,000,000)	-	1,000,000
At end of year	590,824,968	-	1,000,000
Carrying Amount 2025	Stage 1	Stage 2	Stage 3
	Rs	Rs	Rs
At 1 July 2024	701,999,426	-	-
New loans	125,602,000	-	-
Derecognition (repayment)	(187,158,929)	-	-
At end of year	640,442,497	-	-
Carrying Amount 2024	Stage 1	Stage 2	Stage 3
	Rs	Rs	Rs
At 1 July 2023	704,698,345	-	-
New loans	165,675,000	-	-
Derecognition (repayment)	(168,373,919)	-	-
At end of year	701,999,426	-	-
Remaining term to maturity	2026	2025	2024
<u>Current</u>	Rs	Rs	Rs
Up to 3 months	63,722,507	55,183,322	46,670,565
Over 3 months and up to 6 months	38,511,184	36,514,960	34,259,219
Over 6 months and up to 12 months	77,749,002	73,817,261	69,288,053
<u>Non-current</u>			
Over 1 year and up to 5 years	371,167,321	438,179,913	501,834,351
Over 5 years	40,674,954	36,747,041	49,947,238
	591,824,968	640,442,497	701,999,426
Allowance for expected credit losses	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	832,575	910,013	900,518
ECL charge/(credit) for the year	1,618,557	(77,438)	9,495
At end of the year	2,451,132	832,575	910,013

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8. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

8.2 Speedy loans (Cont'd)

2026	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
At 1 July 2025	832,575	-	-	832,575
Existing	739,065	-	998,701	1,737,766
New loans	366,697	-	-	366,697
Derecognition (repayment)	(485,907)	-	-	(485,907)
Transfer to stage 3	(1,299)	-	1,299	-
At end of year	1,451,132	-	1,000,000	2,451,132
2025	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
At 1 July 2024	910,013	-	-	910,013
Existing	2,524	-	-	2,524
New loans	163,157	-	-	163,157
Derecognition (repayment)	(243,119)	-	-	(243,119)
At end of year	832,575	-	-	832,575
2024	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
At 1 July 2023	85,739	-	-	85,739
Existing	827,772	-	-	827,772
New loans	214,715	-	-	214,715
Derecognition (repayment)	(218,213)	-	-	(218,213)
At end of year	910,013	-	-	910,013

Speedy loans bear interest at the rate of 5.9% to 8.95% per annum (2025 and 2024: 5.9% to 8.7%) and have repayment terms ranging between one to ten years. These loans are categorised under the "Personal" category as per the Bank of Mauritius classification. The change in allowance for expected credit loss is due to deterioration of the inputs to the model.

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9. EQUIPMENT

	Computer Equipment	Furniture and Fittings	Motor Vehicles under operating lease	Total
<u>COST</u>	Rs.	Rs.	Rs.	Rs.
At 1 July 2023	4,365,003	1,264,702	45,047,355	50,677,060
Additions	-	-	111,890,466	111,890,466
At 30 June 2024	4,365,003	1,264,702	156,937,821	162,567,526
Disposal	-	-	(8,828,770)	(8,828,770)
Additions	-	27,780	43,944,203	43,971,983
At 30 June 2025	4,365,003	1,292,482	192,053,254	197,710,739
Write off	(1,671,043)	-	-	(1,671,043)
Disposal	-	-	(4,023,717)	(4,023,717)
Additions	-	-	52,895,212	52,895,212
At 30 June 2026	<u>2,693,960</u>	<u>1,292,482</u>	<u>240,924,749</u>	<u>244,911,191</u>
<u>DEPRECIATION</u>				
At 1 July 2023	4,045,470	676,473	6,934,050	11,655,993
Charge for the year	75,911	78,117	13,785,614	13,939,642
At 30 June 2024	4,121,381	754,590	20,719,664	25,595,635
Eliminated on disposals	-	-	(7,078,770)	(7,078,770)
Charge for the year	145,186	108,467	24,507,855	24,761,508
At 30 June 2025	4,266,567	863,057	38,148,749	43,278,373
Write off	(1,671,043)	-	-	(1,671,043)
Disposals	-	-	(1,298,651)	(1,298,651)
Charge for the year	70,839	110,669	28,423,783	28,605,291
At 30 June 2026	<u>2,666,363</u>	<u>973,726</u>	<u>65,273,881</u>	<u>68,913,970</u>
<u>NET BOOK VALUE</u>				
At 30 June 2024	<u>243,622</u>	<u>510,112</u>	<u>136,218,157</u>	<u>136,971,891</u>
At 30 June 2025	<u>98,436</u>	<u>429,425</u>	<u>153,904,505</u>	<u>154,432,366</u>
At 30 June 2026	<u>27,597</u>	<u>318,756</u>	<u>175,650,868</u>	<u>175,997,221</u>

The directors have reviewed the carrying value of the equipment of the Company and are of the opinion that at 30 June 2026, the carrying value has not suffered any impairment (2025 and 2024: Nil).

9. EQUIPMENT (CONT'D)

Equipment include motor vehicles leased out under operating leases to third parties, that are expected to generate yield 6.0% to 10.00% (2025: 6.0% to 9.75% and 2024: 6.0% to 9.75%) on an ongoing basis. The motor vehicles held have committed lessees up to seven years.

At the end of the reporting period, the Company has contracted with lessees the following future income:

	Motor Vehicles		
	2026	2025	2024
	Rs.	Rs.	Rs.
Within one year	44,891,022	36,259,877	27,313,314
In the first to the second year	43,032,154	36,259,877	26,063,314
In the second to the third year	28,388,654	46,824,910	26,063,314
In the third to the fourth year	14,371,367	47,163,256	36,693,205
In the fourth to the fifth year	9,371,006	15,832,989	32,439,365
In the fifth to the sixth year	5,150,942	1,186,016	4,327,690
In the sixth to the seventh year	2,659,777	1,427,940	1,449,539
	147,864,922	184,954,865	154,349,741

10. INTANGIBLE ASSETS

	2026	2025	2024
<u>COST</u>	Rs.	Rs.	Rs.
At beginning of the year	15,728,584	15,645,702	15,620,402
Additions	429,778	82,882	25,300
At end of the year	16,158,362	15,728,584	15,645,702
<u>AMORTISATION</u>			
At beginning of the year	15,130,547	14,671,109	14,465,159
Charge for the year	644,306	459,438	205,950
At end of the year	15,774,853	15,130,547	14,671,109
<u>NET BOOK VALUE</u>			
At end of the year	383,509	598,037	974,593

The directors have reviewed the carrying value of the intangible assets of the Company and are of the opinion that at 30 June 2026, the carrying value has not suffered any impairment (2025 and 2024: Nil).

11. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and movement during the year:

Cost

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	16,639,165	14,720,757	14,720,757
Remeasurement	-	1,918,408	-
At end of the year	16,639,165	16,639,165	14,720,757

Depreciation

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	6,101,027	3,925,536	2,453,460
Charge for the year	1,663,920	2,175,491	1,472,076
At end of the year	7,764,947	6,101,027	3,925,536

Net book value

	8,874,218	10,538,138	10,795,221
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Lease liabilities

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	12,087,174	11,417,139	12,702,584
Interest expense	501,192	818,740	538,479
Payments	(2,188,704)	(2,067,113)	(1,823,924)
Remeasurement	-	1,918,408	-
At end of the year	10,399,662	12,087,174	11,417,139

	2026	2025	2024
	Rs.	Rs.	Rs.
Analysed as:			
Current	1,765,040	1,687,516	1,344,493
Non-current	8,634,622	10,399,658	10,072,646
	10,399,662	12,087,174	11,417,139

11. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:	2026	2025	2024
	Rs.	Rs.	Rs.
Depreciation expense of right-of-use assets	1,663,920	2,175,491	1,472,076
Interest expense on lease liabilities (Note 21)	501,192	818,740	538,479

The total cash outflow for leases was Rs 2,188,704 (2025: Rs 2,067,113 and 2024: Rs 1,823,924).

12. NET INVESTMENT IN FINANCE LEASES

	2026	2025	2024
	Rs.	Rs.	Rs.
(a) Gross investment in finance leases	1,348,253,719	1,245,092,105	1,023,197,493
At 1 July	1,245,092,105	1,023,197,493	759,431,162
New lease	482,552,058	533,744,570	534,164,264
Repayment	(379,390,444)	(311,849,958)	(270,397,933)
Interest receivable	5,595,965	5,305,296	7,702,317
Investment in finance leases before ECL	1,353,849,684	1,250,397,401	1,030,899,810
Allowance for expected credit losses	(5,589,153)	(4,781,729)	(8,637,172)
Net investment in finance leases	1,348,260,531	1,245,615,672	1,022,262,638

There has been a significant increase of Rs 103 M (2025: Rs 222 M, 2024:267M) in gross investment in finance lease following significant facility provided by the Company in the financial year offset by repayment.

Refer to Note 21 for disclosure on interest income on Finance lease.

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(b) Gross and net investment in finance leases

	2026	2025	2024
	Rs.	Rs.	Rs.
Gross investment in finance leases:-			
- Within one year	390,713,976	340,494,246	301,748,828
- Within 1 to 2 years	349,655,067	311,241,635	268,230,129
- Within 2 to 3 years	300,431,688	270,416,105	223,139,702
- Within 3 to 4 years	234,963,686	217,042,871	176,358,733
- Within 4 to 5 years	152,035,215	150,033,788	120,101,285
- More than five years	137,875,508	120,610,451	101,060,831
	1,565,675,140	1,409,839,096	1,190,639,508
Less: Unearned finance income	(244,959,733)	(194,089,351)	(191,170,584)
	1,320,715,407	1,215,749,745	999,468,924
Instalments due	33,134,277	34,647,656	31,430,886
Allowance for expected credit losses	(5,589,153)	(4,781,729)	(8,637,172)
Present value of minimum lease payments receivable	1,348,260,531	1,245,615,672	1,022,262,638

(c) Investment in finance leases before ECL analysed as follows:

Current	338,959,622	313,880,078	268,557,190
Non-Current	1,014,890,062	936,517,323	762,342,620
Total	1,353,849,684	1,250,397,401	1,030,899,810

Credit concentration of risk by industry sectors

	2026	2025	2024
	Rs.	Rs.	Rs.
Manufacturing	16,267,068	16,215,542	11,016,569
Transport	124,915,538	97,770,082	92,890,078
Construction	63,700,264	60,448,770	55,215,695
Personal	573,533,210	655,482,054	630,786,622
Financial and business services	135,895,228	92,007,492	72,693,290
Education	15,668,217	13,895,267	8,904,241
Tourism	45,966,720	39,712,188	25,139,271
Information, Communication and Technology	52,120,732	32,440,619	14,420,732
Consumer products*	325,782,707	242,425,387	119,833,312
	1,353,849,684	1,250,397,401	1,030,899,810

*(Includes Wholesale, Health, Agriculture and Security Services)

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(d) Allowance for expected credit losses

	ECL on non- performing leases	ECL on performing leases	Total
	Rs.	Rs.	Rs.
At 1 July 2023	6,885,084	636,731	7,521,815
Provision charged during the year	795,063	320,294	1,340,276
At 30 June 2024	7,680,147	957,025	8,862,091
At 1 July 2024	7,680,147	957,025	8,637,172
Provision released for the year	(2,982,743)	(872,700)	(3,855,443)
At 30 June 2025	4,697,404	84,325	4,781,729
At 1 July 2025	4,697,404	84,325	4,781,729
Provision charged during the year	87,088	720,335	807,424
At 30 June 2026	4,784,492	804,661	5,589,153

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SICOM FINANCIAL SERVICES LTD
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12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(d) Allowances for expected credit losses (Cont'd)

Analysis by industry sector

	2026					2025	2024
	Gross leases	In default leases	ECL on performing leases	ECL on non-performing leases	Total allowance for expected credit losses	Total allowance for expected credit losses	Total allowance for expected credit losses
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Manufacturing	16,267,068	1,093,859	4,688	65,639	70,327	4,192	16,265
Transport	124,915,538	4,095,596	202,854	2,084,356	2,287,210	3,139,274	3,386,941
Construction	63,700,264		47,410	-	47,410	3,452	1,338,205
Personal	573,533,210	2,309,614	288,429	1,010,973	1,299,402	1,557,980	2,752,973
Financial and business services	135,895,228		66,978	-	66,978	2,606	109,649
Education	15,668,217		7,468	-	7,468	237	1,077
Tourism	45,966,720		9,580	-	9,580	2,603	429,621
Information, Communication and Technology	52,120,732		32,875	-	32,875	3,888	54,296
Others*	325,782,707	6,651,326	144,378	1,623,525	1,767,903	67,497	548,145
	1,353,849,684	14,150,395	804,660	4,784,493	5,589,153	4,781,729	8,637,172

*(Includes Wholesale, Health, Agriculture and Security Services)

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(e) Interest rate profile

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term. The average effective interest rate contracted is **6.97%** (2025: 6.73% and 2024: 6.65%) per annum with interest rates ranging from 4.95% to 12.50% (2025 and 2024: ranging from 4.95% to 12.5%) per annum.

Unguaranteed residual values of assets leased under finance leases at end of reporting date are estimated at **Rs 29,941,299** (2025: Rs 28,389,705 and 2024: Rs 20,608,072).

The residual value of leased assets is determined at lease inception at approximately 1% of the asset's market value, taking into account the expected condition and estimated market value of the asset at the end of the lease term. Residual values are monitored throughout the lease period and reassessed, where necessary, based on changes in market conditions, asset usage and disposal experience. To mitigate the risk of losses arising from lower-than-expected residual values on disposal, the Company maintains a diversified portfolio across different vehicle types and manufacturers and regularly monitors the performance and condition of its leased assets.

(f) Ageing analysis (Provision matrix)

For purpose of the Company's disclosure regarding credit quality, its finance leases have been analysed as follows:

	Net investment in finance leases					
	Days past due					
30 June 2026	Current	1-90 days	91 -180 days	181- 360 days	>360 days	Total
Expected credit loss rate	0.05%	0.11%	0.42%	6.96%	27.20%	
Estimated total gross carrying amount at default (Rs)	1,019,775,224	267,558,021	33,754,922	21,089,063	11,672,454	1,353,849,684
Expected credit losses (Rs)	510,510	293,322	142,093	1,468,552	3,174,677	5,589,154

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12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(f) Ageing analysis (Provision matrix) (Cont'd)

30 June 2026 (Cont'd)	Neither past due nor impaired Rs.	Past due but not impaired Rs.	Impaired Rs.	Net Investment in finance leases before impairment Rs.	Allowance for expected credit losses Rs.	Net Investment in finance leases Rs.
Leases	1,287,333,246	52,366,044	14,150,395	1,353,849,685	(5,589,154)	1,348,260,531
Net investment in finance leases						
30 June 2025	Current	1-90 days	91 -180 days	181- 360 days	>360 days	Total
Expected credit loss rate	0.01%	0.01%	0.77%	0.00%	17.53%	
Estimated total gross carrying amount at default (Rs)	915,349,799	272,131,363	24,626,925	12,579,210	25,710,104	1,250,397,401
Expected credit losses (Rs)	57,895	26,431	190,714	-	4,506,690	4,781,730
	Neither past due nor impaired Rs.	Past due but not impaired Rs.	Impaired Rs.	Net Investment in finance leases before impairment Rs.	Allowance for expected credit losses Rs.	Net Investment in finance leases Rs.
Leases	915,349,799	300,399,089	34,648,513	1,250,397,401	(4,781,730)	1,245,615,671
Net investment in finance leases						
30 June 2024	Current	1-90 days	91 -180 days*	181- 360 days	>360 days	Total
Expected credit loss rate	0.09%	0.12%	5.36%	6.41%	22.01%	
Estimated total gross carrying amount at default (Rs)	695,445,912	257,759,733	29,468,349	28,934,305	19,291,511	1,030,899,810
Expected credit losses (Rs)	654,513	302,512	1,579,585	1,854,760	4,245,802	8,637,172
	Neither past due nor impaired Rs.	Past due but not impaired Rs.	Impaired Rs.	Net Investment in finance leases before impairment Rs.	Allowance for expected credit losses Rs.	Net Investment in finance leases Rs.
Leases	695,445,912	257,759,733	77,694,165	1,030,899,810	(8,637,172)	1,022,262,638

* Time buckets with nil allowances for credit losses are a result of collateralisation of the exposures which fully cover the outstanding amounts.

13. OTHER ASSETS

	2026	2025	2024
	Rs.	Rs.	Rs.
<u>Receivables from group companies</u>			
Dividend receivable	3,658,192	2,566,817	2,747,751
Management fees and other receivable from SICOM Unit Trusts	704,610	621,444	1,208,088
Amount due from SICOM Unit Trusts	-	-	679,859
Amount due from subsidiaries of the Holding Company	254,640	450,914	-
Amount due from holding company	580,190	474,197	1,783,888
	5,197,632	4,113,372	6,419,586
<u>Other financial assets</u>			
Operating lease rental due	9,706,247	15,791,784	8,783,481
Others	4,253,014	4,097,534	2,730,218
Less allowance for expected credit losses (stage 1)	(33,753)	(54,306)	(29,992)
	13,925,508	19,835,012	11,483,707
<u>Non-financial assets</u>			
Repossessed assets pending disposal	11,179,897	5,526,000	5,526,000
Prepayments	100,894	3,797,001	3,585,034
VAT receivable	25,705,838	22,716,962	19,721,130
	36,986,629	32,039,963	28,832,164
	56,109,769	55,988,347	46,735,457
Current	51,856,755	51,890,813	44,005,239
Non-Current	4,253,014	4,097,534	2,730,218
	56,109,769	55,988,347	46,735,457

- (a) The receivables from group companies are unsecured and non-interest bearing and are usually settled within 30-90 days. Management has assessed the impact of expected credit losses on those receivables as immaterial and that these are usually subsequently settled within 30-90 days.
- (b) Others include fees owed by leasing clients which are usually settled at the time of maturity of the lease.
- (c) Management has assessed the ECL on operating lease rental due as immaterial for both the current and prior years given that these amounts are recoverable within 1 to 3 months.
- (d) There were no transfers between the ECL stages for both the current and prior years.
- (e) The movement in repossessed assets pending disposal is as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
At the beginning of the year	5,526,000	5,526,000	6,135,000
Transfer from finance leases	8,141,915	693,522	-
Disposal	(1,638,000)	(761,292)	-
Fees relating to repossessed assets	-	67,770	-
Impairment	(850,019)	-	(609,000)
At the end of the year	11,179,896	5,526,000	5,526,000

SICOM FINANCIAL SERVICES LTD
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14. DEPOSITS FROM CUSTOMERS

	2026	2025	2024
	Rs.	Rs.	Rs.
Deposits from customers	2,040,094,023	2,107,204,618	1,936,019,011
Accrued interest	148,432,059	101,524,675	55,915,921
	<u>2,188,526,082</u>	<u>2,208,729,293</u>	<u>1,991,934,932</u>
Time deposits with remaining term to maturity			
	2026	2025	2024
	Rs.	Rs.	Rs.
<u>Retail customers</u>			
<u>Current</u>			
Up to 3 months	56,370,531	27,287,300	26,461,853
Over 3 months and up to 6 months	65,319,146	38,107,329	29,633,990
Over 6 months and up to 12 months	149,790,956	83,790,682	96,891,699
<u>Non-Current</u>			
Over 1 year and up to 7 years	1,185,567,973	1,311,696,262	1,017,902,050
	<u>1,457,048,606</u>	<u>1,460,881,573</u>	<u>1,170,889,592</u>
<u>Corporate customers</u>			
<u>Current</u>			
Up to 3 months	-	5,008,630	10,850,995
Over 3 months and up to 6 months	4,044,630	1,002,548	112,933,088
Over 6 months and up to 12 months	3,523,706	23,876,728	25,703,257
<u>Non-Current</u>			
Over 1 year and up to 5 years	723,909,140	717,959,814	671,558,000
	<u>731,477,476</u>	<u>747,847,720</u>	<u>821,045,340</u>
TOTAL	<u>2,188,526,082</u>	<u>2,208,729,293</u>	<u>1,991,934,932</u>

The time deposits bear interests at rates ranging from 1.40% to 5.25% (2025: 1.40% to 5.25% and 2024: 1.35 % to 5.25 %) per annum.

15. TAXATION

Income Tax

Income tax is calculated at the rate of 19% (2025: 19% and 2024: 17%) on the profit for the year as adjusted for income tax purposes.

(a) Current tax (liabilities)/ assets

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	(5,825,427)	2,183,108	979,690
Overprovision/(underprovision) in tax	3,545,094	(1,210,023)	-
Income tax charge for the year	(2,742,800)	(5,097,389)	(471,716)
Corporate Social Responsibility tax ('CSR')	(365,707)	(679,652)	(62,895)
Corporate Climate Risk Levy ('CCR')	(365,707)	(679,652)	-
Tax paid/(refund)	5,092,909	(341,819)	1,738,029
At end of the year	<u>(661,638)</u>	<u>(5,825,427)</u>	<u>2,183,108</u>

SICOM FINANCIAL SERVICES LTD
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15. TAXATION (CONT'D)

(b) Tax expense

	2026	2025	2024
	Rs.	Rs.	Rs.
Current tax expense	2,742,800	5,097,389	471,716
CSR	365,707	679,652	62,895
CCR	365,707	679,652	-
Overprovision in tax	(3,545,094)	1,210,023	-
Deferred tax expense	4,374,705	845,482	2,630,530
Charge for the year	4,303,825	8,512,198	3,165,141

- (c) The tax on the Company's profit before tax differs from the theoretical amount that would arise from using the basic tax rate of the Company as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
Profit before tax	31,159,521	31,126,264	28,892,511
Tax at the rate of 19% (2025: 19% and 2024: 17%)	5,920,309	5,913,990	4,911,727
Tax effect of:			
- Exempt income	(2,143,364)	(1,366,203)	(3,312,421)
- (Over)/under provision for last year	(3,545,094)	1,210,023	-
- Expenses not deductible for tax purposes	444,438	165,699	7,689,538
- Other temporary differences	3,627,536	2,588,689	(6,123,703)
Charge for the year	4,303,825	8,512,198	3,165,141

(d) Deferred tax (liabilities)/assets

	2026	2025	2024
	Rs.	Rs.	Rs.
(i) Deferred tax assets	11,153,959	6,121,697	6,307,779
Deferred tax liabilities	(11,775,032)	(6,537,995)	(5,515,315)
	(621,073)	(416,298)	792,464

- (ii) The movement in the deferred tax asset is as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
At the beginning of the year	(416,298)	792,464	3,646,374
Effect of change in tax rate	-	(68,458)	-
Charged to profit or loss (note 15(b))	(4,374,705)	(777,024)	(2,630,530)
Credited/(Charged) to other comprehensive income	4,169,930	(363,280)	(223,380)
At the end of the year	(621,073)	(416,298)	792,464

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15. TAXATION (Cont'd)

(d) Deferred tax (liabilities)/assets (Cont'd)

(iii) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

	Accelerated tax depreciation
	Rs.
Deferred tax liabilities	
At 1 July 2023	2,567,109
Credited to profit or loss	2,948,206
At 30 June 2024	5,515,315
Effect of change in tax rate	648,860
Charged to profit or loss	373,820
At 30 June 2025	6,537,995
Charged to profit or loss	5,237,037
At 30 June 2026	11,775,032

Deferred tax assets

	Allowance for expected credit losses	Retirement benefit obligations	Total
	Rs.	Rs.	Rs.
At 30 June 2023	1,536,443	4,677,040	6,213,483
Charged to profit or loss	178,276	139,400	317,676
Credited to other comprehensive income	-	(223,380)	(223,380)
At 30 June 2024	1,714,719	4,593,060	6,307,779
Effect of change in tax rate	201,732	378,670	580,402
Credited to profit or loss	(690,484)	287,280	(403,204)
Credited to other comprehensive income	-	(363,280)	(363,280)
At 30 June 2025	1,225,967	4,895,730	6,121,697
Credited to profit or loss	480,180	382,152	862,332
Charged to other comprehensive income	-	4,169,930	4,169,930
At 30 June 2026	1,706,147	9,447,812	11,153,959

16. OTHER LIABILITIES

	2026	2025	2024
	Rs.	Rs.	Rs.
<i>Current</i>			
Staff costs including pension costs, PAYE and passage benefits	5,417,170	2,290,012	1,231,150
Audit fee	1,150,000	741,459	706,152
Professional fee	173,344	70,430	131,150
Amount due to Holding Company ((Note 28 (vii))	4,287,429	5,744,570	1,799,570
Amount due to SICOM Unit Trust (Note 28 (xviii),(xvix))	1,505,508	-	-
Unpresented Cheques and transfers	13,828,396	-	-
Others (including registration and survey fee payable, refunds to clients)	14,400,918	18,535,537	14,842,613
Allowance for expected credit losses on undrawn commitments- Stage 1	19,199	157,075	19,870
	40,781,964	27,539,083	18,730,505

The above payables are unsecured, non-interest bearing and are usually settled within 30-90 days.

There were no transfers between the ECL stages during the current and prior years.

17. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statement of financial position are as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
Funded defined benefit obligation	42,290,243	23,020,000	24,406,000
Unfunded defined benefit obligation	7,435,082	2,747,000	2,612,000
Liability recognised in the statement of financial position	<u>49,725,325</u>	<u>25,767,000</u>	<u>27,018,000</u>

The Company operates a defined benefit pension. The plan 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 year leading up to retirement.

The assets of the fund are held independently and administered by State Insurance Company of Mauritius Ltd.

The most recent actuarial valuations of plan assets and the present value of defined benefit obligations were carried out at 30 June 2026 by Actuarial Insights Limited (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost, were measured using the Projected Unit Credit Method.

(a) Funded pension benefits

(i) The amounts recognised in the statement of financial position are as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
Present value of funded obligations	75,026,300	52,401,000	50,356,000
Fair value of plan assets	(32,736,057)	(29,381,000)	(25,950,000)
Liability recognised in the statement of financial position	<u>42,290,243</u>	<u>23,020,000</u>	<u>24,406,000</u>

(ii) The movements in the statement of financial position are as follows:

	2026	2025	2024
		Rs.	Rs.
At beginning of the year	23,020,000	24,406,000	25,062,000
Profit or loss charge	3,042,673	2,632,000	2,749,000
Other comprehensive income charge/(credit)	17,638,317	(1,793,000)	(1,224,000)
Contributions paid	(1,410,747)	(2,225,000)	(2,181,000)
At end of the year	<u>42,290,243</u>	<u>23,020,000</u>	<u>24,406,000</u>

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

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	52,401,000	50,356,000	46,842,000
Current service cost	1,638,453	1,233,000	1,225,000
Administrative expenses and risk premiums	(92,614)	(92,000)	(137,000)
Interest expense	3,196,461	2,927,000	2,894,000
Employee contributions	564,299	550,000	532,000
Benefits paid	(512,786)	(495,000)	(473,000)
Liability experience loss/(gain)	16,792,560	(443,000)	282,000
Liability loss/(gain) due to change in financial assumption	1,038,927	(1,635,000)	(809,000)
At end of the year	<u>75,026,300</u>	<u>52,401,000</u>	<u>50,356,000</u>

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17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Funded pension benefits (Cont'd)

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

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	29,381,000	25,950,000	21,780,000
Interest income	1,792,241	1,528,000	1,370,000
Contributions to plan assets	1,975,046	2,775,000	2,713,000
Administrative expenses and risk premiums	(92,614)	(92,000)	(137,000)
Benefits paid	(512,786)	(495,000)	(473,000)
Return on planned assets excluding interest income	193,170	(285,000)	697,000
At end of the year	32,736,057	29,381,000	25,950,000

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

	2026	2025	2024
	Rs.	Rs.	Rs.
Current service cost	1,638,453	1,233,000	1,225,000
Net interest on net defined benefit liabilities	1,404,220	1,399,000	1,524,000
Total included in "personnel expenses" (note 24)	3,042,673	2,632,000	2,749,000

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

	2026	2025	2024
	Rs.	Rs.	Rs.
(Loss)/return on plan assets excluding interest income	(193,170)	285,000	(697,000)
Experience gain/(loss) on liability	16,792,560	(443,000)	282,000
Liability loss/(gain) due to change in financial assumption	1,038,927	(1,635,000)	(809,000)
Total actuarial (gains)/losses	17,638,317	(1,793,000)	(1,224,000)

(vii) The fair value of the plan assets at the end of the reporting period for each category are as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
<u>Distribution of plan assets at end of year</u>			
Loans, Government securities and cash	16,580,813	16,991,032	13,766,475
Equities	15,998,111	12,222,496	12,048,585
Property	157,133	167,472	134,940
Total	32,736,057	29,381,000	25,950,000

(viii) Principal actuarial assumptions at end of period:

	2026	2025	2024
	%	%	%
Discount rate	6.10	6.10	5.65
Future long term salary increases	4.00	4.00	3.50
Future pension increases	3.50	3.50	3.50

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Funded pension benefits (Cont'd)

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2026	2025	2024
	Rs.	Rs.	Rs.
Decrease due to 1% decrease in discount rate	15,353,320	43,140,000	41,017,000
Increase due to 1 % increase in discount rate	(12,205,648)	(63,767,000)	(61,943,000)
Increase due to 1% increase in salary	8,174,334	58,603,000	56,700,000
Decrease due to 1% decrease in salary	(7,303,346)	(46,914,000)	(44,800,000)
Increase due to 1% increase in pension	6,341,225	57,292,000	55,296,000
Decrease due to 1% decrease in pension	(5,503,651)	(47,998,000)	(45,949,000)

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Company to normal risks such as inflation risk, longevity risk, administrative risk, exclusion risk, investment risk, default risk:

Inflation risk: if salary increases are significantly higher than assumed;

Longevity risk: if actual post-retirement mortality is lower than assumed;

Administrative risk: if the data provided in respect of the employees or benefits is incomplete or incorrect;

Exclusion risk: the risk of discontent of employees who are ineligible for these benefits;

Investment risk: the risk that the return earned by plan assets is lower than expected; and

Default risk: The risk of default on the instruments underpinning the plan assets.

(xi) The Company expects to pay Rs 1,402,710 (2025: Rs 3,131,000) in contributions to its post-employment benefit plans for the year ending 30 June 2027.

(xii) The weighted average duration of the defined benefit obligation is 19.3 years (2025: 17 years) at the end of the reporting period.

(b) State plan

	2026	2025	2024
	Rs.	Rs.	Rs.
Contributions expensed	128,273	110,301	97,111

(c) Unfunded defined benefit plan

(i) The amounts recognised in the statement of financial position are as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
Present value of unfunded obligations	7,435,082	2,747,000	2,612,000
Liability recognised in the statement of financial position	7,435,082	2,747,000	2,612,000

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Unfunded defined benefit plan (cont'd)

(ii) The movements in the statement of financial position are as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	2,747,000	2,612,000	2,450,000
Profit or loss charge (Note 24)	379,400	254,000	252,000
Expense/(gain) recognised in other comprehensive income	4,308,682	(119,000)	(90,000)
At end of the year	7,435,082	2,747,000	2,612,000

(iii) The movement in the unfunded benefit obligations over the year is as follows:

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	2,747,000	2,612,000	2,450,000
Current service cost	211,833	101,000	99,000
Interest expense	167,567	153,000	153,000
Liability loss/(gain) due to change in financial assumption	4,308,682	(119,000)	(90,000)
At end of the year	7,435,082	2,747,000	2,612,000

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

	2026	2025	2024
	Rs.	Rs.	Rs.
Liability experience loss/(gain)	1,285,754	(33,000)	(1,000)
Liability loss/(gain) due to change in financial assumptions	3,022,927	(86,000)	(89,000)
Total actuarial loss/(gain)	4,308,681	(119,000)	(90,000)

(v) Principal actuarial assumptions at end of period:

	2026	2025	2024
	%	%	%
Discount rate	6.10	6.10	5.65
Future long term salary increases	4.00	4.00	3.50
Future pension increases	4.00	3.50	3.50

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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18. DIVIDEND PAYABLE

	2026	2025	2024
Current	Rs.	Rs.	Rs.
At 1 July	19,221,956	21,868,264	21,297,528
Dividend declared	-	19,221,956	21,868,264
	19,221,956	41,090,220	43,165,792
Dividend paid	(19,221,956)	(21,868,264)	(21,297,528)
At 30 June	-	19,221,956	21,868,264

No dividend has been declared in respect of the year ended 30 June 2026. On 30 June 2025, the directors declared a dividend of Rs 0.96 per share (2024: Rs 1.09 per share), representing 85% of the profit after tax for the year ended 30 June 2025.

19. STATED CAPITAL

The stated capital comprises 20,000,000 ordinary shares at Rs 10 each. The Company has one class of ordinary shares which carries a right to vote.

20. OTHER RESERVES

	2026	2025	2024
	Rs.	Rs.	Rs.
Statutory reserve (note (a) below)	76,123,176	72,094,822	68,702,712
Investment revaluation reserve (note (b) below)	(379,570)	112,500	7,500
Actuarial losses reserve (note (c) below)	(34,331,937)	(16,554,869)	(18,103,589)
General risk reserve (note (d) below)	37,780,344	37,780,344	37,780,344
At 30 June	79,192,013	93,432,797	88,386,967

(a) Statutory reserve

Under Section 21 of the Banking Act 2004, any financial institution shall maintain a reserve account and shall, each year, transfer therein a sum equal to not less than 15% of the profit of the year after due provision for income tax until the balance in the Reserve Account is equal to the amount paid as stated capital. An amount of Rs 4,028,354 was transferred in 2026 (2025: Rs 3,392,110 and 2024: Rs 3,859,105).

(b) Investment revaluation reserve

Investment revaluation reserve comprises the cumulative net change in the fair value of investment securities that have been recognised in other comprehensive income until the investments are derecognised or impaired.

(c) Actuarial losses reserve

Actuarial losses reserve represents the cumulative remeasurement of the defined benefit obligation recognised.

(d) General risk reserve

General risk reserve relates to amount set aside in respect of impairment in the lease and loan portfolio, in addition to impairment allowances computed under IFRS 9. The Company has been transferring the shortfall between the impairment provisioning computed under IFRS 9 and the minimum provisioning required by the Bank of Mauritius Guideline Classification, Provisioning and Write Off of Credit Exposures, to the general risk reserve.

Based on management's assessment, there is no shortfall between IFRS 9 provisions and the prudential provision as at 30 June 2026. (2025: nil and 2024: Rs 30,851,583).

21. NET INTEREST INCOME

	2026	2025	2024
	Rs.	Rs.	Rs.
Interest income			
Cash and cash equivalents	16,520	2,948	42,362
Investment securities	6,260,063	6,260,063	6,258,972
Deposits with financial institutions	17,011,034	17,698,860	15,450,590
Loans and advances to customers	44,763,611	47,013,920	47,383,069
Others	116,432	97,306	93,009
Total interest income calculated under EIR method	68,167,660	71,073,097	69,228,002
Others			
Interest income on finance lease receivables	93,208,242	73,573,423	56,435,023
Total interest income	161,375,902	144,646,520	125,663,025
Interest expense			
Deposits from customers	88,505,370	84,434,245	64,627,914
Interest expense on lease liabilities	501,192	818,739	538,479
Total interest expense	89,006,562	85,252,984	65,166,393
Net interest income	72,369,340	59,393,536	60,496,632

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and liabilities:

	2026	2025	2024
	Rs.	Rs.	Rs.
Financial assets measured at amortised cost	68,167,660	71,073,097	69,228,002
Financial liabilities measured at amortised cost	89,006,562	85,252,984	65,166,393

22. OTHER INCOME

	2026	2025	2024
	Rs.	Rs.	Rs.
(a) Fees and commission income	5,771,197	7,986,400	7,783,653

These are non-refundable upfront fees charged to customers for processing lease or loan applications are recognised immediately in profit or loss as fee income when the related service has been provided, as the fees relate to a distinct administrative service performed at a point in time.

	2026	2025	2024
	Rs.	Rs.	Rs.
(b) Rental income	39,083,179	33,816,679	20,130,471

Operating lease income comprises lease rentals recognised on a straight-line basis over the lease term from leases classified as operating leases.

	2026	2025	2024
	Rs.	Rs.	Rs.
(c) Dividend income			
Financial assets at FVTOCI	54,455	41,700	38,400
Financial assets at FVTPL	3,663,817	2,566,815	2,743,456
	3,718,272	2,608,515	2,781,856

23. NET IMPAIRMENTLOSSES/(GAINS) ON FINANCIAL ASSETS

	2026	2025	2024
	Rs.	Rs.	Rs.
Investment securities (note 6)	(318)	(319)	(319)
Staff loans (note 8.1)	(1,876)	1,536	-
Speedy loans (note 8.2)	1,618,557	(77,438)	9,495
Deposits with financial institutions (note 7)	261,906	136,015	(40,233)
Investment in finance leases (note 12 (d))	807,424	(3,855,443)	1,115,357
Other financial assets (note 13)	(20,553)	24,314	25,362
Undrawn commitments (note 16)	(137,876)	137,205	(60,981)
Charge/(credit) for the year	2,527,264	(3,634,130)	1,048,681

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24. PERSONNEL EXPENSES

	2026	2025	2024
	Rs.	Rs.	Rs.
Wages and salaries	14,854,680	13,180,785	12,216,678
Other payroll costs	11,948,597	9,606,605	8,735,247
Pension costs - defined contribution plans	490,467	405,785	364,186
Pension costs - funded defined benefit plans (note 17(a)(v))	3,042,673	2,632,000	2,749,000
Other post retirement benefit (note 17(b))	128,273	110,301	97,111
Pension costs - unfunded defined benefit plans (note 17 (c)(ii))	379,400	254,000	252,000
	30,844,090	26,189,476	24,414,222

25. OTHER EXPENSES

	2026	2025	2024
	Rs.	Rs.	Rs.
Management fees payable to holding company	22,152,545	18,945,000	21,463,118
Directors and secretary fees	1,344,930	1,358,868	2,963,268
Licence fees	2,317,250	2,310,500	2,310,500
Professional charges	113,400	473,971	181,429
Audit fees	1,165,000	829,375	706,151
IT expenses	161,680	-	275,011
Others (including commissions to agent, advertising and insurance)	6,002,406	4,406,049	3,284,696
	33,257,211	28,323,763	31,184,173

26. OTHER INCOME

	2026	2025	2024
	Rs.	Rs.	Rs.
Management fee income from SICOM Unit Trusts	3,996,983	3,778,754	3,305,657
Penalty on early termination of deposit from customers and finance lease	765,520	1,044,992	1,779,280
Other miscellaneous income	4,016	110,601	-
	4,766,519	4,934,347	5,084,937

27. HOLDING COMPANY

The Directors regard the State Insurance Company of Mauritius Ltd, a Company incorporated in Mauritius, as the holding Company.

28. RELATED PARTY DISCLOSURES

This note covers the required disclosures as per IAS 24 and the regulatory requirements set out by the Bank of Mauritius.

(i) Directors and key management personnel

(a) Capital element - Deposits from customers

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	10,416,183	42,810,643	43,957,187
Additions	600,000	700,000	26,558,109
	11,016,183	43,510,643	70,515,296
Encashments	(5,414,999)	(33,094,460)	(27,704,653)
At end of the year	5,601,184	10,416,183	42,810,643

The terms of the deposits from customers are set out in note 14.

28. RELATED PARTY DISCLOSURES (CONT'D)

(i) Directors and key management personnel (Cont'd)

(b) Interest payable

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	118,033	632,212	110,922
Payable for the year	-	953,626	1,590,187
	118,033	1,585,838	1,701,109
Paid during the year	(118,033)	(1,467,805)	(1,068,897)
At end of the year	-	118,033	632,212

(ii) Finance lease to key management personnel

(a) Capital element

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	7,209,729	6,587,397	592,286
Additions	-	1,684,227	7,173,475
Repayments	(1,884,599)	(1,061,895)	(1,178,364)
At end of the year	5,325,130	7,209,729	6,587,397

(b) Interest receivable

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	-	-	-
Receivable during the year	349,232	414,821	166,187
Received during the year	(349,232)	(414,821)	(166,187)
At end of the year	-	-	-

The terms of the finance lease are set out in note 12(f).

None of the finance leases to key management personnel was impaired for the current and prior years. These leases carried an immaterial allowance for expected credit losses for both the current and prior years.

Granting of finance leases to key management personnel is subject to the governance process in line with the requirements of the Bank of Mauritius Guideline on Related Party Transactions.

28. RELATED PARTY DISCLOSURES (CONT'D)

(iii) Loans and advances to Director and key management personnel

Capital element

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	1,679,255	2,334,574	2,706,006
Repayments	(347,029)	(655,319)	(371,432)
At end of the year	1,332,226	1,679,255	2,334,574

Interest receivable

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	-	-	-
Receivable during the year	60,875	74,956	110,818
Received during the year	(60,875)	(74,956)	(110,818)
At end of the year	-	-	-

The terms of the loans are set out in note 8.1.

None of the loans to key management personnel was impaired for the current year. These loans carried an immaterial allowance for expected credit losses for both the current and prior years.

Granting of loans to director and key management personnel is subject to the governance process as required by the Bank of Mauritius through its Guideline on Related Party Transactions.

(iv) Rent payable to Holding Company (Recognised under IFRS16)

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year	-	-	-
Payable during the year	2,188,704	2,067,113	1,823,924
At end of the year	2,188,704	2,067,113	1,823,924
Paid during the year	(2,188,704)	(2,067,113)	(1,823,924)
At end of the year	-	-	-

The terms of the above expenses are set out in a lease agreement between SICOM Ltd and the Company. The lease liabilities balance at 30 June 2026 is Rs 10,399,662 (Note 11).

28. RELATED PARTY DISCLOSURES (CONT'D)

(v) Management fees from Sicom Unit Trust - Sicom General Fund

	2026 Rs.	2025 Rs.	2024 Rs.
At beginning of the year	366,817	513,428	155,825
Receivable for the year	2,411,141	2,328,602	2,048,420
	2,777,958	2,842,030	2,204,245
Received during the year	(2,375,149)	(2,475,213)	(1,690,817)
At end of the year	402,809	366,817	513,428

The terms of the above management fees are set out in a Trust deed between SICOM General Fund and the Company.

(vi) Management fees from Sicom Unit Trust - Sicom Overseas Diversified Fund

	2026 Rs.	2025 Rs.	2024 Rs.
At beginning of the year	254,627	694,660	404,958
Receivable for the year	1,585,842	1,450,153	1,243,496
	1,840,469	2,144,813	1,648,454
Received during the year	(1,538,668)	(1,890,186)	(953,794)
At end of the year	301,801	254,627	694,660

The terms of the above management fees are set out in a Trust deed between SICOM Overseas Diversified Fund and the Company.

(vii) Management fees to Holding Company

	2026 Rs.	2025 Rs.	2024 Rs.
At beginning of the year	5,744,570	1,799,570	1,240,222
Payable for the year	22,152,545	18,945,000	21,463,118
	27,897,115	20,744,570	22,703,340
Paid during the year	(23,609,686)	(15,000,000)	(20,903,770)
At end of the year	4,287,429	5,744,570	1,799,570

The terms of the above expenses are set out in a service level agreement between SICOM Ltd and the Company.

(viii) Dividend payable to Holding Company (99% holding)

	2026 Rs.	2025 Rs.	2024 Rs.
Payable during the year	-	19,029,736	21,649,581

(ix) Dividend income from Sicom Unit Trust - Sicom General Fund

	2026 Rs.	2025 Rs.	2024 Rs.
Receivable during the year	2,436,114	2,009,924	1,834,399

(x) Dividend income from Sicom Unit Trust - Sicom Overseas Diversified Fund

	2026 Rs.	2025 Rs.	2024 Rs.
Receivable during the year	1,222,078	556,893	913,352

28. RELATED PARTY DISCLOSURES (CONT'D)

(xi) Other transactions with Holding Company

2026	2025	2024
Rs.	Rs.	Rs.
Charge for the year	346,759	236,374

(xii) Investment in Sicom Unit Trust - Sicom General Fund

(a) Number of units

2026	2025	2024
At beginning of the year	1,798,473	1,620,452
Additions	103,106	84,536
At end of the year	1,901,579	1,704,988

(b) Value of units (at cost)

2026	2025	2024
Rs.	Rs.	Rs.
At beginning of the year	21,916,536	19,153,423
Additions	1,710,528	1,221,544
At end of the year	23,627,064	20,374,967

(c) Market value of units

2026	2025	2024
Rs.	Rs.	Rs.
At beginning of the year (ex-div)	28,487,825	23,464,156
Additions	1,710,528	1,221,544
Fair value adjustment	626,255	1,997,373
At end of the year	30,824,608	26,683,073

(xiii) Investment in Sicom Unit Trust - Sicom Overseas Diversified Fund

(a) Number of units

2026	2025	2024
Rs.	Rs.	Rs.
At beginning of the year	1,480,310	1,385,374
Additions	556,893	46,662
At end of the year	2,037,203	1,432,036

(b) Value of units (at cost)

2026	2025	2024
Rs.	Rs.	Rs.
At beginning of the year	16,430,886	14,793,814
Additions	27,126	723,720
At end of the year	16,458,012	15,517,534

28. RELATED PARTY TRANSACTIONS (CONT'D)

(xiii) Investment in Sicom Unit Trust - Sicom Overseas Diversified Fund (cont'd)

(c) Market value of units

	2026	2025	2024
	Rs.	Rs.	Rs.
At beginning of the year (ex-div)	28,762,418	26,893,623	22,678,570
Addition	556,893	913,352	723,720
Fair value adjustment	3,738,750	955,443	3,491,333
At end of the year	33,058,061	28,762,418	26,893,623

(xiv) Compensation of Directors and key management personnel

	2026	2025	2024
	Rs.	Rs.	Rs.
Short term benefits	11,123,424	9,941,722	11,792,038
Post employment benefits	7,684,000	896,000	916,000

There are no other long term benefits, termination benefits or share based payments for both the current and prior years.

(xv) Contribution to defined benefit pension plan

	2026	2025	2024
	Rs.	Rs.	Rs.
Contribution	3,042,673	2,632,000	2,181,000

(xvi) Amount receivable from Holding company

	2026	2025	2024
	Rs.	Rs.	Rs.
Receivable for the year	580,190	474,197	1,783,888

The amount outstanding for leases are secured by the underlying leased assets . No guarantees have been given or received.
The ECL for group entities is immaterial for both current and prior years.

(xvii) Amount receivable from Sister company

	2026	2025	2024
	Rs.	Rs.	Rs.
Receivable for the year	254,640	450,914	-

The amount outstanding for leases are secured by the underlying leased assets. No guarantees have been given or received.

The ECL for group entities is immaterial for both current and prior years.

(xviii) Payable to Sicom General Fund

	2026	2025	2024
	Rs.	Rs.	Rs.
Payable for the year	1,112,454	-	-

The above represent payment received from the fund for payment of dividend and redemption of units to Unitholders on behalf of the Fund.

(xiv) Payable to Sicom Overseas Diversified Fund

	2026	2025	2024
	Rs.	Rs.	Rs.
Payable for the year	393,054	-	-

The above represent payment received from the fund for payment of dividend and redemption of units to Unitholders on behalf of the Fund.

29. FINANCIAL RISK MANAGEMENT

29.1 Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Please refer to the relevant disclosures in the Corporate Governance Report and the Risk Management Report within this Annual report.

29.2 Financial risk factors

The Company manages its exposure to market risk (including interest rate risk and price risk), credit risk and liquidity risk through the Risk Management function.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

'Market risk' is the risk that changes in market prices - e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) - will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return on risk.

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company manages its exposure to interest rate risk by use of a proper mix in fixed and floating rate borrowings and use of natural hedging.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(i) Interest rate risk

The Company is exposed to interest rate fluctuations on the domestic markets. The Company monitors closely interest rate trends and related impact on its income for performance evaluation and better management.

The interest rate profile of the Company at 30 June was:

	2026	2025	2024
	% p.a.	% p.a.	% p.a.
Financial assets			
Net investment in finance leases	4.95 to 12.50	4.95 to 12.50	4.95 to 12.50
Balances with local banks	0.00 to 3.50	0.00 to 3.55	0.00 to 1.98
Staff loans	2.00 to 4.00	2.00 to 4.00	2.00 to 4.00
Speedy loans	5.90 to 8.95	5.90 to 8.70	5.90 to 8.70
Deposits with financial institutions	5.42 to 5.50	5.00 to 5.50	3.40 to 5.42
Government of Mauritius Bonds	5.00 to 8.29	5.00 to 8.29	5.00 to 8.29
Financial liabilities			
Deposit from customers	1.40 to 5.25	1.40 to 5.25	1.35 to 5.25

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) *Interest rate risk (Cont'd)*

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

Change in interest rate	2026		2025		2024	
	Rs.	Impact on Equity	Impact on Profit before tax	Impact on Equity	Impact on Profit before tax	Impact on Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+5 basis point	278	236	299	254	2,674	2,273
-5 basis points	(278)	(236)	(299)	(254)	(2,674)	(2,273)

The increase or decrease in the interest rate sensitivity is due to fluctuations in bank balances and deposits with financial institutions with floating rates at 30 June 2026 as compared to 30 June 2025 and 30 June 2024.

The interest rate sensitivity analysis excludes government securities and fixed deposits and leases which have fixed interest rates and will not be affected by fluctuations in the level of interest rates.

(ii) *Other price risks*

The Company is exposed to equity price risks arising from equity investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

	2026	2025	2024
	Rs	Rs	Rs
Equity	64,523,099	58,382,743	54,604,196

The following table details the Company's sensitivity to a 5% and 10% increase/decrease in the prices of securities investments.

	2026	2025	2024
	Rs	Rs	Rs
<i>Increase/decrease of 5% in prices of securities</i>	3,226,155	2,919,137	2,730,210
<i>Increase/decrease in net assets/income</i>			
<i>Increase/decrease of 10% in prices of securities</i>	6,452,310	5,838,274	5,460,420
<i>Increase/decrease in net assets/income</i>			

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's main income generating activity is lending to customers through loans and leases and therefore credit risk is a principal risk.

Credit risk mainly arises from loans and advances to customers, deposits with financial institutions, net investment in finance leases, investments in debt securities and other receivables. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

Credit risk management

The Company's Risk Management Committee delegated by its Board of Directors is responsible for managing the Company's credit risk by:

- Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, IFRS Accounting Standards as issued by the IASB 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 robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- 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.

Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk on financial instruments in the statement of financial position, before taking into account any collateral held or other credit enhancements, after allowance for impairment where appropriate.

	2026	2025	2024
	Rs.	Rs.	Rs.
Cash and cash equivalents	86,822,147	21,887,780	98,156,521
Investment securities at amortised cost	121,359,276	121,756,807	122,154,425
Deposits with financial institutions	317,556,952	460,510,487	339,744,629
Loans and advances	592,934,777	643,395,051	704,067,065
Net investment in finance leases	1,348,260,531	1,245,615,672	1,022,262,638
Other assets	30,303,037	23,948,384	17,903,293
	<u>2,497,236,720</u>	<u>2,517,114,181</u>	<u>2,304,288,571</u>

Other assets exclude non financial assets such as prepayments and VAT receivable.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Credit quality

The table summarises the loss allowance as of the year end by class of asset:

	2026	2025	2024
	Rs.	Rs.	Rs.
Investment securities (Note 6)	97,165	97,483	97,802
Deposits with financial institutions (Note 7)	780,564	518,658	382,643
Loans and advances to customers (Note 8.1 and 8.2)	2,459,884	843,203	919,105
Net investment in finance leases (Note 12)	5,589,153	4,781,729	8,637,172
Other assets (Note 13)	33,753	54,306	29,992
Undrawn commitments (Note 16)	19,199	157,075	19,870
	8,979,718	6,452,454	10,086,584

Refer to notes 12(g) and 8 for the relevant disclosures on the credit quality of the lease book and loan book respectively.

Collateral and other credit enhancements

The Company has a range of policies and practices to mitigate credit risk. Customers to whom leases and loans are granted have to meet the Company's risk appetite criteria and have the right profile to service their credit obligations.

The Company also has banking relationships with only reputed financial institutions with good credit ratings and hence the credit risk on these financial instruments (e.g cash and cash equivalents, deposits with financial institutions) is considered to be negligible. The Company's investment securities are in the bonds issued by the Government of Mauritius, and the sovereign credit risk is considered to be low.

For finance leases, the ownership of leases assets remain with the Company until full settlement of the lease when it is then transferred to the lessee. Collaterals for impaired leases are reviewed by the Company in line with the regulatory provisions and the Company's internal policies. The fair value of the collaterals are obtained by independent surveyors and factors in the ECL computations for the non-performing book, after taking into account the cost to sell and a haircut based on expected loss on repossession.

As a last resort, the Company would repossess leased assets for impaired exposures, after all other means of remediation and recoveries have been exhausted. Financial assets which are credit impaired and related collaterals held in order to mitigate potential losses are shown below:

	Gross exposure	Impairment allowance	Fair value of collateral held
	Rs.	Rs.	Rs.
Credit impaired leases at 30 June			
2026	14,150,395	4,784,492	12,750,255
2025	34,648,513	4,697,404	14,894,366
2024	77,694,165	7,680,147	89,057,582

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled either by delivery of cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and non-derivative financial liabilities. The tables have been drawn up based on the discounted cashflows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The maturity profile of the financial instruments (gross of impairment allowances) is summarised as follows:

AT 30 JUNE 2026	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	86,822,147	-	-	-	-	-	86,822,147
<i>Investment securities</i>							
Investment securities at FVTPL	63,882,669	-	-	-	-	-	63,882,669
Investment securities at FVTOCI	640,430	-	-	-	-	-	640,430
Debt instruments measured at amortised cost	-	-	-	97,232,983	24,223,458	-	121,456,441
	64,523,099	-	-	97,232,983	24,223,458	-	185,979,540
Deposits with financial institutions	-	-	-	-	318,337,516	-	318,337,516
<i>Loans and advances</i>							
Staff loans	-	198,553	200,110	405,003	2,572,193	193,834	3,569,693
Speedy loans	-	63,722,507	38,511,184	77,749,002	371,167,321	40,674,954	591,824,968
	-	63,921,060	38,711,294	78,154,005	373,739,514	40,868,788	595,394,661
Net investment in finance leases	-	137,162,445	97,443,635	189,242,173	1,037,085,656	137,875,508	1,598,809,417
Other assets	19,156,893	-	-	-	-	-	19,156,893
Total financial assets	170,502,139	201,083,505	136,154,929	364,629,161	1,753,386,144	178,744,296	2,804,500,174
Other assets exclude non financial assets as disclosed in Note 13							
Financial liabilities							
Deposits from customers	-	69,960,741	82,690,202	164,941,509	1,992,323,583	123,415,485	2,433,331,520
Other liabilities	40,762,765	-	-	-	-	-	40,762,765
Lease liabilities	-	433,858	438,755	892,429	9,178,500	729,569	11,673,111
Total financial liabilities	40,762,765	70,394,599	83,128,958	165,833,938	2,001,502,083	124,145,054	2,485,767,396
Undrawn commitments	-	13,318,091	-	-	-	-	13,318,091
Net liquidity gap	129,739,374	117,370,815	53,025,971	198,795,223	(248,115,939)	54,599,243	305,414,687

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2025

	On Demand Rs.	Within 3 Months Rs.	3-6 Months Rs.	6-12 Months Rs.	1 - 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial assets							
Cash and cash equivalents	21,887,780	-	-	-	-	-	21,887,780
<i>Investment securities</i>							
Investment securities at FVTPL	57,250,243	-	-	-	-	-	57,250,243
Investment securities at FVTOCI	1,132,500	-	-	-	-	-	1,132,500
Debt instruments measured at amortised cost	-	-	-	-	121,854,290	-	121,854,290
	<u>58,382,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,854,290</u>	<u>-</u>	<u>180,237,033</u>
Deposits with financial institutions	-	-	-	50,754,193	410,274,952	-	461,029,145
<i>Loans and advances</i>							
Staff loans	-	169,133	170,483	345,063	2,806,616	304,462	3,795,757
Speedy loans	-	55,183,322	36,514,960	73,817,261	438,179,913	36,747,041	640,442,497
	<u>-</u>	<u>55,352,455</u>	<u>36,685,443</u>	<u>74,162,324</u>	<u>440,986,529</u>	<u>37,051,503</u>	<u>644,238,254</u>
Net Investment in finance leases	-	123,020,029	87,169,872	165,068,230	948,734,399	120,610,451	1,444,602,981
Other assets	24,002,691	-	-	-	-	-	24,002,691
Total financial assets	<u>104,273,214</u>	<u>178,372,484</u>	<u>123,855,315</u>	<u>289,984,747</u>	<u>1,921,850,170</u>	<u>157,661,954</u>	<u>2,775,997,884</u>
Financial liabilities							
Deposits from customers	-	34,751,664	53,676,237	120,975,547	2,091,623,858	190,059,020	2,491,086,326
Other liabilities	27,696,158	-	-	-	-	-	27,696,158
Lease liabilities	-	547,176	547,176	1,094,352	8,754,816	1,143,654	12,087,174
Dividend payable	-	-	19,221,956	-	-	-	19,221,956
Total financial liabilities	<u>27,696,158</u>	<u>35,298,840</u>	<u>73,445,369</u>	<u>122,069,899</u>	<u>2,100,378,674</u>	<u>191,202,674</u>	<u>2,550,091,614</u>
Undrawn commitments	-	152,917,210	-	-	-	-	152,917,210
Net liquidity gap	<u>76,577,056</u>	<u>(9,843,566)</u>	<u>50,409,946</u>	<u>167,914,848</u>	<u>(178,528,504)</u>	<u>(33,540,720)</u>	<u>72,989,060</u>

Other assets exclude non financial assets as disclosed in Note 13

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The maturity profile of the financial instruments is summarised as follows:

AT 30 JUNE 2024	Demand	Within 3	3-6	6-12	1 - 5	Over 5	Total
	Rs.	Months	Months	Months	Years	Years	Rs.
Financial assets							
Cash and cash equivalents	98,156,521	-	-	-	-	-	98,156,521
<i>Investment securities</i>							
Investment securities at FVTPL	53,576,696	-	-	-	-	-	53,576,696
Investment securities at FVTOCI	1,027,500	-	-	-	-	-	1,027,500
Debt instruments at amortised cost	-	-	-	-	122,252,227	-	122,252,227
	54,604,196	-	-	-	122,252,227	-	176,856,423
Term deposits	-	-	-	-	340,127,272	-	340,127,272
<i>Loans and advances</i>							
Staff loans	-	149,587	149,587	299,175	2,063,426	324,969	2,986,744
Speedy loans	-	385,513	933,524	1,956,226	424,845,676	273,878,487	701,999,426
	-	535,100	1,083,111	2,255,401	426,909,102	274,203,456	704,986,170
Net investment in finance leases	-	115,723,815	74,264,294	143,242,640	787,829,849	101,060,831	1,222,121,429
Other assets	17,933,285	-	-	-	-	-	17,933,285
Total financial assets	170,694,002	116,258,915	75,347,405	145,498,041	1,677,118,450	375,264,287	2,560,181,100
Other assets exclude non financial assets as disclosed in Note 13							
Financial liabilities							
Deposits from customers	-	40,861,266	156,009,776	133,424,230	1,787,566,197	135,122,384	2,252,983,853
Other liabilities	17,873,333	-	-	-	-	-	17,873,333
Lease liabilities	-	455,982	455,982	911,964	7,295,712	4,255,832	13,375,472
Dividend payable	-	-	21,868,264	-	-	-	21,868,264
Total financial liabilities	17,873,333	41,317,248	178,334,022	134,336,194	1,794,861,909	139,378,216	2,306,100,922
Undrawn commitments	-	16,375,000	-	-	-	-	16,375,000
Net liquidity gap	152,820,669	58,566,667	(102,986,617)	11,161,847	(117,743,459)	235,886,071	237,705,178

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's assets and liabilities measured at fair values on a recurring basis.

AT 30 JUNE 2026

	Level 1 Rs.	Level 2 Rs.	Total Rs.
Financial assets			
Investment securities held at:			
- FVTOCI	640,430	-	640,430
- FVTPL	-	63,882,669	63,882,669
	<u>640,430</u>	<u>63,882,669</u>	<u>64,523,099</u>

AT 30 JUNE 2025

	Level 1 Rs.	Level 2 Rs.	Total Rs.
Financial assets			
Investment securities held at:			
- FVTOCI	1,132,500	-	1,132,500
- FVTPL	-	57,250,243	57,250,243
	<u>1,132,500</u>	<u>57,250,243</u>	<u>58,382,743</u>

AT 30 JUNE 2024

	Level 1 Rs.	Level 2 Rs.	Total Rs.
Financial assets			
Investment securities held at:			
- FVTOCI	1,027,500	-	1,027,500
- FVTPL	-	53,576,696	53,576,696
	<u>1,027,500</u>	<u>53,576,696</u>	<u>54,604,196</u>

The investment securities classified within Level 2 of the fair value hierarchy comprise units held in investment funds. The fair value of these investments is determined using the net asset value ("NAV") per unit/share provided by the fund manager, which represents the price at which investors may subscribe to or redeem units at the reporting date. There were no changes in the valuation techniques or inputs used during the year.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments (Cont'd)

The below table shows the fair value of the Company's financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required). These are classified under level 2 based on observable inputs using discounted cash flows. During the year, the Company has made no transfers between the different fair value levels.

	Carrying value			Fair Value		
	2026 Rs.	2025 Rs.	2024 Rs.	2026 Rs.	2025 Rs.	2024 Rs.
Financial Assets						
Cash and cash equivalents	86,822,147	21,887,780	98,156,521	86,822,147	21,887,780	98,156,521
Deposits with financial institution	317,556,952	460,510,487	339,744,629	317,556,952	460,510,487	335,003,856
Loans and advances						
-Staff loans	3,560,941	3,785,129	2,977,652	3,560,941	3,785,129	2,977,652
-Speedy loans	589,373,836	639,609,922	701,089,413	589,373,836	639,609,922	701,089,413
Net investment in finance lease	1,348,260,531	1,245,615,672	1,022,262,638	1,348,260,531	1,245,615,672	1,022,262,638
Investment securities						
- Bonds	121,359,276	121,756,807	121,756,807	136,268,267	136,268,267	136,268,267
Other assets	19,123,140	23,948,384	17,903,293	19,123,140	23,948,384	17,903,293
Financial Liabilities						
Deposit from customers	2,188,526,082	2,208,729,293	1,991,934,932	2,205,581,382	2,161,036,374	1,985,944,742
Other liabilities	25,630,224	27,539,083	17,893,203	25,630,224	27,539,083	17,893,203
Dividend payable	-	19,221,956	21,868,264	-	19,221,956	21,868,264

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and call deposit to be received on demand.

(ii) Deposits with financial institutions

(iii) Other assets

Non-financial assets have been excluded in determining the amount disclosed as other assets.

(iv) Other liabilities

Audit fees, professional fees and unrepresented cheques & transfers have been excluded in determining the amount disclosed as other liabilities

The fair value of fixed-rate deposits with financial institutions is determined using a discounted cash flow valuation technique. Expected future cash flows are discounted using market interest rates currently available for instruments with similar terms, maturities and credit risk characteristics. The discount rates applied ranged from 5.5% to 6.75% at the reporting date.

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29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments (Cont'd)

(iii) Investment in government bonds

The fair value of government bonds is based on quoted market prices at the reporting date. Where quoted prices are not available, fair value is determined using a discounted cash flow valuation technique based on observable market yields for similar government securities.

(iv) Deposits from customers

The fair value of fixed-rate customer deposits is determined using a discounted cash flow valuation technique. Expected future cash flows are discounted using current market interest rates offered for deposits with similar contractual terms, maturities and credit risk characteristics at the reporting date.

(v) Other loans (including speedy loans) and net investment in finance lease

The carrying amount of loans and finance leases approximate their fair value.

(vi) Other financial assets and liabilities

Other assets and liabilities are repayable on demand. Their fair values are therefore considered as being equal to their carrying value.

Currency profile

The Company has no financial assets and liabilities in any other currency than Mauritian Rupees.

30. CAPITAL RISK MANAGEMENT

Being an entity regulated by the Bank of Mauritius, the Company is mandated through the Banking Act 2004, to maintain at all times, a minimum share capital of Rs 200 million with a minimum capital adequacy ratio of 10%. This condition was met for both the current and prior financial years with the capital adequacy ratio of **22.24%** at 30 June 2026 (2025: 24.8% and 2024: 27.2%). There has been no change in the capital risk management procedures and policies of the Company from the prior year.

The Company's objectives when managing capital are to comply with the regulatory requirements and to safeguard its ability to continue as a going concern so that it can continue providing returns to its shareholders and benefits to other stakeholders. Through efficient capital management, the Company also endeavours to maintain a strong capital base to support the development of its business.

31. COMMITMENTS FOR FUTURE LEASES

At 30 June 2026, the Company had capital commitment of **Rs13,318,091** (2025: Rs 152,917,210 and 2024: Rs 16,375,000) in respect of future leases.

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32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Dividend	Lease liabilities
	Rs	Rs
At 1 July 2024	21,868,264	11,417,139
Interest expense	-	818,740
Dividend for the year	19,221,956	-
Remeasurement	-	1,918,408
Repayment of lease liabilities	-	(2,067,113)
Dividend paid	<u>(21,868,264)</u>	<u>-</u>
At 30 June 2025	19,221,956	12,087,174
Interest expense	-	501,192
Repayment of lease liabilities	-	(2,188,704)
Dividend paid	<u>(19,221,956)</u>	<u>-</u>
At 30 June 2026	<u>-</u>	<u>10,399,662</u>

33. EVENTS AFTER THE REPORTING PERIOD

There are no events after the end of reporting period which the directors consider may materially affect the financial statements for the year ended 30 June 2026.



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ANNUAL REPORT

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