DEVELOPMENT BANK OF SEYCHELLES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

DEVELOPMENT BANK OF SEYCHELLES

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BOARD MEMBERS	:	**Appointed effective March 1, 2025** Dick Labonte (Chairperson) Ashwin Bhanderi (Deputy-Chairperson) Jean Preira (Managing Director) Philippa Samson Lisa Lautoy Paul Savy Julie Low Thion May Paule Rabat **Tenure expired effective July 31, 2024 and extended to March 1, 2025** Norman Weber (Chairperson) Dick Labonte (Deputy-Chairperson) Jean Preira (Managing Director) David Jean-Baptiste Darrel Uranie Philippa Samson Ashwin Bhanderi
REGISTERED OFFICE	:	Independence Avenue Victoria, Mahé Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Independence Avenue Victoria, Mahé Seychelles
INDEPENDENT AUDITORS	:	Sey Auditors & Associates Chartered Accountants Seychelles

The Board Members have pleasure in submitting their report together with the audited financial statements of Development Bank of Seychelles (the "Bank" or "DBS") for the year ended December 31,

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 all industrial sectors;
- 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 these activities for the financial year under review.

RESULTS FOR THE YEAR

	SCR
Profit for the year	**20,954,244**
Retained earnings brought forward	**286,502,347**
Retained earnings carried forward	**307,456,591**

DIVIDENDS

The Bank did not declare any dividend for the year 2024 (2023: Nill).

PROPERTY AND EQUIPMENT

The property and equipment of the Bank and the movements therein are detailed in note 10 to the financial statements.

The Board Members have estimated that the carrying amounts of property and equipment at the financial reporting date approximate their fair value.

GOING CONCERN

The Board Members believes that the Bank is in a sound financial position and has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

EVENTS AFTER REPORTING DATE

The Board Members are not aware of any material event which occurred after the reporting date and up to the date of this report.

BOARD MEMBERS AND MEMBERS' INTERESTS

The Board Members of the Bank since the date of the last report and the date of this report are:

Appointed effective March 1, 2025

Dick Labonte (Chairperson)
Ashwin Bhanderi (Deputy-Chairperson)
Jean Preira (Managing Director)
Philippa Samson
Lisa Lautoy
Paul Savy
Julie Low Thion
May Paule Rabat

Tenure expired effective July 31, 2024 and extended to March 1, 2025

Norman Weber (Chairperson)
Dick Labonte (Deputy-Chairperson)
Jean Preira (Managing Director)
David Jean-Baptiste
Darrel Uranie
Philippa Samson
Ashwin Bhanderi

The Board Members have been appointed for a three year period effective March 1, 2025.

The Members hereby confirm that none of them held any interest in the Bank nor entered into any contract or arragement with the Bank other than transactions in the Bank's normal course of business.

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

The Board Members are responsible for overseeing the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB), 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 Members 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 considers that they have met their aforesaid responsibilities.

AUDITORS

The retiring auditors, Messers. Sey Auditors & Associates, being eligible offer themselves for re-appointment.

Dick Labonte **Chairperson**	Ashwin Bhanderi **Deputy-Chairperson**	Jean Preira **Managing Director**	Philippa Samson **Member**
Lisa Lautoy **Member**	Paul Savy **Member**	Julie Low Thion **Member**	May Paule Rabat **Member**

Date: APR 16 2025
Mahé, Seychelles

SEY AUDITORS & ASSOCIATES
CHARTERED ACCOUNTANTS

The Créole Spirit
Quincy Street | P.O. Box 18
Victoria, Mahe Seychelles

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Email: seyauditors@seyaud.sc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **DEVELOPMENT BANK OF SEYCHELLES** (the Bank) set out on pages 4 to 44 which comprise the Statement of Financial Position as at December 31, 2024, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements on pages 4 to 44 give a true and fair view of the financial position of the Bank as at December 31, 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and in line with the requirements of the Development Bank of Seychelles Decree and 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, and 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.

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

The Management is responsible for the preparation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Development Bank of Seychelles Decree and the Financial Institutions Act 2004, as amended and the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Bank's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

SEY AUDITORS & ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Report on Other Legal and 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.

Other matters

(a) The financial statements of the Bank for the year ended December 31, 2023 were audited by another auditor who expressed an unqualified opinion on April 12, 2024.

(b) This report is made solely to the members of **DEVELOPMENT BANK OF SEYCHELLES** as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the Bank those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank or Bank's members as a body for our audit work, for this report, or for the opinions we have formed.

Sey Auditors & Associates

SEY AUDITORS & ASSOCIATES
Chartered Accountants

SIMION CHANYEKA - CA(Z) & R.P.A.(Z)
Engagement Partner
Membership number: M3747

Dated: APR 16 2025
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024	2023
		SCR	SCR
ASSETS			
Cash and bank balances	6	**161,564,287**	136,498,135
Loans and advances	7	**806,304,342**	741,538,004
Other assets	8	**42,107,653**	19,528,699
Intangible assets	9	**15,854,948**	15,204,723
Property and equipment	10	**38,736,061**	39,045,163
Investment property	11	-	10,734,600
Right to use assets	12(b)	**668,509**	1,978,038
Total assets		**1,065,235,800**	964,527,362
LIABILITIES AND EQUITY			
LIABILITIES			
Lease liabilities	12(c)	**732,612**	2,059,150
DBS bonds	13	**266,505,158**	316,340,268
Borrowings	14	**338,554,315**	201,732,230
Funds under management	15	**14,785,067**	12,231,418
Other liabilities	16	**11,642,085**	19,995,829
Employee benefit obligations	17	**9,841,787**	9,947,935
Total liabilities		**642,061,024**	562,306,830
EQUITY			
Share capital	18	**39,200,000**	39,200,000
Contingent reserve	19	**41,385,321**	41,385,321
Revaluation reserve		**35,132,864**	35,132,864
Retained earnings		**307,456,591**	286,502,347
Total equity		**423,174,776**	402,220,532
Total liabilities and equity		**1,065,235,800**	964,527,362

These financial statements have been approved for issue by the Board of Directors on: APR 16 2025

Dick Labonte	Ashwin Bhanderi	Jean Preira	Philippa Samson
Chairperson	**Deputy-Chairperson**	**Managing Director**	**Member**
Lisa Lautoy	Paul Savy	Julie Low Thion	May Paule Rabat
Member	**Member**	**Member**	**Member**

The notes on pages 8 to 44 form an integral part of these financial statements.
Independent Auditor's Report on pages 3 to 3(b).

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		SCR	SCR
Interest income	20	76,193,341	71,852,748
Interest expense	21	(23,948,348)	(21,627,661)
Net interest income		52,244,993	50,225,087
Net other operating income	22	8,339,226	7,234,458
Net foreign exchange gain		16,193,150	975,361
Total other operating income		24,532,376	8,209,819
Net operating income		76,777,369	58,434,906
Non-interest expense			
Employee benefit expenses	23	(28,398,606)	(29,324,847)
Amortisation of intangibles	9	(68,706)	(90,118)
Depreciation of property and equipment	10	(2,639,193)	(2,108,118)
Depreciation of right-of-use	12(b)	(1,309,529)	(1,252,938)
Administrative expenses	24	(12,920,172)	(11,351,265)
Total operating expenses		(45,336,206)	(44,127,286)
Profit from operations		31,441,163	14,307,620
Allowance for credit loss	25	(10,486,919)	(8,305,819)
Profit from continuing operations		20,954,244	6,001,801
Other comprehensive income			
Revaluation of land and buildings		-	7,878,183
Total other comprehensive income for the year		-	13,879,984
Total comprehensive income for the year		20,954,244	19,881,785

The notes on pages 8 to 44 form an integral part of these financial statements.
Independent Auditor's Report on pages 3 to 3(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2024

	Share capital	Contingent reserve	Revaluation reserve	Retained earnings	Total
	SCR	SCR	SCR	SCR	SCR
At January 1, 2024	**39,200,000**	**41,385,321**	**35,132,864**	**286,502,347**	**402,220,532**
Profit for the year	-	-	-	**20,954,244**	**20,954,244**
At December 31, 2024	**39,200,000**	**41,385,321**	**35,132,864**	**307,456,591**	**423,174,776**
At January 1, 2023	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
At December 31, 2023	39,200,000	41,385,321	35,132,864	286,502,347	402,220,532

The notes on pages 8 to 44 form an integral part of these financial statements.
Independent Auditor's Report on pages 3 to 3(b).

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
CASH GENERATED FROM OPERATIONS		SCR	SCR
Profit before taxation		**20,954,244**	6,001,801
Adjustments for non-cash items:			
Depreciation and amortisation	9,10 & 12(b)	**4,017,428**	3,451,174
Profit on disposal of equipment		**(77,599)**	(12,500)
Allowance for credit impairment	25	**10,486,919**	8,305,819
Provision for employee benefit obligations	17	**2,557,341**	4,495,319
Net interest on financial instruments	13 & 14	**25,434,321**	21,583,331
Net loss on fair valuation of investment properties	11	**-**	621,010
Currency translation differences		**(3,031,337)**	1,076,694
Interest cost on lease liability	12(c)	**154,087**	145,628
Operating cashflow inflow before changes in working capital		**60,495,404**	45,668,276
Changes in working capital			
Increase in loans and advances		**(74,799,750)**	(20,762,771)
Increase in other assets		**(11,844,354)**	(955,040)
Increase in funds under management		**2,553,649**	7,322,711
(Decrease)/Increase in other liabilities		**(8,678,693)**	1,733,355
Net cash (used)/generated from operations		**(32,273,744)**	33,006,531
Compensations paid	17	**(2,663,489)**	(2,566,339)
Net cash (outflow)/inflow from operating activities		**(34,937,233)**	30,440,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	9	**(718,931)**	(15,135,996)
Purchase of equipment	10	**(2,334,758)**	(8,265,033)
Proceeds from sale of equipment		**82,266**	12,500
Net movement in fixed deposits over 3 month	6(a)	**35,711,432**	12,869,131
Net cash inflow/(outflow) from investing activities		**32,740,009**	(10,519,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	14	**258,845,208**	-
Repayment of borrowings	14	**(130,063,327)**	(115,091,845)
Proceeds from bond issued	13	**-**	73,954,739
Bonds redeemed	13	**(62,850,584)**	(11,136,637)
Payment of lease rentals	12(c)	**(1,480,625)**	(1,383,665)
Net cash inflow/(outflow) from financing activities		**64,450,672**	(53,657,408)
Net change in cash and cash equivalents		**62,253,448**	(33,736,614)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
As at 1 January		**91,323,018**	122,662,565
Net increase/(decrease) in cash and cash equivalent		**62,253,448**	(33,736,614)
ECL movement on cash and cash equivalent	25	**(64,279)**	1,400,461
Currency translation differences		**(1,347,306)**	996,606
At 31 December	6(a)	**152,164,881**	91,323,018

The notes on pages 8 to 44 form an integral part of these financial statements.
Independent Auditor's Report on pages 3 to 3(b).

1. GENERAL INFORMATION

The **DEVELOPMENT BANK OF SEYCHELLES** established in 1977 under the Development Bank of Seychelles Decree as a corporate body. The principal place of business is situated at the Independence Avenue, Victoria, Mahé, Seychelles.

The Bank is engaged in provision of banking services within the framework of the Financial Institutions Act 2004, as amended and the Development Bank of Seychelles Decree 1977.

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

2. BASIS OF PREPARATION

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB)), Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles. The financial statements are presented in Seychelles Rupees (SCR).

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with the change in presentation in the current period. The Bank has prepared the financial statements on the basis that it will continue to operate as a going concern.

The preparation of financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Bank's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 New standards, interpretations and ammendments effective for the current year

The following amendments to IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after January 1, 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 New standards, interpretations and ammendments effective for the current year (Cont'd)

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

None of the amendments listed above had an impact on the Bank's financial statements.

3.2 New standards, interpretations and ammendments in issue but not yet effective

At the date of authorisation of these financial statements, the Bank has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

(a) ***IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)***

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

The amendments are not expected to have an impact on the Bank financial statements.

(b) ***Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)***

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are not expected to have a material impact on the Bank financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 New standards, interpretations and ammendments in issue but not yet effective (Cont'd)

(c) ***Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)***

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendments are not expected to have a material impact on the Bank financial statements.

(d) ***IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)***

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's Statement of Profit or Loss, the Statement of Cash Flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

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.

3.3 Financial instruments

Financial assets and liabilities are recognised on the Bank's Financial Statements 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:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

(a) Financial assets

Classification and measurement

The Bank presently classifies and measures its financial assets at amortised cost. The classification of financial assets at initial recognition depends on their contractual terms and the business model for managing the instruments.

The Bank assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales. Financial assets with embedded derivatives are considered in their entirety when considering their cash flow characteristics. The Bank reclassifies financial assets only when its business model for managing those assets changes.

All the Bank's financial asset are held within a business model with the objective to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the contractual cash flows introduce exposure to risks or volatility unrelated to a basic lending arrangement such as changes in equity prices or commodity prices, the payments do not comprise solely principal and interest.

Financial assets measured at amortised cost includes loans and advances, debt instruments at amortised cost and cash and cash equivalents in the Statement of Financial Position. Loans and advances and reverse repurchase agreements are initially recognised when the Bank becomes a party to the contractual provisions of the instrument at fair value inclusive of transaction costs. Interest income is accounted for using the effective interest method.

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 twelve months' expected credit losses. More details on the determination of a significant increase in credit risk are provided in note 4.3.

The Bank calculates ECL based on probability of default (PD) to measure the expected cash shortfalls, discounted at an approximation to the EIR.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

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.

At initial recognition, allowance (or provision in the case of some loan commitments) is made for expected credit losses resulting from default events that are possible within the next twelve months (12-month expected credit losses).

In the event of a significant increase in credit risk since origination, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses) financial instruments where twelve months expected credit losses are recognised are considered to be Stage 1; financial instruments which are considered to have experienced a significant increase in credit risk since initial recognition are in Stage 2; and financial instruments which have defaulted or are otherwise considered to be credit-impaired are allocated to Stage 3.

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), qualitative indicators such 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 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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets

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.

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 such occurences during the period under review.

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.

Write-offs

Financial assets are normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Financial assets are normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Write-offs (Cont'd)

Any subsequent recoveries are credited to credit loss expense. Write-off takes place only once an extensive set of collections processes has been completed, or the status of the account reaches a point where policy dictates that continuing attempts to recover are no longer appropriate.

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 fair 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.

(b) Financial liabilities

Financial liabilities which include borrowings, DBS Bond, Fund under Management and other liabilities issued by the Bank are classified as financial liabilities at amortised cost and recognised at fair value, being their issue proceeds net of transaction costs incurred when the Bank becomes a party to the contractual provisions of the instrument. These are subsequently measured at amortised cost using the Effective Interest Rate method.

(c) Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right of offset and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Bank has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Bank has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.4 Cash and cash equivalents

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 or with an original maturity of three months or less.

3.5 Intangible assets

Acquired Computer software

Acquired computer software and licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over the estimated useful life of three years.

Intangible assets that are acquired by the Bank and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit or Loss when incurred.

Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable with the design of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the Management intend to complete the software product and use or sell;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- expenditure attributable to the software product during its development can be reliably measured.

Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (Cont'd)

Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of three years.

3.6 Property and equipment

Properties are carried at revalued amounts based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in the revaluation reserve. Decreases that offset previous increases are charged against revaluation reserve directly in equity; all other decreases are charged to the Statement of Profit or Loss.

Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the period in which they are incurred.

Depreciation is calculated on a 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
Office equipment	3 to 7
Furniture and fittings	3
Motor vehicles	4
Work in progress	Nil

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Investment property

Investment property is initially stated at cost and subsequently measured at fair value. 'Gains or losses arising from changes in fair values of investment property is recognized in the Statement of Profit or Loss. Effective 2024, all investment property were transferred to other assets during the year under review.

3.8 Leases

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

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Bank recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in note 3.9 impairment of non-financial assets.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the Bank's incremental borrowing rate. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The weighted average incremental borrowing rate applied to the lease liability on the last remeasurement date was 10.53% p.a.

3.9 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).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Taxation

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

3.11 Employee benefits

(a) Short-term employee benefits

The cost of short-term employee benefits, (those payable within twelve months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(b) Employees benefits provisions

This include length of service per Seychelles Employment Act and Bank's private benefit schemes including end of contract, gratuity, long service award scheme and performance incentive. The Bank accrues these liabilities on a current basis and carries it to a provision account for payments to be made as and when they occur. [Refer to note 17].

(c) Defined contribution plan

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

The Bank and Seychellois employees contribute to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

3.12 Contingent reserves

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.13 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.14 Interest income and expense

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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.15 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.

4. 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.

4.1 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.

4.2 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:

	2024	2023
	SCR'000	SCR'000
Capital base:		
Tier I Capital	**325,702**	319,700
Tier II Capital	**27,650**	12,026
Total capital base (a)	**353,352**	331,726
Total risk-adjusted assets (b)	**1,057,189**	956,394
Capital adequacy ratio (a/b) %	**33%**	**35%**
Minimum Requirement (%)	**12%**	**12%**

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

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Credit risk

Credit risk refers to the potential for financial loss to the Bank if a customer or counterparty to a financial instrument fails to repay its contractual obligations. The Bank is mainly exposed to credit risk from financing activities.

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.

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.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Credit risk (Cont'd)

Credit quality per class of financial assets

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 manner. 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 Members 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.

	2024	2023
	SCR '000	SCR '000
Cash and cash equivalents (note 6)	**161,781**	136,651
Loans and advances at amortised cost (note 7)	**839,757**	772,094
Other assets (note 8)	**9,952**	9,402
Total credit risk exposure	**1,011,490**	918,147

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 124,585,833** (2023: SCR 82,029,752).

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 *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. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly, expenses monitored and actions taken accordingly.

The Bank's foreign exchange rate risk is monitored by the Foreign Currency Exposure Regulations returns. The exposure during the year under review remained within limits set by the Financial Institutions (Foreign Currency Exposure) Regulations, 2009 as amended issued by the Central Bank of Seychelles which requires that long and short position to capital ratio is not more than 30%, respectively. At year end financial instrument by currency were as follows:

	December 31, 2024			
	SCR	**Euro**	**USD**	**Total**
	SCR'000	**SCR'000**	**SCR'000**	**SCR'000**
Assets				
Cash and cash equivalents	**94,139**	**53,847**	**13,795**	**161,781**
Loans and advances	**839,757**	**-**	**-**	**839,757**
Other assets ****	**9,952**	**-**	**-**	**9,952**
	943,848	**53,847**	**13,795**	**1,011,490**
Liabilities				
DBS bonds	**266,505**	**-**	**-**	**266,505**
Borrowings	**259,276**	**79,278**	**-**	**338,554**
Funds under management	**14,785**	**-**	**-**	**14,785**
Other liabilities ***	**10,881**	**-**	**-**	**10,881**
	551,447	**79,278**	**-**	**630,725**

	December 31, 2023			
	SCR	Euro	USD	Total
Assets	SCR'000	SCR'000	SCR'000	SCR'000
Cash and cash equivalents	103,463	20,222	12,966	136,651
Loans and advances	772,094	-	-	772,094
Other assets ****	9,402	-	-	9,402
	884,959	20,222	12,966	918,147
Liabilities				
DBS bonds	316,340	-	-	316,340
Borrowings	150,281	51,451	-	201,732
Funds under management	12,231	-	-	12,231
Other liabilities ***	19,560	-	-	19,560
	498,412	51,451	-	549,863

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 *Currency risk (Cont'd)*

Sensitivity analysis

If exchange rates had been 100 basis points higher / lower and all other variables were held constant as at the reporting date, the Bank's results would have been increased / decreased by **SCR 162k** (SCR SCR 10k).

*** Other assets for financial risk management exclude prepayment and repossessed assets amounting to **SCR 1.5m** (2023: SCR 1.1m) and **SCR 30.7m** (2023: SCR 9.0m) respectively. Other liabilities exclude expected credit loss amounting to **SCR 0.8m** (2023: SCR 0.4m).

4.5 *Liquidity risk*

The Bank is exposed to daily calls on its available cash resources from borrowings, from loan draw down, from margin etc. 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.

	At December 31, 2024				
In Years	**< 0.5 SCR**	**0.5 - 1 SCR**	**1 - 3 SCR**	**> 3 SCR**	**Total SCR**
	SCR'000	**SCR'000**	**SCR'000**	**SCR'000**	**SCR'000**
Assets					
Cash and cash equivalents	161,781	-	-	-	161,781
Loans and advances	76,663	74,937	276,633	411,524	839,757
Other assets ***	6,952	-	-	3,000	9,952
	245,396	74,937	276,633	414,524	1,011,490
Liabilities					
DBS bonds	-	-	191,958	74,547	266,505
Borrowings	43,421	35,468	123,158	136,507	338,554
Funds under management	14,785	-	-	-	14,785
Other liabilities ***	9,541	132	486	722	10,881
	67,747	35,600	315,602	211,776	630,725
Maturity gap	177,649	39,337	(38,969)	202,748	380,765

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.5 *Liquidity risk (Cont'd)*

	At December 31, 2023				
In Years	< 0.5 SCR	0.5 - 1 SCR	1 - 3 SCR	> 3 SCR	Total SCR
	SCR'000	SCR'000	SCR'000	SCR'000	SCR'000
Assets					
Cash and cash equivalents	136,651	-	-	-	136,651
Loans and advances	67,927	65,796	241,651	396,720	772,094
Other assets ***	6,402	-	-	3,000	9,402
	210,980	65,796	241,651	399,720	918,147
Liabilities					
DBS bonds	50,365	-	-	265,975	316,340
Borrowings	45,322	40,208	81,889	34,313	201,732
Funds under management	12,231	-	-	-	12,231
Other liabilities ***	18,861	65	240	394	19,560
	126,779	40,273	82,129	300,682	549,863
Maturity gap	84,201	25,523	159,522	99,038	368,284

*** Other assets for financial risk management exclude prepayment and repossessed assets amounting to **SCR 1.5m** (2023: SCR 1.1m) and **SCR 30.7m** (2023: SCR 9.0m) respectively. Other liabilities exclude expected credit loss amounting to **SCR 0.8m** (2023: SCR 0.4m).

4.6 *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. The Bank finances its activities with borrowings at floating rates and for various periods and earns interest margins by providing loans and advances to customers.

The Bank is exposed to the effects of mismatch in tenure on borrowings obtained from other financial institutions and loans advanced to customers. Increase/decrease in interest rates on borrowings results in reduction of or increase in interest margin respectively.

If interest rates had been 100 basis points higher/lower and all other variables were held constant as at year- end, the Bank's results would have been increased/decreased as follows:

	2024	2023
	SCR '000	SCR '000
Impact on results	**+/-522**	+/-504

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.6 *Interest rate risk (Cont'd)*

Interest sensitivity of assets and liabilities - repricing analysis

	At December 31, 2024					
	< 6 months SCR	6 - 12 months SCR	1 - 3 years SCR	> 3 years SCR	Interest free SCR	Total
	SCR'000	SCR'000	SCR'000	SCR'000	SCR'000	SCR'000
Assets						
Cash and cash equivalents	161,781	-	-	-	-	161,781
Loans and advances	67,927	65,796	241,651	464,383	-	839,757
Other assets	-	-	-	-	9,952	9,952
	229,708	65,796	241,651	464,383	9,952	1,011,490
Liabilities						
Borrowings	43,421	35,468	123,158	136,507	-	338,554
DBS bonds	-	-	191,958	74,547	-	266,505
Funds under management	-	-	-	-	14,785	14,785
Other liabilities	-	-	-	-	10,881	10,881
	43,421	35,468	315,116	211,054	25,666	630,725
Interest sensitivity gap	186,287	30,328	(73,465)	253,329	(15,714)	380,765

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.6 *Interest rate risk (Cont'd)*

	At December 31, 2023					
	< 6 months SCR	6 - 12 months SCR	1 - 3 years SCR	> 3 years SCR	Interest free SCR	Total
	SCR'000	SCR'000	SCR'000	SCR'000	SCR'000	SCR'000
Assets						
Cash and cash equivalents	56,114	-	-	-	80,537	136,651
Loans and advances	67,927	65,796	241,651	396,720	-	772,094
Other assets	-	-	-	-	9,402	9,402
	124,041	65,796	241,651	396,720	89,939	918,147
Liabilities						
DBS bonds	50,365	-	-	265,975	-	316,340
Borrowings	45,322	40,208	81,889	34,313	-	201,732
Funds under management	-	-	-	-	12,231	12,231
Other liabilities	-	-	-	-	19,560	19,560
	95,687	40,208	81,889	300,288	31,791	549,863
Interest sensitivity gap	28,354	25,588	159,762	96,432	58,148	368,284

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 discussed below:

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

(a) *Calculation of Loss allowance*

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
- Selection of forwardlooking 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.

(b) *Valuation of investment property*

The Company carries Buildings at fair value, with changes in fair value being recognised in the Revaluation Reserve.

The Company uses an external professional valuer to determine the relevant amount. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-length basis. However, the valuation of the Company's investment property is inherently subjective, as they are based upon valuer assumptions which may prove to be inaccurate as there is a lack of comparable market data because of the nature of the properties.

(c) *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.

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

(d) *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.

(e) *Employee 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.

(f) *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. The revaluation of Building done in 2023 in classifed as level 3.

Unless otherwise stated the fair values of financial assets and liabilities are not materially different from the carrying amounts shown in the Statements of Financial Position.

(g) *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.

6. CASH AND BANK BALANCES

	2024	2023
	SCR	SCR
Cash in hand	**34,546**	45,576
Balances with local banks	**107,862,493**	43,938,507
Fixed deposits	**44,616,397**	48,555,391
Balances with Central Bank of Seychelles (CBS)	**9,267,645**	44,111,176
Gross carrying amount (note 6(a))	**161,781,081**	136,650,650
Less: Allowance for expected credit loss (note 6(b))	**(216,794)**	(152,515)
Net carrying amount	**161,564,287**	136,498,135

(a) For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise bank balances and short term deposits excluding fixed deposits with original maturity above three months.

	2024	2023
	SCR	SCR
Gross cash and bank balances	**161,781,081**	136,650,650
Less: Short term investment with maturity above three months	**(9,616,200)**	(45,327,632)
	152,164,881	91,323,018

(b) Allowance for expected credit loss (ECL)

Cash and bank balances are with mainly reputable local financial insitutions and have been classified within stage 1. (2023: Same). Movement in ECL during the year is as follows:

	2024	2023
	SCR	SCR
At January 1,	**152,515**	1,552,976
ECL charge/(credit) during the year (notes 25)	**64,279**	(1,400,461)
At December 31,	**216,794**	152,515

7. LOANS AND ADVANCES

	2024	2023
	SCR	SCR
Loans to SME customers	**512,841,047**	471,874,270
Loans to non SME customers	**326,915,881**	300,219,266
Gross carrying amount	**839,756,928**	772,093,536
Less: Allowance for credit impairment (note 7(a))	**(33,452,586)**	(30,555,532)
	806,304,342	741,538,004

(a) Movement in ECL during the year is as follows:

	2024	2023
	SCR	SCR
At January 1,	**30,555,532**	32,496,411
ECL charge during the year (note 25)	**10,097,691**	10,230,765
Loan write off	**(7,200,637)**	(12,171,644)
At December 31,	**33,452,586**	30,555,532

7. LOANS AND ADVANCES (CONT'D)

(b) No disclosure has been made to show the reconciliation of changes in gross carrying amount and corresponding ECL allowances on Cash and bank balances under note 6 and Loans and advance under note 7 due to unavailability of data.

(c) Credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification by segment.

(i) Loans to SME customers

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
	SCR	SCR	SCR	SCR
Performing				
High to Standard	338,895,810	-	-	338,895,810
Sub-standard grade	-	110,276,822	-	110,276,822
Non-performing				
Individually impaired	-	-	63,668,415	63,668,415
Gross carrying amount	338,895,810	110,276,822	63,668,415	512,841,047
Expected credit loss	(512,853)	(4,644,058)	(8,660,169)	(13,817,080)
Net carrying amount	338,382,957	105,632,764	55,008,246	499,023,967

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
	SCR	SCR	SCR	SCR
Performing				
High to Standard	365,874,813	-	-	365,874,813
Sub-standard grade	-	42,661,466	-	42,661,466
Non-performing				
Individually impaired	-	-	63,337,991	63,337,991
Gross carrying amount	365,874,813	42,661,466	63,337,991	471,874,270
Expected credit loss	(710,721)	(428,188)	(16,374,052)	(17,512,961)
Net carrying amount	365,164,092	42,233,278	46,963,939	454,361,309

(ii) Loans to Non SME customers

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
	SCR	SCR	SCR	SCR
Performing				
High to Standard	228,218,455	-	-	228,218,455
Sub-standard grade	-	49,997,669	-	49,997,669
Non-performing				
Individually impaired	-	-	48,699,757	48,699,757
Gross carrying amount	228,218,455	49,997,669	48,699,757	326,915,881
Expected credit loss	(360,250)	(2,591,951)	(16,683,305)	(19,635,506)
Net carrying amount	227,858,205	47,405,718	32,016,452	307,280,375

7. LOANS AND ADVANCES (CONT'D)

(c) Credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification by segment. (Cont'd)

(ii) Loans to Non SME customer (Con'td)

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
	SCR	SCR	SCR	SCR
Performing				
High to Standard	204,376,257	-	-	204,376,257
Sub-standard grade	-	32,765,435	-	32,765,435
Non-performing				
Individually impaired	-	-	63,077,574	63,077,574
Gross carrying amount	204,376,257	32,765,435	63,077,574	300,219,266
Expected credit loss	(668,827)	(734,799)	(11,638,945)	(13,042,571)
Net carrying amount	203,707,430	32,030,636	51,438,629	287,176,695

(d) Concentration risk by industry

	2024	%	2023	%
	SCR		SCR	
SME loan scheme	**513,820,589**	60.79%	471,748,271	60.58%
Services	**21,539,683**	2.55%	22,389,859	2.88%
Tourism	**124,974,340**	14.79%	105,220,350	13.51%
Building and construction	**102,049,282**	12.07%	104,022,797	13.36%
Agriculture	**6,611,318**	0.78%	7,150,116	0.92%
Manufacturing	**27,512,465**	3.25%	30,493,140	3.92%
Staff	**14,300,443**	1.69%	16,862,157	2.17%
Transport	**17,732,392**	2.10%	6,070,202	0.78%
Agriculture and horticulture	**3,762,864**	0.45%	4,522,018	0.58%
Fisheries	**9,564,572**	1.13%	5,436,375	0.70%
Trade	**334,156**	0.04%	493,898	0.06%
Community, social and personal	**1,548,407**	0.18%	1,721,055	0.22%
Former staff	**585,472**	0.07%	240,017	0.03%
Covid relief scheme	**909,961**	0.11%	2,289,840	0.29%
Gross before IIS & ECL	**845,245,944**	**100.0%**	778,660,095	**100.0%**
Less : Interest in suspense [IIS]	**(5,489,016)**	-0.65%	(6,566,559)	-0.84%
Less : ECL	**(33,452,586)**	-3.96%	(30,555,532)	-3.92%
	806,304,342	95.4%	741,538,004	95.2%

(e) 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 balance (2023 : Prior year rate remained the same).

8. OTHER ASSETS

	2024	2023
	SCR	SCR
Prepayments	**1,468,990**	1,085,928
Other receivables	**9,952,024**	9,401,899
Repossessed assets 8(a)	**30,686,639**	9,040,872
	42,107,653	19,528,699

(a) Repossessed assets are properties acquired by the Bank through the recovery of loans in default. The repossession has been legally enforced upon default of the customer through the Court. The assets were recognised at lower carrying value of the derecognised loan or net realisable value.

9. INTANGIBLE ASSETS

	Computer software	Work in progress	Total
	SCR	SCR	SCR
COST			
At January 1, 2023	4,894,484	-	4,894,484
Additions	-	15,135,996	15,135,996
At December 31, 2023	**4,894,484**	**15,135,996**	**20,030,480**
Additions	**-**	**718,931**	**718,931**
As at 31 December 2024	**4,894,484**	**15,854,927**	**20,749,411**
ACCUMULATED AMORTISATION			
At January 1, 2023	4,735,639	-	4,735,639
Charge for the year	90,118	-	90,118
At December 31, 2023	**4,825,757**	-	**4,825,757**
Charge for the year	**68,706**	-	**68,706**
At December 31, 2024	**4,894,463**	-	**4,894,463**
NET BOOK VALUE			
At December 31, 2024	**21**	**15,854,927**	**15,854,948**
At December 31, 2023	68,727	15,135,996	15,204,723

(a) The work in progress for software 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 December 31, 2024, the development process had progressed through the User Acceptance Testing sign-off stage, with an anticipated go-live date prior to May 31, 2025.

10. PROPERTY AND EQUIPMENT

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Work-in -progress	Total
COST	SCR	SCR	SCR	SCR	SCR	SCR
At January 1, 2023	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 adjustment on revaluation	(3,590,683)	-	-	-	-	(3,590,683)
Revaluation (notes 10(a) & 10(b))	7,878,183	-	-	-	-	7,878,183
At December 31, 2023	**30,686,009**	**5,457,236**	**2,504,611**	**1,290,887**	**6,846,441**	**46,785,184**
Additions	**1,087,286**	**726,761**	**179,431**	**341,280**	**-**	**2,334,758**
Disposals	**-**	**(8,625)**	**(40,275)**	**-**	**-**	**(48,900)**
At December 31, 2024	**31,773,295**	**6,175,372**	**2,643,767**	**1,632,167**	**6,846,441**	**49,071,042**
ACCUMULATED DEPRECIATION						
At January 1, 2023	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
Disposal adjustments	-	(508,047)	-	-	-	(508,047)
Depreciation adjustment on revaluation	(3,590,683)	-	-	-	-	(3,590,683)
At December 31, 2023	**283,069**	**3,926,175**	**2,239,890**	**1,290,887**	**-**	**7,740,021**
Charge for the year	**1,723,784**	**747,114**	**168,295**	**-**	**-**	**2,639,193**
Disposal adjustments	**-**	**(8,627)**	**(35,606)**	**-**	**-**	**(44,233)**
At December 31, 2024	**2,006,853**	**4,664,662**	**2,372,579**	**1,290,887**	**-**	**10,334,981**
NET BOOK VALUE						
At December 31, 2024	**29,766,442**	**1,510,710**	**271,188**	**341,280**	**6,846,441**	**38,736,061**
At December 31, 2023	30,402,940	1,531,061	264,721	-	6,846,441	39,045,163

10. PROPERTY AND EQUIPMENT (CONT'D)

(a) The revaluation was performed by Thyra Samentha Laporte, an independent quantity surveyor on the 25th of September 2023. The sales comparison model was used for the revaluation and adjusted for variables noted during the physical inspection of the property.

There were no changes to the valuation techniques during the period and fair value is classfied as level 3 recurring measurement. Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

(b) The fair value measurement is based on the above items' highest and best use, which does not differ from their actual use. Had the revalued properties been measured on a historical cost basis, their net book value would have been **SCR 10,858,330** (2023: SCR 11,363,660).

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

11. INVESTMENT PROPERTY

	2024	2023
	SCR	SCR
At January 1,	**10,734,600**	11,355,610
Net loss on fair valuation (note 22)	-	(621,010)
Transfer to other assets (note 8)	**(10,734,600)**	-
At December 31,	-	10,734,600

(a) The Bank previously classified some of its repossessed assets as investment property, effective 2024 all repossessed assets have been classified as other assets.

12. LEASES

(a) Lease contracts

The Bank leases some buildings to run its offices and the period varies from 2 - 4 years, with an option to renew. Below are amounts has been charged to the Statement of Profit or Loss.

	2024	2023
	SCR	SCR
Amortisation charge for the year (note 12(b))	**1,309,529**	1,252,938
Interest charge (notes 12(c) & 21)	**154,087**	145,628
	1,463,616	1,398,566

(b) **Right to use assets**

	2024	2023
	SCR	SCR
At 1 January,	**1,978,038**	612,801
Addition	-	2,619,075
Amortisation charge for the year	**(1,309,529)**	(1,252,938)
At 31 December,	**668,509**	1,978,038

12. LEASES (CONT'D)

(c) Lease liabilities

	2024	2023
	SCR	SCR
At January 1,	**2,059,150**	678,112
Remeasurement	-	2,619,075
Interest cost	**154,087**	145,628
Payments during the year	**(1,480,625)**	(1,383,665)
At December 31,	**732,612**	2,059,150

Minimum lease payments payable on lease commitment is as follows:

	2024			2023
	Gross payments	Future interest	Carrying amount	Carrying amount
	SCR	SCR	SCR	SCR
Within 1 year	**757,033**	**24,421**	**732,612**	1,326,502
Later than 1 year	-	-	-	732,648
	757,033	**24,421**	**732,612**	2,059,150

13. DBS BONDS

	2024	2023
	SCR	SCR
As at January 1,	**316,340,268**	241,805,985
Repayments during the year	**(62,850,584)**	(11,136,637)
Issued during the year	-	73,954,739
Interest expense	**13,015,474**	11,716,181
As at December 31,	**266,505,158**	316,340,268

(a) Interest rates on the above bonds ranges between **3.75% and 4.8%** (2023 : Same).

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

(c) The currency profile and maturity terms of the bonds are detailed in note 4.

14. BORROWINGS

	2024	2023
	SCR	SCR
At January 1,	**201,732,230**	304,883,625
Proceeds from borrowings	**258,845,208**	-
Interest charges	**12,418,847**	9,867,150
Repayment during the year	**(130,063,327)**	(115,091,845)
Foreign exchange (gain)/loss note 14(b)	**(4,378,643)**	2,073,300
At December 31,	**338,554,315**	201,732,230

14. BORROWINGS (CONT'D)

(a) Summary of borrowings terms & conditions

Financial Institution	Interest rate	Maturity	2024	2023
			SCR	SCR
Seychelles Government (EIB) - 2	1.73%	2024	-	1,964,391
Seychelles Government (EIB) - 3	1.66%	2025	**3,660,090**	10,898,168
European Investment Bank	3.98%	2037	**19,620,274**	20,213,618
European Investment Bank	4.08%	2039	**55,997,562**	-
The MCB Seychelles Limited	MCB base rate	2024	-	3,133,595
The MCB Seychelles Limited	Euro libor 3 mths + 5.5%	2024	-	2,479,310
Al Salam Bank Seychelles	6.90%	2024	-	10,395,930
Al Salam Bank Seychelles	6.15%	2029	**48,622,632**	-
Seychelles Government (ADF Bilateral)	2.75%	2027	**32,939,686**	43,286,373
Seychelles Government (Grant)	Interest free	2024	-	2,380,952
Seychelles Government (Grant)	Interest free	2025	**5,000,000**	20,000,000
Seychelles Government	3.26%	2026	**20,830,885**	32,212,117
Nouvobanq S.I.M.B.C	Euro libor 3 mths + 4.5%	2025	-	28,757,995
ABSA Bank Seychelles	6.75%	2027	**17,500,000**	23,333,333
ABSA Bank Seychelles	6.25%	2031	**85,000,000**	-
ABSA Bank Seychelles	6.25%	2029	**48,333,333**	-
Private Sector Relief Scheme	Interest free		**1,049,853**	2,676,448
			338,554,315	201,732,230

(b) The Bank contracted borrowings 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 borrowings facilities will be reimbursed by the latter. Total net foreign exchange gain incurred during 2024 was **SCR 4,378,643** (2023: a loss of SCR 2,073,300).

15. FUNDS UNDER MANAGEMENT

	2024	2023
	SCR	SCR
7th December Support Scheme 15(a)	**7,291,967**	-
EU fisheries, ADF, SBFA, Blue investment, SBSF 15(b)	**2,460,116**	2,177,795
Photovoltaic project 15(c)	**38,901**	38,901
Green climate fund 15(d)	**1,634,586**	1,634,586
Seed capital grant scheme 15(e)	**3,359,497**	8,380,136
	14,785,067	12,231,418

15. FUNDS UNDER MANAGEMENT (CONT'D)

(a) The purpose of this scheme is to make funds available to businesses that have been directly affected by the 7th December 2023 Civil Construction Company Ltd (CCCL) incident. This took effect upon signature of agreement dated January 18, 2024 between The Government of Seychelles represented by Minister for Finance, National Planning & Trade and Minister for Investment, Entrepreneurship & Industry & the Bank. The applicants have to meet the criteria stated in the agreement for them to qualify to receive a loan.

(b) These 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 respect 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 of Seychelles 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.

16. OTHER LIABILITIES

	2024	2023
	SCR	SCR
Retention payable	**587,158**	434,887
ECL provision on off-balance sheet items (note 16(a))	**761,038**	436,089
Other payables and accruals 16(b)	**7,385,825**	4,286,939
Balance due to Ministry of Finance 16(c)	**2,908,064**	14,837,914
	11,642,085	19,995,829

(a) Movement in ECL during the year is as follows:

	2024	2023
	SCR	SCR
As at January 1,	**436,089**	960,574
ECL charge/(credit) during the year (note 25)	**324,949**	(524,485)
As at December 31,	**761,038**	436,089

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

16. OTHER LIABILITIES (CONT'D)

(c) The above balance includes foreign exchange differences arising upon the conversion of the borrowings from 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.

17. EMPLOYEE BENEFIT OBLIGATIONS

	End of contract	Gratuity	Lenth of service	Long service scheme	Performance incentive	Total
	(a)	(b)	(c)	(d)	(e)	
	SCR	SCR	SCR	SCR	SCR	SCR
As at 1 January 2023	2,626,631	286,667	4,038,937	954,000	112,720	8,018,955
Charge to Statement of Profit or Loss	2,140,349	88,083	1,566,787	278,000	422,100	4,495,319
Benefits paid	(2,012,761)	(55,000)	-	(225,000)	(273,578)	(2,566,339)
As at 31 December 2023	**2,754,219**	**319,750**	**5,605,724**	**1,007,000**	**261,242**	**9,947,935**
Charge to Statement of Profit or Loss	1,722,061	95,333	334,100	166,375	239,472	2,557,341
Benefits paid	(1,779,748)	(106,000)	(440,080)	(157,500)	(180,161)	(2,663,489)
As at 31 December 2024	**2,696,532**	**309,083**	**5,499,744**	**1,015,875**	**320,553**	**9,841,787**

(a) 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 two years.

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

(c) Compensation benefit obligation is a statutory obligation which all entities incorporated in Seychelles under the Employment Act 1995 shall pay to employee upon resignation or termination of the an employee provided that same has completed five years of continuous service.

(d) The Bank has a long service award scheme for all of its employees 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) The scheme for recognition of the Managing Director's performance based on the achievement of the set targets and plan for the year.

18. SHARE CAPITAL

	2024	2023
	SCR	SCR
Authorised share		
At December 31,	**40,000,000**	40,000,000
Issued and fully paid shares		
At December 31,	**39,200,000**	39,200,000

19. CONTINGENT RESERVE

	2024	2023
	SCR	SCR
As at December 31,	**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.

20. INTEREST INCOME

	2024	2023
	SCR	SCR
Cash and short term funds	**1,069,044**	189,854
Interest on financial assets at amortised cost	**-**	1,097,434
Loans and advances	**77,234,547**	73,985,323
Interest in suspense	**(2,110,250)**	(3,419,863)
	76,193,341	71,852,748

21. INTEREST EXPENSE

	2024	2023
	SCR	SCR
Interest on loans	**12,418,847**	9,867,150
Interest on bonds	**13,015,474**	11,716,181
Interest cost on lease liability (notes 12(a) & 12(c))	**154,087**	145,628
Subsidised interest on bonds	**(1,640,060)**	(101,298)
	23,948,348	21,627,661

22. NET OTHER OPERATING INCOME

	2024	2023
	SCR	SCR
Management fees	**7,372,774**	7,226,473
Fees from loans and advances	**747,673**	370,944
Application fees	**141,180**	245,551
Net loss on fair valuation of investment properties (note 11)	**-**	(621,010)
Gain on disposal of property and equipment	**77,599**	12,500
	8,339,226	7,234,458

23. EMPLOYEE BENEFIT EXPENSES

	2024	2023
	SCR	SCR
Salaries and wages	**22,545,475**	22,720,864
Pension costs	**979,552**	982,025
Compensation benefit obligation	**2,730,349**	4,495,319
Members fees and committee allowance (note 27)	**864,000**	236,245
Other staff costs	**1,279,230**	890,394
	28,398,606	29,324,847

24. ADMINISTRATIVE EXPENSES

	2024	2023
	SCR	SCR
Auditor's remuneration	**119,967**	279,450
Bank charges	**2,378,638**	1,350,795
Communication costs	**1,316,441**	958,269
Donations	**282,167**	459,373
Insurance expenses	**122,476**	133,884
Legal and professional fees	**934,796**	1,409,002
Maintenance costs	**3,451,875**	3,045,181
Membership fees	**291,092**	322,423
Office expenses	**593,796**	534,035
Promotion and advertising costs	**395,946**	450,955
Rental expenses	**625,030**	536,098
Travelling expenses	**493,014**	640,147
Utilities costs	**535,241**	527,786
Other administration expenses	**1,379,693**	703,867
	12,920,172	11,351,265

25. EXPECTED CREDIT LOSS

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	SCR	**SCR**	**SCR**	**SCR**
Cash and bank balances	**64,279**	**-**	**-**	**64,279**
Loans and advances	**(506,445)**	**6,073,022**	**4,531,114**	**10,097,691**
Undrawn commitments	**324,949**	**-**	**-**	**324,949**
	(117,217)	**6,073,022**	**4,531,114**	**10,486,919**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	SCR	SCR	SCR	SCR
Cash and bank balances	(1,400,461)	-	-	(1,400,461)
Loans and advances	(3,375,966)	(2,907,996)	16,514,727	10,230,765
Undrawn commitments	(524,485)	-	-	(524,485)
	(5,300,912)	(2,907,996)	16,514,727	8,305,819

26. CAPITAL COMMITMENTS

(a) Loan commitments

Loans and advances approved but not yet disbursed as at 31 December 2024 totalled to **SCR 124,585,833** (2023: 82,029,000). Their expected credit loss is **SCR 761,038** (2023: SCR 436,089). All capital commitments are classified in stage one.

(b) Capital commitment

The bank has contracted with a software provider for the development and implementation of new core banking software, with a total cost of USD 1.3m. As of 31 December 2024, the development process has progressed through the User Acceptance Testing sign-off stage, with an anticipated go-live date prior to May 31, 2025. As of 31 December 2024, the bank has made payments amounting to 90% USD1.13m (SCR15.8m) of the contract value to the service provider, and the remaining balance is contingent upon the successful sign-off at the go-live stage. USD126k.

Building extension - Estimated cost **SCR 10.4m**, budgeted for 2025 **SCR 5.2m** but not yet contracted.

27. RELATED PARTY TRANSACTIONS

In the normal course of its operations, the Bank enters into transactions with related parties. Related parties include Shareholders, Goverment Entities and Key Management Personnel. The Bank consider heads of the departments as its Key Management Personnel. Unless stated otherwise, all transactions with related parties took place at arm's length. During the year ended 31 December 2024, there were the followings following between the bank and its related parties.

(a) Borrowings

	Government of Seychelles		Nouvobanq - SIMBC		European Investment Bank	
	2024	2023	**2024**	2023	**2024**	2023
	SCR	SCR	**SCR**	SCR	**SCR**	SCR
As at 1 January	**110,742,001**	164,051,936	**28,757,995**	41,473,225	**20,213,618**	19,261,655
Additions	-	-	-	-	**58,845,208**	-
Interests	**2,122,252**	2,819,615	**1,672,000**	2,476,538	**1,524,815**	792,325
Repayments	**(50,433,592)**	(56,129,550)	**(30,234,113)**	(16,468,227)	**(794,293)**	(773,718)
Foreign exchange movement	-	-	**(195,882)**	1,276,459	**(4,171,512)**	933,356
At 31 December	**62,430,661**	110,742,001	-	28,757,995	**75,617,836**	20,213,618

27. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Interest subsidy from Government of Seychelles

	2024	2023
	SCR	SCR
Interest subsidy on SME loan scheme	**18,905,524**	16,946,862

The above figure represents total interest subsidy for the year. Interest subsidy is the difference between interest paid by the client and the lending rate of the Bank. The balance receivable relating to interest subsidy is **SCR 4,963,347** (2023: SCR 4,379,196).

(c) Salaries and other benefits

	Relationship	2024	2023
		SCR	SCR
Personal salaries	Key management personnel	**7,816,006**	7,264,647
Members fees and committee allowance (note 23)	Members	**864,000**	236,245
End of contract settlement	Key management personnel	**1,779,895**	2,048,799
End of contract provision	Key management personnel	**62,658**	93,698
Long service award scheme settlement	Key management personnel	**45,000**	60,000
Long service award scheme provision	Key management personnel	**166,375**	262,125
		10,733,934	9,965,514

(d) Outstanding balances

Recovery on financial Guarantee contract	Shareholder	**2,908,064**	14,837,914
Borrowings	Shareholders	**138,048,496**	159,713,614
Loans and advances	Key management personnel	**1,849,954**	3,420,503
Loans and advances	Members	**6,856,144**	5,601,511

28. Contingent liabilities

There were no contingent liabilities as at 31 December 2024 (2023: Nil).

29. 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.

30. FIVE YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	SCR	SCR	SCR	SCR	SCR
(a) STATEMENT OF PROFIT OR LOSS					
Profit for the year	**20,954,244**	6,001,801	14,869,587	8,713,871	10,915,049
Retained earnings brought forward	**286,502,347**	280,500,546	265,630,959	256,917,088	246,002,039
Retained earnings carried forward	**307,456,591**	286,502,347	280,500,546	265,630,959	256,917,088
(b) STATEMENT OF FINANCIAL POSITION					
Share capital	**39,200,000**	39,200,000	39,200,000	39,200,000	39,200,000
Contingent reserve	**41,385,321**	41,385,321	41,385,321	41,385,321	41,385,321
Revaluation reserve	**35,132,864**	35,132,864	27,254,681	27,254,681	24,405,046
Retained earnings	**307,456,591**	286,502,347	280,500,546	265,630,959	256,917,088
Net assets employed	**423,174,776**	402,220,532	388,340,548	373,470,961	361,907,455
(c) AUTHORISED SHARE CAPITAL	**40,000,000**	40,000,000	40,000,000	40,000,000	40,000,000