DEVELOPMENT BANK OF SEYCHELLES

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Please address all correspondence to Chief Executive Officer

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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The directors have pleasure in submitting their report on the financial statements of Development Bank of Seychelles (the "Bank" or "DBS") for the year ended 31 December 2023.

Principal activities
The principal activities of the Bank are:

- to establish, maintain, develop or re-organise or to assist in or promote the establishment, maintenance, development or reorganisation of any industry; to establish, maintain or develop;

- or to assist in or promote the establishment, maintenance or development of, money or capital markets in the Seychelles; and

- to co-operate with other institutions and organisations, whether public or private, national or international, which wish to further any of the purposes referred to in section (4) of the Development Bank of Seychelles Decree 1977.

There has been no change in the nature of this activity for the financial year under review.

Results for the year	SCR
Profit for the year	6,001,801
Dividend paid during the year	-
Retained earnings brought forward	280,500,546
Retained earnings carried forward	**286,502,347**

Dividends
The Bank did not declare any dividend for the year 2023 (2022: Nill).

Significant changes to fixed assets in the year represents,
-Revaluation of land and building to SCR 30.3 million, giving a revaluation surplus of SCR 7.9 million
-Costs incurred associated with work in progress of computer server amounting to SCR 6.8 million
-Costs incurred associated with work in progress of core banking software amounting to SCR 15.1 million

Property and equipment, and intangible assets are stated at revalued value or historical cost less accumulated depreciation. The Directors are of the opinion that the carrying amount of the assets approximate their fair value and do not require any adjustments for impairment.

Statement of Directors' Responsibilities
The Board of Directors is responsible for the overall management and affairs of the Bank including its operations and the making of financing and investment decisions.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Financial Institutions Act 2004, as amended, the Regulations and Directives of the Central Bank of Seychelles, and the Development Bank of Seychelles Decree 1977. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Bank as a whole; and making accounting estimates that are reasonable in the circumstances. The Board of Directors have the general responsibility of safeguarding the assets, both owned by the Bank and those that are held in trust and used by the Bank.

The Board takes note that prior to declaration of dividends, authority should be sought from the Central Bank under section 31.

The Board considers that they have met their aforesaid responsibilities.

Directors and their interest in the Bank

The Directors of the bank during the year and their interests were as follows:-

Norman Weber	: Chairperson	
Dick Labonte	: Vice-Chairperson	
Jean Preira	: Director	
David Jean-Baptiste	: Director	
Darrel Uranie	: Director	
Philippa Samson	: Director	
Rupert Simeon	: Director	Resigned on 1 November 2023
Ashwin Bhanderi	: Director	

All directors of the Bank are citizens of Seychelles.

No directors held any interest, directly or indirectly in the equity of the Bank.

No contract of significance subsisted with the Bank at any time during the year in which the directors had directly or indirectly, a material interest.

Auditors

The retiring auditors are Pool & Patel who are eligible for re-appointment.

Board Approval

Norman Weber
Chairperson

Dick Labonte
Vice-Chairperson

Jean Preira
Director

David Jean-Baptiste
Director

Darrel Uranie
Director

Philippa Samson
Director

Ashwin Bhanderi
Director

Date: 12 April 2024

TO THE SHAREHOLDERS OF DEVELOPMENT BANK OF SEYCHELLES

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Development Bank of Seychelles "the Bank" set out on pages 6 to 43, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and a five-year financial summary.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the, financial reporting provisions of International Financial Reporting Standards "IFRS's", Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of our 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.

- *Impairment allowance for loans and advances:*

  Our audit considered impairment allowance for financial assets carried at amortised cost as a key audit matter. The materiality of the reported amounts and impairment allowance thereof, the subjectivity associated with Management's impairment estimation, involvement of complex manual calculations underpinned our basis for considering it as a key audit matter.

  Significant estimates and assumptions used by the Management in such calculations are disclosed in Notes 04.

  To assess the reasonableness of the impairment allowance, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, included the following:

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TO THE SHAREHOLDERS OF DEVELOPMENT BANK OF SEYCHELLES

Report on the audit of the financial statements (cont...)

Key audit matters (cont...)

- We evaluated design effectiveness of controls over estimation of impairment of financial assets, which included assessing the level of oversight, review and approval of impairment policies by the Board Audit Committee and Management.
- We test-checked the underlying calculations and data.
- We assessed the completeness of the underlying information in financial assets used in the impairment calculations by agreeing details to the Bank's source documents and information in the information technology system (IT).
- We assessed Management's key assumptions, such as: definition of default, probability of default ("PD"), loss given default, significant increases in credit risk and the staging applied by Management, forward looking assumptions and the determination of lifetime PD curves;
- We assessed the adequacy of the related financial statement disclosures as set out in Note 06.

Responsibilities of Management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles, and for such internal control as the management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Auditor's responsibilities for the audit of the financial statements (cont...)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal regulatory requirements

Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles

The Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles requires that in carrying out our audit, we consider and report to you the following matters. We confirm that,

- in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.
- the explanations or information called for or given to us by management and employees of the Bank were satisfactory.
- the Bank did not carry out any fiduciary duties during the year under review.

ACCA membership number of the engagement partner responsible for signing this independent auditors' report is 2673981.

Pool & Patel

POOL & PATEL
CHARTERED ACCOUNTANTS
Date : 12 April 2024

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

	Note	2023	2022
Assets			
Cash and cash equivalents	5	88,025,085	122,662,565
Loans and advances	6	741,538,004	730,481,513
Maturity investments	7	48,473,050	60,117,548
Other assets	8	19,528,699	18,573,659
Property and equipment	9	39,045,163	25,010,065
Investment property	10	10,734,600	11,355,610
Intangible assets	11	15,204,723	158,845
Right to use asset	12	1,978,038	611,901
Total assets		**964,527,362**	**968,971,706**
Liabilities			
Borrowings	13	201,732,230	304,883,625
DBS bonds	14	316,340,268	241,805,985
Lease liability	15	2,059,150	678,112
Funds under management	16	12,231,418	4,908,707
Other liabilities	17	19,995,829	20,335,774
Compensation benefit obligations	18	9,947,935	8,018,955
Total liabilities		**562,306,830**	**580,631,158**
Equity			
Share capital	19	39,200,000	39,200,000
Contingent reserve	20	41,385,321	41,385,321
Revaluation reserve		35,132,864	27,254,681
Retained earnings		286,502,347	280,500,546
Total equity		**402,220,532**	**388,340,548**
Total liabilities and equity		**964,527,362**	**968,971,706**

The notes on pages 10 to 43 are an integral part of these financial statements.

Norman Weber
Chairperson

Dick Labonte
Vice-Chairperson

Jean Preira
Director

David Jean-Baptiste
Director

Darrel Uranie
Director

Philippa Samson
Director

Ashwin Bhanderi
Director

Date: 12 April 2024

DEVELOPMENT BANK OF SEYCHELLES

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2023

Financial statements are prepared in Seychelles Rupees

	Note	2023	2022
Interest income	21	71,852,748	76,949,680
Interest expense	22	(21,482,033)	(21,139,078)
Net interest income		50,370,715	55,810,602
Net other operating income	23	7,234,458	6,969,984
Net foreign exchange gain/(loss)		975,361	(523,555)
		58,580,534	62,257,031
Employee benefit expenses	24	(29,324,847)	(22,327,470)
Depreciation		(2,108,118)	(2,035,112)
Amortisation		(90,118)	(91,201)
Administrative expenses	25	(11,351,265)	(9,014,238)
Amortisation of right to use assets		(1,252,938)	(1,209,578)
Interest cost on lease liability		(145,628)	(149,774)
Total operating expenses		**(44,272,914)**	**(34,827,373)**
Profit from operations		**14,307,620**	**27,429,658**
Provision for credit impairment		(8,305,819)	(12,560,071)
Profit for the year		**6,001,801**	**14,869,587**
Other comprehensive income			
Revaluation of land and building		7,878,183	-
Total other comprehensive income for the year		**7,878,183**	**-**
Total comprehensive income for the year		**13,879,984**	**14,869,587**

The notes on pages 10 to 43 are an integral part of these financial statements.

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

	Share capital	Contingent reserve	Revaluation reserve	Retained earnings	Total
Balance at 31 December 2022	39,200,000	41,385,321	27,254,681	265,630,959	373,470,961
Profit for the year	-	-	-	14,869,587	14,869,587
Dividend paid during the year	-	-	-	-	-
Balance at 31 December 2022	39,200,000	41,385,321	27,254,681	280,500,546	388,340,548
Profit for the year	-	-	-	6,001,801	6,001,801
Revaluation of land and bulding	-	-	7,878,183	-	7,878,183
Dividend paid during the year	-	-	-	-	-
Balance at 31 December 2023	39,200,000	41,385,321	35,132,864	286,502,347	402,220,532

The notes on pages 10 to 43 are an integral part of these financial statements.

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

	2023	2022
Operating activities		
Profit for the year	6,001,801	14,869,587
Adjustments for:		
Depreciation and amortisation	3,451,174	3,335,891
(Profit)/Loss on disposal of equipment	(12,500)	1,002
Allowance for credit impairment	8,305,819	12,560,071
Provision for employee benefit obligations	4,495,319	2,441,167
Net interest on financial instruments	21,583,331	21,139,078
Net loss on fair valuation of investment properties	621,010	-
Currency translation differences	(996,606)	572,204
Interest cost on lease liability	145,628	149,774
Operating profit before working capital changes	**43,594,976**	**55,068,774**
Changes in working capital		
(Increase)/Decrease in loans and advances	(20,762,771)	45,599,639
Increase in other assets	(955,040)	(137,894)
Increase in funds under management	7,322,711	470,052
Increase in other liabilities	1,733,355	4,949,229
Net cash generated from operations	**30,933,231**	**105,949,800**
Compensations paid	(2,566,339)	(1,371,088)
Net cash inflow from operating activities	**28,366,892**	**104,578,712**
Investing activities		
Purchase of intangible assets	(15,135,996)	-
Purchase of equipment	(8,265,033)	(766,944)
Proceeds from sale of equipment	12,500	629
Investment in financial assets at amortised costs	(42,949,334)	(80,425,613)
Proceeds from redemption of financial assets at amortised costs	55,023,807	30,475,435
Net cash outflow from investing activities	**(11,314,056)**	**(50,716,493)**
Financing activities		
Proceeds from borrowings	-	18,881,200
Interest paid	(21,153,537)	(21,574,885)
Repayment of borrowings	(105,074,945)	(116,866,586)
Proceeds from bonds issued	73,954,739	191,229,361
Bonds redeemed	-	(50,000,000)
Payment of lease rentals	(1,383,665)	(1,383,665)
Dividend paid	-	-
Net cash (outflow)/inflow from financing activities	**(53,657,408)**	**20,285,425**
Net (decrease)/increase in cash and cash equivalent	**(36,604,572)**	**74,147,644**
Movement in cash and cash equivalents		
As at 1 January	122,662,565	49,786,481
Net (decrease)/increase in cash and cash equivalent	(36,604,572)	74,147,644
Expected loss reversal/(charge) in cash and cash equivalent	970,486	(699,356)
Currency translation differences	996,606	(572,204)
At 31 December	**88,025,085**	**122,662,565**

The notes on pages 10 to 43 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

1 *General information*

The Development Bank of Seychelles established in 1977 under the Development Bank of Seychelles Decree as a corporate body. The principal activities of the bank are as stated on page 1 of the Directors' Report. The principal place of business is situated at the Independence Avenue, Victoria, Mahe, Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of the Shareholders of the Bank.

2 *Material accounting policies*

The principal accounting policies 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 financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the bank's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. (Critical accounting estimates and judgements.) The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

New standards, amendments and interpretation adopted by the bank

The following amendments to the International Accounting Standards (IAS) that are relevant for the preparation of the financial statements have been adopted by the Bank for the first time with effect from financial year beginning on 1 January 2023.

Disclosure of accounting policies - amendments to IAS 1 and IFRS practice statement 2 :- Provide guidance and examples of accounting policy disclosures that are more useful, by replacing the requirement to disclose 'significant' accounting policies with material' accounting policies and adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures.

Definition of accounting estimates - amendments to IAS 8 :- Clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. Also, clarify how to use measurement techniques and inputs to develop accounting estimates.

Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12 :- Narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, Banks are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions.

International tax reform – pillar two model rules – amendments to IAS 12 :- Introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the pillar two model rules published by the Organisation for Economic Co-operation and Development "OECD". The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes.

IFRS 17 Insurance contracts :- Introduces an internationally consistent approach to the accounting for insurance contracts. It sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts.

2 *Material accounting policies (cont...)*

2.1 *Basis of preparation (cont...)*

New standards and amendments issued but not yet effective

Amendment to IAS 1 – Non-current liabilities with covenants
Amendment to IAS 7 and IFRS 7 - Supplier finance
Amendment to IFRS 16 – Leases on sale and leaseback
Amendments to IAS 21 - Lack of exchangeability

The above standards are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

2.1.1 *Comparative information*

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

2.2 *Financial instruments*

Classification and measurement of financial assets and financial liabilities

Financial assets are classified into one of the categories discussed below,

- measured at amortised cost,
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where host is a financial asset in the scope of the standard, are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment
The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect the contractual cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model.

Solely payments of principal and interest test
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through Statement of Profit and Loss.

The Bank reclassifies its financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period under review.

The Bank holds loans and advances, maturity investments and other short term investments to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding and are categorised at amortised cost.

2 *Material accounting policies (cont...)*

2.2 *Financial instruments/Classification and measurement of financial assets and financial liabilities (cont...)*

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The financial statement do not include any FVOCI investments.

Equity investments

Investments in equity instruments are always measured at fair value.

For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss. If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in OCI. There is no recycling of amounts from OCI to profit and loss (for example, on sale of an equity investment), nor are there any impairment requirements. However, the entity might transfer the cumulative gain or loss within equity. All the equity instrument for which the irrevocable option is not made are measured at fair value through profit or loss.

The financial statement do not include any equity investments

Other

All other financial assets are classified as financial assets measured at FVTPL.

Impairment of financial assets

The Bank recognises loss allowance for expected credit loss (ECL) for financial assets measured at amortised cost together with loan commitments, in this section, all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the financial instruments, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses.

The Bank calculates ECL based on probability of default (PD) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The Bank applies three-stage approach to measuring ECL on financing contracts and other financial assets measured at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12-month ECL
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

2 *Material accounting policies (cont...)*

2.2 *Financial instruments/ Impairment of financial assets (cont...)*

Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as collective or individual basis and financing revenue is calculated by applying effective profit rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Bank does collective assessment of impairment by aggregating financial instruments with similar risk characteristics.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. In determining whether there has been a significant increase in credit risk, the Bank uses quantitative tests based on relative and absolute probability of default (PD), and qualitative indicators such as indicators of historical delinquency, credit weakness or financial difficulty. However, unless identified at an earlier stage, the credit risk of financial instruments is deemed to have increased significantly when more than 30 days past due. The use of a payment holiday in and of itself has not been judged to indicate a significant increase in credit risk, with the underlying long-term credit risk deemed to be driven by economic conditions and captured through the use of forward-looking models. These portfolio-level models are capturing the anticipated volume of increased defaults and therefore an appropriate assessment of staging and expected credit loss. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since initial recognition, the financial instruments is transferred back to Stage 1.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit-impaired. Default is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount due. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due which the Bank uses for all its products. In addition, other indicators of mortgage default are added including end-of-term payments on past due interest-only accounts and loans considered non-performing due to recent arrears or forbearance. The use of payment holidays is not considered to be an automatic trigger of regulatory default and therefore does not automatically trigger Stage 3. Days past due will also not accumulate on any accounts that have taken a payment holiday including those already past due.

In certain circumstances, the Bank will renegotiate the original terms of a customer's loan, either as part of an ongoing customer relationship or in response to adverse changes in the circumstances of the borrower. In the latter circumstances, the loan will remain classified as either Stage 2 or Stage 3 until the credit risk has improved such that it no longer represents a significant increase since origination (for a return to Stage 1), or the loan is no longer credit-impaired (for a return to Stage 2). On renegotiation the gross carrying amount of the loan is recalculated as the present value of the renegotiated or modified contractual cash flows, which are discounted at the original effective interest rate. Renegotiation may also lead to the loan and associated allowance being derecognised and a new loan being recognised initially at fair value.

Purchased or originated credit-impaired financial assets (POCI) include financial assets that are purchased or originated at a deep discount that reflects incurred credit losses. At initial recognition, POCI assets do not carry an impairment allowance; instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate. All changes in lifetime expected credit losses subsequent to the assets' initial recognition are recognised as an impairment charge. The Bank had none occurred during the period under review.

Calculation of expected credit loss

ECL is calculated using three main components: i.e., a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD).

- 'PD are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on external point-in-time (PIT) ratings to adapt internal and external through-the-cycle (TTC) ratings to PIT ratings.

2 *Material accounting policies (cont...)*

2.2 *Financial instruments/ Impairment of financial assets (cont...)*

Calculation of expected credit loss (cont...)

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

The ECL is determined by projecting the PD, EAD and LGD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Incorporation of forward-looking information

The Bank has established procedures to consider a range of relevant forward-looking macroeconomic assumptions for the determination of unbiased general sector/industry adjustments and any related specific sector/industry adjustments that support the calculation of ECLs. The Bank has applied a Vasicek framework to convert from TTC PD to PIT PD by deriving a standard normally distributed credit cycle index to estimate future credit states. This will include the TTC and PIT estimates, the macroeconomic factors used, and the regression model applied.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Other financial assets measured at amortised cost

The model of ECL applies to other financial assets measured at amortised cost as well. The Bank had not calculated any ECL on other financial assets measured at amortised cost, due to no loss events noted in the past periods as well as based on available information, there is unlikely to have any loss due to default, therefore impairment loss for other financial assets measured at amortised cost has been estimated to be nil.

Modifications of financial assets

The Bank sometimes renegotiates or otherwise the contractual cash flow of financing contracts. When this happens, the Bank assesses whether or not the terms are substantially different to the original terms, amongst others.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the Statement of Profit or Loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets).

The Bank observes a minimum probationary period of six months to confirm if the risk of default has decreased significantly before upgrading exposures within stages, i.e. from stage 3 to stage 2 or stage 2 to stage 1.

2 *Material accounting policies (cont...)*

2.2 *Financial instruments/ Impairment of financial assets (cont...)*

Derecognition

The Bank derecognises a financial asset where the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Write-off

The gross carrying amount of a financial asset is written off when the Bank has no reasonable expectations of recovering a financial in its entirety or a portion thereof. The Bank expects no significant recovery from the amount written off but however, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank procedures for recovery of amounts due.

Collateral repossessed

Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans or foreclosure on loans that are in default. Such assets are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

Repossessed assets are initially recognised at lower of fair value or carrying value when acquired and classified as inventories within 'Other assets' unless they meet the requirements of Non Current Assets-held-for sale or disposal groups under IFRS 5. Repossessed properties are subsequently measured at the lower of carrying amount and net realisable value.

Financial liabilities

Financial liabilities which include borrowings, DBS bonds and other liabilities issued by the Bank. These are not designated at FVTPL and are classified as financial liabilities at amortised cost and are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Offsetting financial instruments

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

Hedge accounting

The Bank has not applied any hedge accounting for the reporting periods covered under this financial statements.

Principal financial instruments

Financial assets and liabilities are recognised on the Bank's Statement of Financial Position when they have become a party to the contractual provisions of the instruments. The Bank's accounting policies in respect of the main financial instruments are set out below.

Cash and cash equivalents and placements

Cash and cash equivalents comprise cash in hand and highly liquid financial assets that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents comprise cash on hand, balances with the Central Bank of Seychelles, amounts due from banks on demand and bank overdrafts.

2 *Material accounting policies (cont...)*

2.2 *Financial Instruments/Principal financial instruments (cont...)*

Loans and advances

Loans and advances are recognised when cash is advanced to the borrowers at fair value inclusive of transaction costs.

Loans and advances to customers are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate.

The effective interest rate (EIR) method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The EIR amortisation is included in interest income in the statement of profit or loss as well as losses arising from impairment.

Guarantees and other obligations on account of customers

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to Bank's, financial institutions and others on behalf of customers to secure loans, overdrafts and other Banking facilities. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of

- The amount of the expected credit loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount net of the loss allowance. The Bank has not provided any commitment for loans to be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Maturity Investments

Maturity investments are initially recognised at fair value plus directly attributable costs and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and any gain and losses on derecognition are recognised in the Statement of Profit or Loss.

Other payables

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

2 *Material accounting policies (cont...)*

2.2 *Financial Instruments/Principal financial instruments (cont...)*

The following table shows the measurement categories of financial instruments which are measured in amortised cost along with their carrying amounts as at 31 December 2023.

	Measurement category	In Seychelles Rupees (SCR '000) Gross Amount	ECL	Carrying amount 31-12-2023	Carrying amount 31-12-2022
Financial assets					
Cash and cash equivalents	Amortised cost	88,095	(70)	88,025	122,663
Loans and advances at amortised cost	Amortised cost	772,094	(30,556)	741,538	730,482
Investments at amortised cost	Amortised cost	48,555	(82)	48,473	60,118
Other assets	Amortised cost	19,529	-	19,529	18,574
Total financial assets		**928,273**	**(30,708)**	**897,565**	**931,837**
Financial liabilities					
Borrowings	Amortised cost	201,732	-	201,732	304,884
DBS bonds	Amortised cost	316,340	-	316,340	241,806
Other liabilities	Amortised cost	19,996	-	19,996	20,336
Total financial liabilities		**538,068**	**-**	**538,068**	**567,026**

2.3 *Property and equipment*

Property and equipment are stated at revalued value or historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
The Bank's policy is to revalue Land and buildings every 2 years.

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

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

	Years
Buildings	13
Equipment	3 to 7
Furniture and fittings	3
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted 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.

Gains and losses on disposals of equipment are determined by comparing the proceeds with their carrying amount and are included in the statement of profit or loss.

2.4 *Investment properties*

Investment properties are initially stated at cost or remeasured to fair value, including transaction costs and then are subsequently carried at fair value, representing open market value determined every 2 years by external valuers.

Gains or losses arising from changes in fair values of investment properties are recognized in the statement of profit or loss.

2 *Material accounting policies (cont...)*

2.5 *Leases*

The Bank leases some buildings to run its offices and the period varies from 2 - 4 years, with an option to renew.

2.5.1 *Right-of-use*

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost comprising,

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2.5.2 *Lease liability*

Lease liability is measured at the present value of the remaining lease payments, discounted using the general market banks incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period.

2.6 *Intangible asset*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of the asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets comprise software and licenses which have a finite economic life.

Software work-in-progress ("WIP") is not subject to amortisation. Once the WIP software is ready to be used, it will be capitalised and will be amortised over its useful life. WIP software relates to the development and implementation of new core banking software.

2.7 *Impairment of non-financial assets*

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 *Retirement benefit obligations*

The Bank contributes to a defined contribution plan as well as has several other long term benefit Schemes. They are, Compensation - end of contract, Gratuity, Compensation - retirement, Long service award scheme and Performance incentive.

The cost of compensation - retirement plan has been determined using the method as per the Seychelles Employment Act and management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

The other additional plan's cost of compensation has been determined using Bank defined calculations as stated in Note 18 to this financial statements.

Payments of defined contribution retirement benefit plans are recognised as an expense in the statement of profit or loss when employees rendered service entitling them to contributions.

2.9 *Taxation*

The Bank is exempted from the provision of Business Tax Act 2009 as per section 39 of Development Bank Decree 1977.

2 *Material accounting policies (cont...)*

2.10 *Foreign currencies*

Functional and presentation currency
Items included in the financial statements are measured using Seychelles Rupee (SCR), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Bank are presented in Seychelles Rupee, which is its functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.11 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revise their estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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 amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. Fore credit- impaired financial assets, the interest income is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial assets i.e., the gross carrying amount less the allowance for expected credit losses.

Fees and commission income

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

Other income

Other income is recognised as it accrues.

2 *Material accounting policies (cont...)*

2.12 *Provisions*

Provisions are recognised, where the bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The bank recognises a provision for onerous contracts when the expected benefit to be derived from a contract are less than the unavoidable costs of meeting the obligation under the contract.

3 *Financial risk management*

The Bank's activities expose it to a variety of financial risks. It's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Bank's financial performance.

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

3.1 *Strategy in using financial instruments*

The Bank borrows money from local and foreign banks and issues bonds locally and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

3.2 *Capital adequacy*

Capital adequacy ratio is closely monitored in line with the requirements of the Financial Institutions Act 2004, as amended and those of the Central Bank of Seychelles The ratio is given as follows:

	2023 SCR '000	2022 SCR '000
Capital base:		
Tier I Capital	319,700	319,701
Tier II Capital	12,026	5,529
Total capital base (a)	331,726	325,230
Risk weighted assets (b)	956,394	891,146
Capital adequacy ratio (a/b) %	**35%**	**36%**
Minimum Requirement (%)	**12%**	**12%**

The Bank has adhered to the capital requirements of the Central Bank of Seychelles for the year under review.

3.3 *Credit risk*

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank is mainly exposed to credit risk from financing activity.

3 *Financial risk management (cont...)*

3.3 *Credit risk (cont...)*

Portfolio classification and establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

The Bank also complies with the Financial Institutions (Credit Classification and Provisioning) Regulations, gazetted in 2010 and amended in 2011 which require the classification of its credits into specific categories and gives guidance on the minimum provisioning required for each category.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Bank considers both quantitative and qualitative information and analysis based on the Bank's historical experience and expert credit risk assessment, including forward-looking information.

The Bank uses the number of days past due (DPD) to determine significant in credit risk. Credit ratings are assigned to facilities granted by sectors upon initial recognition based on available information. Credit risk is deemed to have increased significantly if credit ratings have deteriorated at the reporting date. In addition, as a backstop, the Bank considers that significant increase in credit risk occurs when an assets is more than 30 DPD.

Credit quality per class of financial assets

An ageing analysis of credit quality by class of asset for all financial assets exposed to credit risk has been performed. Credit risk for loans and advances is managed by the Credit department subject to Bank's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on a credit rating evaluation, collateral values and ability of underlying projects to service the debt. Loans and advances in arrears are regularly monitored and evaluated for restructuring when warranted.

Collateral and other credit enhancements

Exposure to credit risk is also managed, in part, by obtaining and monitoring collateral in the form of government guarantee for SME loans, interests over properties and vehicles, Corporate and personal guarantees are also accepted by the Bank. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim.

Exposure to credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors with discretionary limits set for the Bank's Management.

The table that follow shows the maximum exposure of financial assets to credit risk for the components of the Statement of Financial Position.

	2023 SCR '000	2022 SCR '000
Cash and cash equivalents	88,025	122,663
Loans and advances at amortised cost	741,538	730,482
Investments at amortised cost	48,473	60,118
Other assets	19,529	18,574
Total credit risk exposure	**897,565**	**931,837**

3 *Financial risk management (cont...)*

3.3 *Credit risk (cont...)*

Calculation of Expected Credit Loss (ECL)

Immediately after initial recognition , an expected credit loss allowance is recognised for loans and receivable at amortised cost as previously explained under note (2.2).

Commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments. Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are, therefore, part of the overall risk of the Bank. Detailed below is the Bank's maximum credit risk exposure for commitments. The maximum exposure to credit risk relating to the commitments is the full amount which amounted to SCR 82,029,752 (2022: SCR 44,993,787).

Loan commitments provided by the Bank are measured as the amount of the loss allowance. For loan commitments, the loss allowance is recognised as a provision. However for the contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected losses are recognised as a provision.

An analysis of the Bank's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements is as disclosed below:

Class of financial asset SCR '000	At amortised cost Year ended 2023				2022
	Stage 1 12-month ECL	Stage 2 Lifetime ECL-not credit impaired	Stage 3 Lifetime ECL- credit impaired	Total	Total
Loans and advances					
Pass	605,391	-	-	605,391	555,344
Special Mention	-	53,889	-	53,889	83,160
Substandard	-	-	41,168	41,168	67,718
Doubtful	-	-	33,411	33,411	28,627
Loss	-	-	44,801	44,801	35,041
Total amount committed (note 6)	605,391	53,889	119,380	**778,660**	**769,890**
Cumulative allowance for credit impairment	(1,151)	(1,122)	(28,283)	**(30,556)**	**(32,498)**
Carrying amount	604,240	52,767	91,097	**748,104**	**737,392**
Commitments					
Gross (note 25)	82,030	-	-	82,030	44,994
Cumulative allowance for credit impairment	(436)	-	-	(436)	(961)
Carrying amount	81,594	-	-	**81,594**	**44,033**
Total Non-Performing				**119,380**	131,386
Non-Performing Ratio				**15%**	17%

** The stage allocation above is solely based on CBS guidelines and based on number of days due.*
** The non-performing loans ratio is based on loans in arrears greater than 89 days.*

3 *Financial risk management (cont...)*

3.3 *Credit risk (cont...)*

Credit quality and provisioning requirements

Credit quality of loans and advances

	2023 SCR '000	2022 SCR '000
Neither past due nor impaired	605,391	555,344
Past due but not impaired	53,889	83,160
Impaired	119,380	131,386
Gross loans and advances	778,660	769,890
Less: Allowances for credit impairment	(30,556)	(32,498)
Fair value of collaterals of past due but not impaired	**748,104**	**737,392**

Loans and advances that are past due but not impaired are classified as such where net current market value of supporting security is sufficient to cover all principal, interest and other amounts (including legal, enforcement, realisation costs, etc.) due on the facility.

3.4 *Currency risk*

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

Concentration of assets and liabilities by currency

At 31 December 2023 (SCR '000)	SCR	Euro	USD	GBP	Others	Total
Assets						
Cash and cash equivalents	71,476	12,219	4,330	-	-	88,025
Loans and advances	741,538	-	-	-	-	741,538
Maturity investments	31,834	8,003	8,636	-	-	48,473
Other assets	19,529	-	-	-	-	19,529
Property & equipment	39,045	-	-	-	-	39,045
Investment property	10,735	-	-	-	-	10,735
Intangible assets	15,205	-	-	-	-	15,205
Right to use asset	1,977	-	-	-	-	1,977
	931,339	**20,222**	**12,966**	-	-	**964,527**
Liabilities						
Borrowings	150,281	51,451	-	-	-	201,732
DBS bonds	316,340	-	-	-	-	316,340
Lease liability	2,059	-	-	-	-	2,059
Compensation benefit obligations	9,948	-	-	-	-	9,948
Funds under management	12,231	-	-	-	-	12,231
Other liabilities	19,997	-	-	-	-	19,997
	510,856	**51,451**	-	-	-	**562,307**
Net on balance sheet position	**420,483**	**(31,229)**	**12,966**	-	-	**402,220**
Off balance sheet position						
Undrawn commitments	82,030	-	-	-	-	82,030
Less : Allowance for credit impairment	(436)	-	-	-	-	(436)
Net off balance sheet position	**81,594**	-	-	-	-	**81,594**

3 *Financial risk management (cont...)*

3.4 *Currency risk (cont...)*

At 31 December 2022 (SCR '000)	SCR	Eur	USD	GBP	Others	Total
Assets						
Cash and cash equivalents	96,620	21,681	4,362	-	-	122,663
Loans and advances	730,482	-	-	-	-	730,482
Maturity investments	51,508	-	8,609	-	-	60,117
Other assets	18,574	-	-	-	-	18,574
Property & equipment	25,010	-	-	-	-	25,010
Investment property	11,356	-	-	-	-	11,356
Intangible assets	159	-	-	-	-	159
Right to use asset	611	-	-	-	-	611
	934,320	**21,681**	**12,971**	-	-	**968,972**
Liabilities						
Borrowings	237,297	66,171	1,416	-	-	304,884
DBS bonds	241,806	-	-	-	-	241,806
Lease liability	678	-	-	-	-	678
Compensation benefit obligations	8,019	-	-	-	-	8,019
Funds under management	4,909	-	-	-	-	4,909
Other liabilities	20,335	-	-	-	-	20,335
	513,044	**66,171**	**1,416**	-	-	**580,631**
Net on balance sheet position	**421,276**	**(44,490)**	**11,555**	-	-	**388,341**
Off balance sheet position						
Undrawn commitments	44,994	-	-	-	-	44,994
Less : Allowance for credit impairment	(961)	-	-	-	-	(961)
Net off balance sheet position	**44,033**	-	-	-	-	**44,033**

Sensitivity analysis

If exchange rates had been 1% higher/lower and all other variables were held constant as at year- end, the Bank's results would have been increased/decreased as follows:

	2023	2022
	SCR '000	SCR '000
Impact on results	± 10	± 5

3.5 *Liquidity risk*

The Bank is exposed to daily calls on its available cash resources from borrowings, from loan draw down, from margin and other calls. The bank maintains cash resources to meet all of these needs based on experience. The bank sets limits on the minimum proportion of maturing funds available to meet such calls.

On the other hand, the Bank also complies with the Central Bank of Seychelles' requirement for all banks to maintain liquid assets in accordance to the Financial Institutions (Liquidity Risk Management) Regulations, 2009 as amended in 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

3 *Financial risk management (cont...)*

3.5 *Liquidity risk (cont...)*

As at 31 December 2023 (SCR '000)	< 3 months	3 - 6 months	6 - 12 months	1 - 3 years	> 3 years	Non-maturity items	Total
Assets							
Cash and cash equivalents	88,095	-	-	-	-	-	88,095
Loans and advances	34,216	33,711	65,796	241,651	396,720	-	772,094
Maturity investments	11,383	37,173	-	-	-	-	48,556
Other assets	7,189	101	-	-	3,000	9,239	19,529
Property & equipment	-	-	-	-	-	39,045	39,045
Investment property	-	-	-	-	-	10,735	10,735
Intangible assets	-	-	-	-	-	15,205	15,205
Right to use asset	-	-	-	-	-	1,978	1,978
	140,883	**70,985**	**65,796**	**241,651**	**399,720**	**76,202**	**995,237**
Less allowances for credit impairment							(30,710)
							964,527
Liabilities							
Borrowings	24,213	21,109	40,208	81,889	34,313	-	201,732
DBS bonds	365	50,000	-	-	265,975	-	316,340
Lease liability	319	327	681	732	-	-	2,059
Compensation benefit obligations	1,144	46	1,422	1,294	435	5,607	9,948
Funds under management	-	-	-	-	-	12,231	12,231
Other liabilities	3,116	33	65	240	394	16,149	19,997
	29,157	**71,515**	**42,376**	**84,155**	**301,117**	**33,987**	**562,307**
Maturity gap	**111,726**	**(530)**	**23,420**	**157,496**	**98,603**	**42,215**	**432,930**

As at 31 December 2022 (SCR '000)	< 3 months	3 - 6 months	6 - 12 months	1 - 3 years	> 3 years	Non-maturity items	Total
Assets							
Cash and cash equivalents	123,703	-	-	-	-	-	123,703
Loans and advances	32,629	32,161	62,913	226,748	408,529	-	762,980
Maturity investments	60,630	-	-	-	-	-	60,630
Other assets	4,784	-	-	-	-	13,790	18,574
Property & equipment	-	-	-	-	-	25,010	25,010
Investment property	-	-	-	-	-	11,356	11,356
Intangible assets	-	-	-	-	-	159	159
Right to use asset	-	-	-	-	-	612	612
	221,746	**32,161**	**62,913**	**226,748**	**408,529**	**50,927**	**1,003,024**
Less allowances for credit impairment							(34,052)
							968,972
Liabilities							
Borrowings	27,941	26,281	50,329	134,504	65,829	-	304,884
DBS bonds	356	-	-	50,000	191,450	-	241,806
Lease liability	330	263	85	-	-	-	678
Compensation benefit obligations	612	294	1,540	293	-	5,280	8,019
Funds under management	-	-	-	-	-	4,909	4,909
Other liabilities	1,460	-	-	-	-	18,875	20,335
	30,699	**26,838**	**51,954**	**184,797**	**257,279**	**29,064**	**580,631**
Maturity gap	**191,047**	**5,323**	**10,959**	**41,951**	**151,250**	**21,863**	**388,341**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

3 *Financial risk management (cont...)*

3.6 *Interest rate risk*

Interest rate risk refers to the potential variability in the Bank's financial condition owing to changes in the level of interest rates. It is the Bank's policy to apply variable interest rates to lending and borrowing.

Interest sensitivity of assets and liabilities - repricing analysis

As at 31 December 2023 (SCR '000)	< 3 months	3 - 6 months	3 - 12 months	1 - 3 years	> 3 years	Non-interest bearing	Total
Assets							
Cash and cash equivalents	7,558	-	-	-	-	80,537	88,095
Loans and advances	34,216	33,711	65,796	241,651	396,720	-	772,094
Maturity investments	11,383	37,173	-	-	-	-	48,556
Other assets	-	-	-	-	-	19,529	19,529
Property & equipment	-	-	-	-	-	39,045	39,045
Investment property	-	-	-	-	-	10,735	10,735
Intangible assets	-	-	-	-	-	15,205	15,205
Right to use asset	-	-	-	-	-	1,978	1,978
	53,157	**70,884**	**65,796**	**241,651**	**396,720**	**167,029**	**995,237**
Less allowances for credit impairment							(30,710)
							964,527
Liabilities							
Borrowings	24,213	21,109	40,208	81,889	34,313	-	201,732
DBS bonds	365	50,000	-	-	265,975	-	316,340
Lease liability	319	327	681	732	-	-	2,059
Compensation benefit obligations	-	-	-	-	-	9,948	9,948
Funds under management	-	-	-	-	-	12,231	12,231
Other liabilities	-	-	-	-	-	19,997	19,997
	24,897	**71,436**	**40,889**	**82,621**	**300,288**	**42,176**	**562,307**
Interest sensitivity gap	**28,260**	**(552)**	**24,907**	**159,030**	**96,432**	**124,853**	**402,220**

As at 31 December 2022 (SCR '000)	< 3 months	3 - 6 months	3 - 12 months	1 - 3 years	> 3 years	Non-interest bearing	Total
Assets							
Cash and cash equivalents	11,250	-	-	-	-	112,453	123,703
Loans and advances	32,629	32,161	62,913	226,748	408,529	-	762,980
Maturity investments	60,630	-	-	-	-	-	60,630
Other assets	-	-	-	-	-	18,574	18,574
Property & equipment	-	-	-	-	-	25,010	25,010
Investment property	-	-	-	-	-	11,356	11,356
Intangible assets	-	-	-	-	-	159	159
Right to use asset	-	-	-	-	-	612	612
	104,509	**32,161**	**62,913**	**226,748**	**408,529**	**168,164**	**1,003,024**
Less allowances for credit impairment							(34,052)
							968,972
Liabilities							
Borrowings	27,941	26,281	50,329	134,504	65,829	-	304,884
DBS bonds	356	-	-	50,000	191,450	-	241,806
Lease liability	330	263	85	-	-	-	678
Compensation benefit obligations	-	-	-	-	-	8,019	8,019
Funds under management	-	-	-	-	-	4,909	4,909
Other liabilities	-	-	-	-	-	20,335	20,335
	28,627	**26,544**	**50,414**	**184,504**	**257,279**	**33,263**	**580,631**
Interest sensitivity gap	**75,882**	**5,617**	**12,499**	**42,244**	**151,250**	**134,901**	**388,341**

3 *Financial risk management (cont...)*

3.6 *Interest rate risk (cont...)*

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant as at year- end, the Bank's results would have been increased/decreased as follows:

	2023	2022
	SCR '000	SCR '000
Impact on results	± 504	± 558

4 *Critical accounting estimates and judgements*

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

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and

4 *Critical accounting estimates and judgements (cont...)*

Impairment losses on financial assets (cont...)

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

Calculation of Loss allowance

When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default 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.

Impairment of other assets

At each financial reporting year end, Bank's Management reviews and assesses the carrying amounts of other assets and where relevant, write them down to their recoverable amounts based on best estimates.

Business model assessment

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

The Bank monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

In assessing whether the credit risk of an asset has significantly increased the Bank considers qualitative and quantitative reasonable and supportable forward-looking information.

Useful lives and residual values of equipment

Determining the carrying amounts of equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Bank and the relevant industry in which it operates in order to best determine the useful lives and residual values of equipment.

Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and Management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

4 *Critical accounting estimates and judgements (cont...)*

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from for example, a stock exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Limitation of sensitivity analysis

The sensitivity analysis demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Bank's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's views of possible near-term market changes that cannot be predicted with any certainty.

5 *Cash and cash equivalents*

	2023	2022
Balances with local banks	88,049,683	123,513,511
Cash in hand	45,576	189,714
Less: Allowance for credit impairment	(70,174)	(1,040,660)
	88,025,085	**122,662,565**

6 *Loans and advances*

	2023	2022
Loans and advances to customers	761,797,938	755,111,210
Staff loans	16,862,157	14,778,953
	778,660,095	**769,890,163**
Less : Allowance for credit impairment (See below)	(30,555,532)	(32,498,411)
Interest in suspense	(6,566,559)	(6,910,239)
	741,538,004	**730,481,513**

6.1 Loans and advances by credit quality

	Stage 1 12-month ECL	Stage 2 lifetime ECL not credit impaired	Stage 3 lifetime ECL credit impaired	As at 31 December 2023	As at 31 December 2022
Loans and advances					
Loans and advances	570,253,260	75,432,700	132,974,135	778,660,095	769,890,163
Allowance for credit impairment	(1,151,032)	(1,122,422)	(28,282,078)	(30,555,532)	(32,498,411)
	569,102,228	**74,310,278**	**104,692,057**	**748,104,563**	**737,391,752**

6.2 Allowance for credit impairment

	2023	2022
Cumulative allowance for credit impairment		
Loans and advances	32,498,411	35,435,944
Undrawn commitments	960,574	1,093,592
As at 1 January	**33,458,985**	**36,529,536**
Provision reversal up to the write off made	(15,291,747)	(6,181,543)
Expected loss charge for the year	12,824,383	3,110,992
Loans and advances	30,555,532	32,498,411
Undrawn commitments	436,089	960,574
As at 31 December	**30,991,621**	**33,458,985**
<u>Amounts directly recognised in profit and loss</u>		
Bad debts recovered	(3,428,956)	(4,032,594)
Loans written off to profit or loss	310,853	12,344,492
Net bad debts (recovered)/written off	(3,118,103)	8,311,898

Total allowance for credit impairment charge/(reversal) to profit or loss:

	2023	2022
Expected loss charge in loans and advances	12,824,383	3,110,992
Net bad debts (recovered)/written off	(3,118,103)	8,311,898
Expected loss (reversal)/charge in Maturity investements (Note 7)	(429,975)	437,825
Expected loss (reversal)/charge in cash and cash equivalent (Note 5)	(970,486)	699,356
	8,305,819	**12,560,071**

6 *Loans and advances (Continued)*

Below is an analysis of concentration of credit risk by industry sectors.

	Number of loans	2023	%	2022	%
SME loan scheme	441	471,748,271	60.58%	453,132,160	58.86%
Services	35	22,389,859	2.88%	32,277,788	4.19%
Tourism	52	105,220,350	13.51%	104,026,444	13.51%
Building and construction	75	104,022,797	13.36%	110,909,775	14.41%
Agriculture	4	7,150,116	0.92%	8,404,212	1.09%
Manufacturing	8	30,493,140	3.92%	29,193,298	3.79%
Staff (*)	66	16,862,157	2.17%	14,778,953	1.92%
Transport	12	6,070,202	0.78%	703,626	0.09%
Agriculture and horticulture	2	4,522,018	0.58%	5,657,803	0.73%
Manufacturing industry	0	-	0.00%	-	0.00%
Fisheries	6	5,436,375	0.70%	3,674,027	0.48%
Trade	3	493,898	0.06%	699,102	0.09%
Community, social and personal	1	1,721,055	0.22%	1,877,870	0.24%
Former staff (*)	2	240,017	0.03%	341,527	0.04%
Covid relief scheme	21	2,289,840	0.29%	4,213,578	0.55%
	728	**778,660,095**	**100.0%**	**769,890,163**	**100.0%**
Less : Allowance for credit impairment		(30,555,532)	-3.92%	(32,498,411)	-4.22%
Interest in suspense		(6,566,559)	-0.84%	(6,910,239)	-0.90%
		741,538,004	**95.2%**	**730,481,513**	**94.9%**

DBS offers variable interest rate loans and periodically evaluates its lending pool to adjust rates based on changing market conditions. Interest rates on loans in the DBS Scheme range from 7.50% to 12% and staff loans range from 3.75% to 11.50%. The SME scheme offers 10.00% to 11.75% and is subsidised by the Government of Seychelles; borrowers are charged 5% on the first million and 7% on the remaining.

(*) This pertains to loans to current and former staff. Interest on loans to current staff ranges from 3.75% to 7%, and interest on loans to former staff is at 10 to 11.50%.

7 *Maturity investments*

	2023	2022
As at 1 January	60,629,864	10,679,686
Additions	41,851,900	80,000,000
Interest accrued	1,097,434	425,613
Matured	(55,023,807)	(30,475,435)
	48,555,391	60,629,864
Less: Allowance for credit impairment	(82,341)	(512,316)
As at 31 December	**48,473,050**	**60,117,548**

8 *Other assets*

	2023	2022
Prepayments	1,085,928	1,553,661
Other receivables (a)	9,401,899	7,979,126
Repossessed loan (b)	9,040,872	9,040,872
	19,528,699	**18,573,659**

8 *Other assets (Continued)*

(a) Other receivables consist mainly of subsidized interest receivables from the Ministry of Finance, National Planning and Trade for Small and Medium Enterprise loans. Additionally, there is a SCR 3 million sum allocated as collateral for an ABSA loan. Moreover, it encompasses management fees receivable from the Agricultural Development Fund, EU Fisheries Development Fund, Small Business Financing Agency Fund, and Small Business Support Fund.

(b) Repossessed loan represents property acquired by the Bank as settlement of overdue loan. This repossession has been legally enforced through the Court upon default of the customer. The assets were recognised at lower of fair value or carrying value. According to the assessment conducted by Thyra Laporte Quantity Surveying, an independent chartered surveyor, in October 2023, the property's total estimated value stands at SCR 18.5 million.

9 *Property and equipment*

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Work-in-progress	Total
Cost						
As at 1 January 2022	26,000,000	4,706,648	2,201,646	1,290,887	-	34,199,181
Additions	-	473,055	293,889	-	-	766,944
Disposals	-	(94,782)	(130,645)	-	-	(225,427)
Revaluation	-	-	-	-	-	-
As at 31 December 2022	26,000,000	5,084,921	2,364,890	1,290,887	-	34,740,698
Additions	398,509	880,362	139,721	-	6,846,441	8,265,033
Disposals	-	(508,047)	-	-	-	(508,047)
Depreciation transfer	(3,590,683)	-	-	-	-	(3,590,683)
Revaluation gain	7,878,183	-	-	-	-	7,878,183
As at 31 December 2023	**30,686,009**	**5,457,236**	**2,504,611**	**1,290,887**	**6,846,441**	**46,785,184**
Accumulated depreciation						
As at 1 January 2022	1,267,300	3,553,057	1,808,073	1,290,887	-	7,919,317
Charge for the year	1,267,300	418,674	349,138	-	-	2,035,112
Disposals	-	(94,783)	(129,013)	-	-	(223,796)
As at 31 December 2022	2,534,600	3,876,948	2,028,198	1,290,887	-	9,730,633
Charge for the year	1,339,152	557,274	211,692	-	-	2,108,118
Disposals	-	(508,047)	-	-	-	(508,047)
Depreciation transfer	(3,590,683)	-			-	(3,590,683)
As at 31 December 2023	**283,069**	**3,926,175**	**2,239,890**	**1,290,887**	**-**	**7,740,021**
Net book value						
As at 31 December 2022	23,465,400	1,207,973	336,692	-	-	25,010,065
As at 31 December 2023	**30,402,940**	**1,531,061**	**264,721**	**-**	**6,846,441**	**39,045,163**

(a) The Bank's land and buildings are stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation was performed by Thyra Laporte Quantity Surveying, an independent professionally qualified chartered surveyor on 25 September 2023.

In determining the fair value of the property the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

9 *Property and equipment (Continued)*

(b) The work-in-progress relates to the costs incurred associated with the new computer server.

(c) The Bank does not have any of its assets pledged as securities.

10 *Investment property*

	2023	2022
Cost		
As at 1 January	11,355,610	11,355,610
Additions	-	-
Net loss on fair valuation	(621,010)	-
As at 31 December	**10,734,600**	**11,355,610**
Accumulated depreciation		
As at 1 January	-	-
Depreciation	-	-
As at 31 December	-	-
Net book value as at 31 December	**10,734,600**	**11,355,610**

(a) The Bank's investment properties include lands repossessed from customers. Although the bank's initial intent was to dispose these properties, no sales were materialised. The revaluations were performed by Thyra Laporte Quantity Surveying, independent professionally qualified chartered surveyors on October 2023 and January 2024.

In determining the fair value of the property the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023
Financial statements are prepared in Seychelles Rupees

11 *Intangible assets*

	Computer software	Software work in progress	Total
Cost			
As at 1 January 2022	4,894,484	-	4,894,484
Additions	-	-	-
As at 31 December 2022	**4,894,484**	**-**	**4,894,484**
Additions	-	15,135,996	15,135,996
As at 31 December 2023	**4,894,484**	**15,135,996**	**20,030,480**
Accumulated amortisation			
As at 1 January 2022	4,644,438	-	4,644,438
Charge for the year	91,201	-	91,201
As at 31 December 2022	**4,735,639**	**-**	**4,735,639**
Charge for the year	90,118	-	90,118
As at 31 December 2023	**4,825,757**	**-**	**4,825,757**
Net book value			
As at 31 December 2022	158,845	-	158,845
As at 31 December 2023	**68,727**	**15,135,996**	**15,204,723**

(a) Intangible assets comprise of software and licenses.

(b) The software work in progress relates to the ongoing costs associated with the development and implementation of new core banking software, with a total cost of USD 1.3 million. As of 31 December 2023, the development process has progressed through the User Acceptance Testing sign-off stage, with an anticipated go-live date prior to 30 April 2024.

12 *Right to use asset*

	2023	2022
Cost		
As at 1 January	5,189,442	5,189,442
Additions	-	-
Disposals	-	-
Remeasurement	2,619,075	-
As at 31 December	**7,808,517**	**5,189,442**
Accumulated amortisation		
As at 1 January	4,577,541	3,367,963
Amortisation	1,252,938	1,209,578
Disposal	-	-
As at 31 December	**5,830,479**	**4,577,541**
Net book value as at 31 December	**1,978,038**	**611,901**

13 *Borrowings*

	Interest rate	Maturity	2023	2022
BADEA bank loan	4%	2023	-	1,416,184
Absa Bank Seychelles	Prime lending rate - 4.75%	2023	-	7,812,500
Nouvobanq S.I.M.B.C	5%	2023	-	80,632
Absa Bank Seychelles	Prime lending rate - 4.75%	2023	-	4,166,667
Seychelles Government (EIB) - 1	1.91%	2023	-	1,250,614
Seychelles Government (EIB) - 2	1.73%	2024	1,964,391	5,838,620
Seychelles Government (EIB) - 3	1.66%	2025	10,898,168	18,012,963
European Investment Bank	3.98%	2037	20,213,618	19,261,655
Mauritius Commercial bank of Seychelles	Euro libor 3 months + margin 5.5%	2024	2,479,310	5,517,019
Mauritius Commercial bank of Seychelles	MCB base rate	2024	3,133,595	7,080,292
Al Salam Bank Seychelles	6.90%	2024	10,395,930	20,099,647
Seychelles Government (ADF Bilateral)	2.75%	2027	43,286,373	52,283,073
Seychelles Government (Grant)	Interest fee	2024	2,380,952	16,666,666
Nouvobanq S.I.M.B.C	4.5% + 3 months Euribor	2025	28,757,995	41,392,593
Seychelles Government	Interest fee	2025	20,000,000	35,000,000
Seychelles Government	3.26%	2026	32,212,117	35,000,000
Absa Bank Seychelles	6.75%	2027	23,333,333	29,166,667
Private Sector Relief Scheme	Interest fee	8 years from disbursment	2,676,448	4,837,833
			201,732,230	**304,883,625**

Reconciliation of borrowings:

	2023	2022
As at 1 January	304,883,625	409,419,155
Proceeds from borrowings	-	18,881,200
Interest charges	9,867,150	11,784,704
Repayments of interest	(10,016,900)	(12,095,083)
Repayment of principal	(105,074,945)	(116,866,586)
Foreign exchange loss/(gain)	2,073,300	(6,239,765)
As at 31 December	**201,732,230**	**304,883,625**

The Bank contracted loans in line with the Public Debt Management Act, and signed a contract with the Ministry of Finance, National Planning and Trade stating that the net foreign exchange losses arising on the loan facilities will be reimbursed by the latter. Total net foreign exchange loss incurred during 2023 was SCR 2,073,300 (2022: a gain of SCR 6,239,765).

14 *DBS Bonds*

	2023	2022
As at 1 January	241,805,985	100,702,052
Redeemed during the year	-	(50,000,000)
Issued during the year	73,954,739	191,229,361
Interest expense	11,716,181	9,354,374
Interest payments	(11,136,637)	(9,479,802)
As at 31 December	**316,340,268**	**241,805,985**

(a) Interest rates on the above bonds ranges between 3.75% and 6.5% (2022: 3.75% and 6.5%).

(b) The bonds are guaranteed by the Government of Seychelles.

(c) The currency profile and maturity terms of the bonds are detailed in Note 3.

15 *Lease liability*

	2023	2022
As at 1 January	678,112	1,912,003
Additions	-	-
Disposals	-	-
Remeasurement	2,619,075	-
Interest cost	145,628	149,774
Payments made	(1,383,665)	(1,383,665)
As at 31 December	**2,059,150**	**678,112**

15.1 *Minimum lease payments payable on lease commitment is as follows,*

	Future minimum lease payments	Interest cost	Present value of minimum lease payments 31-12-2023	Present value of minimum lease payments 31-12-2022
Within 1 year	1,480,585	154,083	1,326,502	678,112
Later than 1 year	757,068	24,420	732,648	-
As at 31 December	**2,237,653**	**178,503**	**2,059,150**	**678,112**

15.2 *Amounts recognised in the statement of profit or loss,*

	2023	2022
Amortisation charge of right to use asset	1,252,938	1,209,578
Interest cost	145,628	149,774
	1,398,566	**1,359,352**

16 *Funds under management*

	2023	2022
Credit guarantee scheme (a)	-	870,134
EU fisheries, ADF, SBFA, Blue investment, SBSF (b)	2,177,795	2,249,261
Photovoltaic project (c)	38,901	38,901
Green climate fund (d)	1,634,586	1,750,411
Seed capital grant scheme (e)	8,380,136	-
	12,231,418	**4,908,707**

16 *Funds under management (Cont...)*

(a) This fund was created from a donation made by Frederick Ebert Stiftung (a private foundation in the West of Germany). The objective of the fund is to support small entrepreneurs and young graduates from the Polytechnic on ventures not exceeding SCR 150,000. The bank has held the fund balance for more than 10 years without any transaction being undertaken. Hence, during the year, the bank decided to repurpose the fund for future staff training expenses.

(b) This pertain to funds received on behalf of EU Fisheries Development Fund, Agricultural Development Fund, Small Business Financing Agency, Blue Investment Fund, and Small Business Support Fund loan schemes, which have not yet been transferred to these respective loan schemes. The Bank has been given the mandate of administering these funds on behalf of the Government. The funds are repayable on demand.

(c) This relates to balance held on behalf of the government with regards to the Photovoltaic project. The Government introduced the project in 2014 with the aim of intensifying efforts to reduce the country's dependency on fossil fuel by encouraging the use of renewable energy. The Bank is managing this fund on behalf of the Government.

(d) This fund was created under the United Nations Framework Convention on Climate Change. The objective of the fund is to assist in the hiring of consultants and procurement of services to build capacity of the coordination and management unit that will have the responsibility of coordinating with other ministries, NGO's and stakeholders on the Green Climate Fund.

(e) This fund relates to balance held on behalf of the government with an objective to promote the use of technology, development of innovative businesses, and innovation in the local businesses with the intention of enhancing the diversification and resilience of local economy, creating wealth , and generating employment in new economic activities.

17 *Other liabilities*

	2023	2022
Retention payable	434,887	714,872
ECL provision on off-balance sheet items	436,089	960,574
Other payables and accruals (a)	4,286,939	1,480,452
Balance due to the Ministry of Finance, National Planning and Trade (b)	14,837,914	17,179,876
	19,995,829	**20,335,774**

(a) Other payables consist mainly of sundry creditors and personal contribution deposited by the clients toward the financing of total project costs.

(b) The above balance includes foreign exchange differences arising on the conversion of the borrowings from Nouvobanq S.I.M.B.C, Mauritius Commercial Bank, and European Investment Bank. The net foreign exchange differences arising from the conversion will be claimed at the time of maturity of the above borrowings from the Ministry of Finance, National Planning and Trade, according to the guarantee agreement signed between the government of Seychelles represented by the Ministry of Finance, National Planning and Trade.

18 *Compensation benefit obligations*

	2023	2022
Compensation - end of contract (a)	2,754,219	2,626,631
Gratuity (b)	319,750	286,667
Compensation -retirement (c)	5,605,724	4,038,937
Long service award scheme (d)	1,007,000	954,000
Performance incentive (e)	261,242	112,720
	9,947,935	**8,018,955**

18 Compensation benefit obligations (Cont...)

(a) Compensation - end of contract	2023	2022
As at 1 January	2,626,631	1,980,750
Charged to profit or loss	2,140,349	1,498,112
Benefits paid	(2,012,761)	(852,231)
As at 31 December	**2,754,219**	**2,626,631**

End of contract compensation represents the Bank's obligation to pay compensation to employees on fixed term contracts upon the termination of their contracts. The contracts are for a minimum period of 2 years.

(b) Gratuity	2023	2022
As at 1 January	286,667	250,250
Charged to profit or loss	88,083	95,038
Benefits paid	(55,000)	(58,621)
As at 31 December	**319,750**	**286,667**

This represents the Bank's obligation for compensation of every five years of continued service performed.

(c) Compensation - Retirement	2023	2022
As at 1 January	4,038,937	3,773,473
Current service cost	1,566,787	520,184
Benefits paid	-	(254,720)
As at 31 December	**5,605,724**	**4,038,937**

Compensation benefit obligation is a statutory obligation which all financial institutions incorporated in Seychelles under the Employment Act 1995 shall pay to employee upon resignation or termination of the employee provided that same has completed five years of continuous service. However, the Bank's internal policy allows for compensation payment to be made even though the continuous five year period has not been met.

(d) Long service award scheme	2023	2022
As at 1 January	954,000	911,250
Charged to profit or loss	278,000	145,067
Benefits paid	(225,000)	(102,317)
As at 31 December	**1,007,000**	**954,000**

The Bank has a long service award scheme for all of its employees. The scheme is one where the Bank recognises the effort and commitment of those who have been in the service for a continuous long period. This represents the Bank's obligation for compensation of every five years of continued service performed.

(e) Performance incentive	2023	2022
As at 1 January	112,720	33,153
Charged to profit or loss	422,100	182,776
Benefits paid	(273,578)	(103,209)
As at 31 December	**261,242**	**112,720**

The scheme is one where the Bank recognises the performance of CEO based on the achievement of the set targets and plan for the year.

19 *Share capital*

	2023	2022
Authorised share		
As at 31 December	40,000,000	40,000,000
Issued and fully paid shares		
As at 31 December	39,200,000	39,200,000

20 *Contingent reserve*

	2023	2022
As at 31 December	41,385,321	41,385,321

The contingent reserve is maintained in accordance with the provisions of Chapter 63 Development Bank of Seychelles Decree, 1977. Section 33, Application of Monies, requires that the bank set aside in a reserve fund up to the Share Capital, that is, SCR 39.2 million.

21 *Interest income*

	2023	2022
Cash and short term funds	189,854	195,384
Interest on financial assets at amortised cost	1,097,434	425,613
Loans and advances	73,985,323	79,173,508
Interest in suspense	(3,419,863)	(2,844,825)
	71,852,748	**76,949,680**

22 *Interest expense*

	2023	2022
Interest on loans	9,867,150	11,784,704
Interest on bonds	11,716,181	9,354,374
Subsidised interest on bonds	(101,298)	-
	21,482,033	**21,139,078**

23 *Net other operating income*

	2023	2022
Management fees	7,226,473	6,600,391
Fees from loans and advances	370,944	338,959
Application fees	245,551	31,636
Net loss on fair valuation of investment properties	(621,010)	-
Profit/(Loss) on disposal of property and equipment	12,500	(1,002)
	7,234,458	**6,969,984**

24 *Employee benefit expenses*

	2023	2022
Salaries and wages	22,720,864	18,108,011
Pension costs	982,025	709,999
Compensation benefit obligation	4,495,319	2,441,167
Directors fees and committee allowance	236,245	241,472
Other staff costs	890,394	826,821
	29,324,847	**22,327,470**

25 *Administrative expenses*

	2023	2022
Auditors' remuneration	279,450	279,450
Bank charges	1,350,795	635,538
Communication costs	958,269	804,604
Donations	459,373	194,333
Insurance expenses	133,884	136,778
Legal and professional fees	1,409,002	1,183,717
Maintenance costs	3,045,181	2,321,968
Membership fees	322,423	289,689
Office expenses	534,035	508,557
Promotion and advertising costs	450,955	179,255
Rental expenses	536,098	538,131
Travelling expenses	640,147	386,618
Utilities costs	527,786	589,838
Other administration expenses	703,867	965,762
	11,351,265	**9,014,238**

26 *Related party transactions*

During the year ended 31 December 2023, there were the followings following between the bank and its related parties.

	Relationship	2023	2022
(a) Borrowings			
Government of Seychelles			
As at 1 January		164,051,936	213,204,060
Additions		-	-
Interests	Shareholder	2,819,615	3,256,315
Repayments		(56,129,550)	(52,408,439)
At 31 December		**110,742,001**	**164,051,936**
Nouvobanq - SIMBC			
As at 1 January		41,473,225	70,004,750
Additions		-	-
Interests	Shareholder	2,476,538	2,357,486
Repayments		(16,468,227)	(25,747,184)
Foreign exchange loss/(gain)		1,276,459	(5,141,827)
At 31 December		**28,757,995**	**41,473,225**

The Government of Seychelles holds shares in both Development bank of Seychelles and Nouvobanq.

	Relationship	2023	2022
European Investment Bank			
As at 1 January		19,261,655	-
Additions		-	18,881,200
Interests	Shareholder	792,325	50,363
Repayments		(773,718)	-
Foreign exchange loss		933,356	330,092
At 31 December		**20,213,618**	**19,261,655**

(b) Interest subsidy	2023	2022
Government of Seychelles		
Interest subsidy on SME loan scheme	**16,946,862**	**18,414,779**

Interest subsidy is the difference between interest paid by the client and the lending rate of the Bank. The subsidy is payable on a quarterly basis. The above figure represents total interest subsidy for the year. The balance receivable relating to the interest subsidy is SCR 4,379,196 (2022: SCR 4,323,019).

26 *Related party transactions (Cont...)*

	Relationship	2023	2022
(c) Salaries and other benefits			
Personal salaries	Key management personnel	7,264,647	3,723,393
Remuneration	Directors	236,245	244,085
End of contract settlement	Key management personnel	2,048,799	2,431,169
End of contract provision	Key management personnel	93,698	70,056
Long service award scheme settlement	Key management personnel	60,000	-
Long service award scheme provision	Key management personnel	262,125	145,067
(d) Outstanding balances			
Recovery on financial Guarantee contract	Shareholder	14,837,914	17,179,876
Borrowings	Shareholders	159,713,614	224,786,816
Loans and advances	Key management personnel	3,420,503	3,507,242
Loans and advances	Directors	5,601,511	7,103,657

In 2015 due to organisation restructuring, the Bank created a new position to head their departments. The heads of the departments are known as key management personnel.

27 *Capital commitments*

27.1 *Loan commitments*
Loans and advances approved but yet disbursed as at 31 December 2023 totaled to SCR 82,029,752 (2022: 44,993,787). Their expected credit loss is SCR 436,089 (2022: SCR 960,574). All capital commitments are classified in stage one.

27.1 *Software work in progress*
The bank has contracted with a software provider for the development and implementation of new core banking software, with a total cost of USD 1.3 million. As of 31 December 2023, the development process has progressed through the User Acceptance Testing sign-off stage, with an anticipated go-live date prior to 30 April 2024. As of 31 December 2023, the bank has made payments amounting to 90% of the contract value to the service provider, and the remaining balance is contingent upon the successful sign-off at the go-live stage.

27 *Contingent liabilities*
There were no contingent liabilities as at 31 December 2023 (2022: Nil).

28 *Events after reporting date*
There were no material events occurring after the reporting date which require adjustments to or disclosures in the financial statements other than those disclosed above.

29 Fair Value of Financial Instruments

The following table provides an analysis of assets and liabilities measured at fair value and not measured at fair values as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position:

	Level 1 Quoted prices in active market	Level 2 Significant observable input	Level 3 Significant unobservable input	Total Fair Value	Total Carrying Amount
As at 31 December 2023					
Financial assets not measured at fair values					
Cash and cash equivalents	-	88,025,085	-	88,025,085	88,025,085
Loans and advances	-	-	741,538,004	741,538,004	741,538,004
Financial assets at armotised cost	-	-	48,473,050	48,473,050	48,473,050
Other assets	-	-	19,528,699	19,528,699	19,528,699
Total	-	88,025,085	809,539,753	897,564,838	897,564,838
Financial liabilities not measured at fair values					
Borrowings	-	-	201,732,230	201,732,230	201,732,230
DBS bonds	-	-	316,340,268	316,340,268	316,340,268
Other liabilities	-	-	19,995,829	19,995,829	19,995,829
Total	-	-	538,068,327	538,068,327	538,068,327
As at 31 December 2022 (SCR)					
Financial assets not measured at fair values					
Cash and cash equivalents	-	122,662,565	-	122,662,565	122,662,565
Loans and advances	-	-	730,481,513	730,481,513	730,481,513
Financial assets at armotised cost	-	-	60,117,548	60,117,548	60,117,548
Other assets	-	-	18,573,659	18,573,659	18,573,659
Total	-	122,662,565	809,172,720	931,835,285	931,835,285
Financial liabilities not measured at fair values					
Borrowings	-	-	304,883,625	304,883,625	304,883,625
DBS bonds	-	-	241,805,985	241,805,985	241,805,985
Other liabilities	-	-	20,335,774	20,335,774	20,335,774
Total	-	-	567,025,384	567,025,384	567,025,384

29.1 Methodologies and assumptions used to determine fair value of financial instruments which are not already recorded at fair value in the Statement of Financial Position are as follows.

Fixed rate financial instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost (eg. fixed rate Financing contracts, due to other customers, subordinate liabilities) are estimated based on the discounted cash flow approach. This approach employs the current market profit rates of similar financial instruments as a significant unobservable input in measuring the fair value and hence it is categorised under Level 3 in the fair value hierarchy.

Assets for which fair value approximates carrying value
For financial assets and liabilities with short term maturities or with short term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

FIVE YEAR FINANCIAL SUMMARY

	2023	2022	2021	2020	2019
Statement of financial position					
Share capital	39,200,000	39,200,000	39,200,000	39,200,000	39,200,000
Authorised	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Issued and fully paid	39,200,000	39,200,000	39,200,000	39,200,000	39,200,000
Retained earnings	286,502,347	280,500,546	265,630,959	256,917,088	246,022,039
Net assets employed	325,702,347	319,700,546	304,830,959	296,117,088	285,222,039
Statement of income					
Profit (loss) before taxation	6,001,801	14,869,587	8,713,871	10,915,049	5,057,182
Taxation	-	-	-	-	-
Profit after taxation	6,001,801	14,869,587	8,713,871	10,915,049	5,057,182
Dividends	-	-	-	-	(2,115,705)
Retained Profit	6,001,801	14,869,587	8,713,871	10,915,049	2,941,477
Retained earnings 1 January	280,500,546	265,630,959	256,917,088	246,002,039	243,060,562
Restated retained earnings - 31 December	286,502,347	280,500,546	265,630,959	256,917,088	246,002,039