

LA PRUDENCE LEASING FINANCE CO. LTD

ANNUAL REPORT FOR THE YEAR ENDED

31 DECEMBER 2025

LA PRUDENCE LEASING FINANCE CO. LTD

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OUR VALUE STATEMENT

OUR VISION

To be the most trusted and innovative leasing company, providing seamless, flexible, and sustainable solutions for businesses and individuals for your leasing needs and investment opportunities in the Mauritian market and cross-border.

OUR MISSION

To provide tailored leasing and investment solutions that enable businesses and individuals to access assets efficiently, maximizing flexibility and financial sustainability through technology-driven solutions, ensuring a hassle-free and transparent process for our customers.

COMMITMENT

We are committed to serve our clients and partners to the best of our capabilities by being ACCESSIBLE, ACTIVE, ADAPTABLE, AGILE.

CORPORATE INFORMATION**Registered Address**

Cavell House
36 Bis Edith Cavell Street
Port Louis, Mauritius

Business Registration Number

C07026973

Email address/ Website

admin@prudenceleasing.com/ www.prudenceleasing.com

Directors

	Date of appointment	Date of resignation
OOSMAN Mushtaq <i>Chairperson from 21 October 2016 to 30 June 2025</i>	3 March 2016	30 June 2025
PUNCHOO Vikramdass <i>Chairperson from 01 July 2025 to 19 September 2025</i>	1 November 2022	19 September 2025
MAMET Linda Diane <i>Interim Chairperson from 06 October 2025 to 27 February 2026</i>	1 July 2022	-
CSIZMADIA Daryl Matthew <i>Chairperson from 27 February 2026 to Present</i>	27 February 2026	-
YUE-CHI-MING Clement Harold	22 June 2017	31 July 2025
DELAMAIRE Alexis	4 November 2024	-
JOHN CHUAN Yeung Min	3 August 2020	-
GALEA Marie Henri Dominique	30 September 2019	-
GALEA Antoine Jean Robert	9 July 2024	-
DE LA HOGUE Stephanie Anne Sophie	8 November 2024	-
LAM KIN TENG Dean Allen	8 November 2024	31 July 2025
POLGE Marie Henriette Anais	17 December 2025	-

Company Secretary

ECS Secretaries Ltd
3rd Floor, Labama House
Sir William Newton Street
Port Louis

Bankers

The Mauritius Commercial Bank Limited
9-15, Sir William Newton Street
Port Louis

Absa Bank (Mauritius) Limited
Absa House, 68 Wall Street
Cybercity, 72201, Ebene

AfrAsia Bank Limited
10, Dr Ferriere Street
Port Louis

ABC Banking Corporation Limited
WEAL House
Duke of Edinburgh Avenue, Place D'Armes
11328
Port Louis

External Auditor

Deloitte
7th - 8th floors, Standard Chartered Tower
19 Bank Street
Cybercity, Ebene

Internal Auditor

Ernst & Young
6th floor, IconEbene
Rue de L'institut, Ebene

DIRECTORS' REPORT

The Board of Directors has the pleasure to submit the annual report of La Prudence Leasing Finance Co. Ltd ("the Company", "Prudence Leasing" or "LPLF") which includes the audited financial statements for the financial year ended 31 December 2025.

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius.

Overview of the Company

La Prudence Leasing Finance Co. Ltd is a private company incorporated on 06 June 2001. Our core business over the years has been to facilitate the acquisition of vehicles and equipment by individuals and businesses by providing them with the necessary funding through finance and operating leases.

We are a human-sized company solidly rooted in entrepreneurial values, operating with the conviction that each customer is unique, has different needs, and is entitled to our undivided attention. Regulated by the Bank of Mauritius ("BoM") and the Financial Services Commission ("FSC"), Prudence Leasing is also licensed to offer investment opportunities through fixed deposits.

La Prudence Leasing Finance Co. Ltd was rated A- with a stable outlook by CARE Ratings (Africa) Private Limited, the first credit rating agency licensed by the Financial Services Commission and recognised as External Credit Assessment Institution by the Bank of Mauritius.

Financial performance

The Company made a profit before tax of **Rs 98.9M** which is an improvement of **40%** from last year's results, with operating income increasing to **Rs 223.5M**. In terms of asset quality, the non-performing ratio has remained stable at **1.5%** with an impairment coverage of **27.7%**. The capital adequacy of the Company remains comfortably above the regulatory requirement of **10%** at **17.1%**.

A more detailed analysis of the Company's performance is disclosed in the Management Discussion and Analysis section of this Annual Report.

The financial statements of the Company have been disclosed on pages 36 to 88 in this annual report. The auditor's report can be found on pages 33 to 35.

Directors

The names of the directors who held office as directors of the Company as at 31 December 2025 are disclosed on page 3.

Directors' share interests and service contracts

The Directors have no direct interest in the share capital of the Company. The indirect interests of the Directors have been disclosed on page 20 of the Corporate Governance Report within this annual report. Furthermore, the Directors do not have service contracts with the Company, other than for the Managing Director who has a contract with indefinite duration.

Directors' emoluments

The remuneration and benefits paid to the Directors have been disclosed on page 21 of the Corporate Governance Report within this annual report.

Contracts of Significance

The contracts of significance subsisting during the year to which the Company is a party and in which a Director is or was materially interested, either directly or indirectly, relates to the operating lease agreements entered into with Kasa Textile Ltd for the rental of office space at Cavell House amounting to **Rs 6.5M** for the financial year ended 31 December 2025.

The Managing Director has an ongoing employment contract with the Company.

DIRECTORS' REPORT**Donations**

The Company did not make any political donations during the financial year ended 31 December 2025 (2024: Nil). During the year under review the Company has contributed Rs 0.6M towards CSR initiatives (2024: Rs 0.5M).

External auditor

Deloitte has been re-appointed as external auditor of the Company for the year ended 31 December 2025. The appointment of Deloitte was recommended by the Audit Committee to the Board of Directors and approved at the Annual General Meeting of the Company. Regulatory approval from the Bank of Mauritius was sought and obtained in December 2025.

Details of the audit fees are as follows:

	31 December 2025 Rs	31 December 2024 Rs
Statutory audit	2,412,000*	1,328,500

*includes a non-recurring audit-related engagement, in relation to the migration of the core leasing management system in financial year 2025.

The Company has policies and procedures to ensure that there is no threat to objectivity and independence of the external auditor, resulting from the provision of non-audit services. Any such services need to be pre-approved by the Audit Committee. There were no non-audit services provided by Deloitte for the current and prior years.

Statement of Directors' Responsibilities for Financial Reporting

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company while ensuring that the financial statements fairly present the state of affairs of the Company, as at the financial year end, and the results of their operations and cash flows for the year then ended;
- design, implement and maintain an effective system of internal controls and robust risk management practices relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and to safeguard the Company's assets;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- ensure that the financial statements have been prepared in accordance with and comply with IFRS Accounting Standards and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius.

The Directors are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the Directors include:

- the assessment of management's performance relative to corporate objectives;
- overseeing the implementation and upholding of the Code of Corporate Governance; and
- ensuring timely and comprehensive communication to all stakeholders on events significant to the Company.

The Directors confirm to the best of their knowledge that they have complied with the above-mentioned requirements in preparing the financial statements.

DIRECTORS' REPORT

Dividends

On 24 March 2026, the Directors have proposed to declare dividends of **Rs. 10M** for the year ended 31 December 2025 which has been disclosed in Note 37 as a subsequent event (2024: Dividend paid Rs. 10M).

Acknowledgements

The Board of Directors is also thankful to its loyal customers and various stakeholders for their dedicated efforts and commitment towards the Company.

The Board of Directors would like to thank the outgoing directors, namely Mr. Mushtaq Oosman, Mr. Vikramdass Punchoo, Mr. Dean Allen Lam Kin Teng and Mr. Clement Yue, for their invaluable contribution to the Company over the past years. On the same occasion, the Board welcomes Mr. Alexis Delamaire as Managing Director, Mrs. Marie Henriette Anais Polge as Independent Director and Mr. Daryl Matthew Csizmadia as Independent Director and Chairperson of the Board.



Dr. Linda Mamet

Acting Chairperson of the Board of Directors

30 March 2026



Alexis Delamaire

Managing Director

CORPORATE GOVERNANCE REPORT

INTRODUCTION

La Prudence Leasing Finance Co. Ltd (hereinafter as “the Company” or “Prudence Leasing”) is a Public Interest Entity as defined by the Financial Reporting Act 2004 and is required to abide by the National Code of Corporate Governance 2016 (‘the Code’) and also by the Bank of Mauritius’ Guideline on Corporate Governance (Revised October 2017), and to report accordingly.

The Board of Directors (the “Board”) of Prudence Leasing is committed to uphold the highest standards of integrity, accountability and transparency in the governance of the Company and acknowledges its responsibility for applying and implementing the eight principles set out in the Code and for meeting all legal and regulatory requirements.

1. GOVERNANCE STRUCTURE

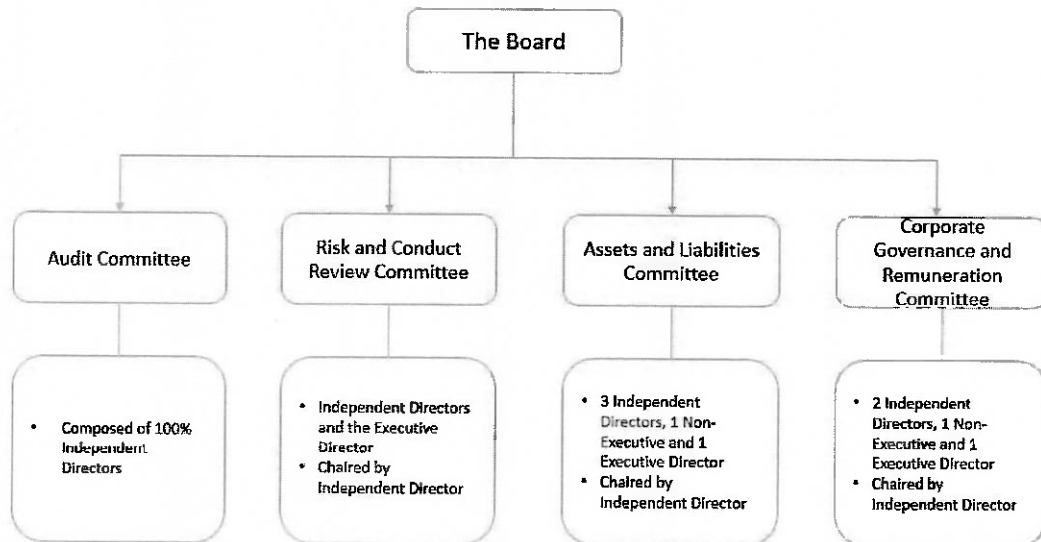
The Board is fully aware of its role and responsibility for providing and maintaining good corporate governance. In respect of the implementation of the Code, the Board approved the following documents which can be viewed on its website: <https://www.prudenceleasing.com/>

- Board Charter;
- Position Statements of its senior governance positions. A description of the position statements of key governance positions is available in the Board Charter;
- Code of Ethics;
- Organisational Chart and Statement of Accountabilities;
- Constitution of the Company. There are no material clauses to be highlighted in the Constitution of the Company as it duly complies with the provisions of the Mauritius Companies Act 2001. The Constitution however provides for restrictions on transfer of shares; and
- Terms of Reference of Board Committees.

The Company is in the process of updating its governance documents on its website.

The Board has decided to regularly review the Board and Committees’ charter upon recommendation of the Corporate Governance and Remuneration Committee.

The Company’s governance structure is as follows:

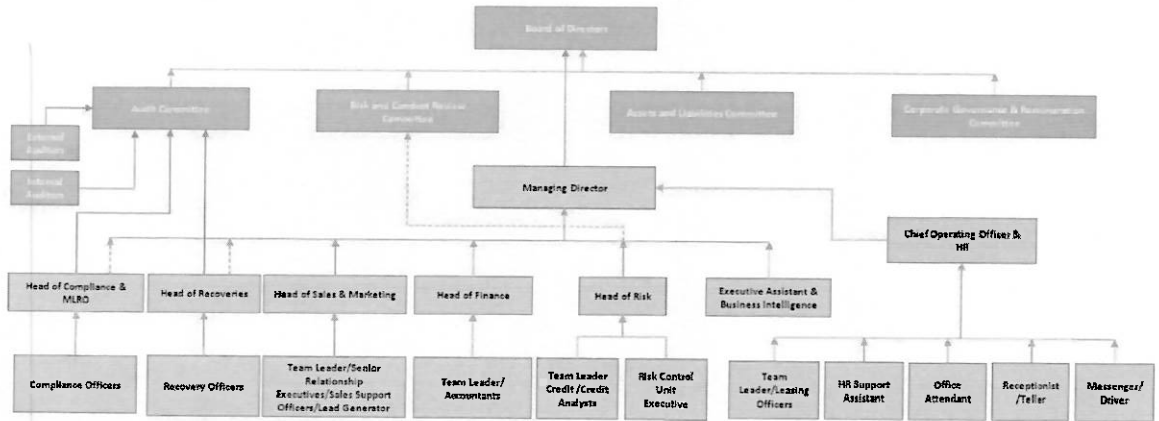


As at the date of reporting on these financial statements, the Company’s organisational structure is as shown on the next page.

CORPORATE GOVERNANCE REPORT

1. GOVERNANCE STRUCTURE (CONTINUED)

La Prudence Leasing Finance Co. Ltd – Organisational Structure



Note:
 Solid line (→) / (→) = Direct Reporting.
 Dotted line (---) = Indirect/Functional Reporting. The Head of Compliance & MLRO and the Head of Recoveries both have a dotted-line reporting relationship to the Managing Director, while their direct reporting line is to the Audit Committee.

2. STRUCTURE OF BOARD AND COMMITTEES

The Board

The unitary Board comprises 8 members as of the day of the present Annual Report. The Company's constitution stipulates that the Board shall consist of not less than 5 and not more than 15 Directors. Pursuant to Section 18 of the Banking Act 2004 and as part of BoM conditions further to the acquisition of significant interest by Kasa Holdings Ltd in the Company, the Board endeavours to maintain a balance of independent, non-executive and executive directors with at least 50% of independent directors. The present composition of the Board was approved by BoM. The Board appoints a Director upon recommendation of its Corporate Governance and Remuneration Committee in line with the latter's Terms of Reference.

In view of maintaining a balance of independent directors, submissions were made to the FSC and BoM in June 2025 for the proposed appointment for Mrs. Polge Marie Henriette Anais as independent director. The final regulatory approval for the appointment of Mrs. Polge Marie Henriette Anais was granted in December 2025. With 4 women out of 8 directors, the Board considers that it has achieved an appropriate of gender balance.

The Board composition temporarily dropped below the requirement of minimum 50% Independent Directors further to the resignation of the Chairperson in September 2025. A letter to that effect was sent to BoM and a meeting was held with BoM as regards the Company's commitment to good governance and adherence to the regulatory framework. The Board nominated Dr. Linda Mamet as Chairperson in an interim capacity with effect from 06 October 2025.

The short period of non-alignment to the board composition conditions was redressed through the selection process for a Board chairperson. Mr. Daryl Csizmadia was nominated and regulatory approvals of the FSC and BoM were subsequently sought in November 2025. The final regulatory approval was secured in February 2026 for the appointment of Mr. Daryl Csizmadia as the Company's chairperson.

The appointment of directors is in line with the Board Charter of the Company and the legal and regulatory requirements.

The Board further assumes responsibilities for leading and controlling the Company, meeting all the legal and regulatory requirements as well as approving the Board's Charter, the Company's Code of Ethics, job descriptions of senior governance positions and the statement of accountabilities.

All directors are residents of Mauritius.

The composition of the Board is shown on the next page.

CORPORATE GOVERNANCE REPORT**2. STRUCTURE OF BOARD AND COMMITTEES (CONTINUED)****The Board (Continued)**

Members	Date of appointment	Date of resignation	Board of Directors	Corporate Governance and Remuneration Committee	Audit Committee	Risk and Conduct Review Committee	Assets and Liabilities Committee
CSIZMADIA Daryl Matthew	27/02/2026 (Chairperson)	-	Chairperson and INED	-	Member	Member	-
MAMET Linda Diane	01/07/2022 (Director) 06/10/2025 – 27/02/2026 (Interim Chairperson)	-	INED	Chairperson	Member	Member	Member
GALEA Marie Henri Dominique	30/09/2019	-	NED	-	-	-	-
JOHN CHUAN Yeung Min	03/08/2020	-	INED	-	Chairperson	Chairperson	Member
GALEA Antoine Jean Robert	09/07/2024	-	NED	-	-	-	Member
DE LA HOGUE Stéphanie Anne Sophie	08/11/2024	-	NED	Member	-	-	-
POLGE Marie Henriette Anais	17/12/2025	-	INED	Member	-	-	Chairperson
DELAMAIRE DE NOUAL DE BILLIAIS Alexis Marie Jean	04/11/2024 (NED) 05/11/2025 (ED)	-	ED	-	-	-	-
OOSMAN Mushtaq	03/03/2016 (Director) 21/10/2016 (Chairperson)	30/06/2025	Chairperson and INED	Member	-	-	Member
YUE-CHI-MING Clement	22/06/2017	31/07/2025	ED	Member	-	Member	Member
LAM KIN TENG Dean Allen	08/11/2024	31/07/2025	INED	Member	-	-	Member
PUNCHOO Vikramdass	01/11/2022 (Director) 01/07/2025 (Chairperson)	19/09/2025	Chairperson and INED	Member	Member	Member	Member
COMPANY SECRETARY:			-	-	-	-	-
ECS Secretaries Ltd	07/01/2001	-	-	-	-	-	-

CORPORATE GOVERNANCE REPORT

2. STRUCTURE OF BOARD AND COMMITTEES (CONTINUED)

The Board (Continued)

Definitions:

NED: Non-Executive Director
 INED: Independent Non-Executive Director
 ED: Executive Director

The sole shareholder is fairly represented on the Board through the three Non-Executive Directors.

The Directors' profiles, skills and biographies can be viewed on pages 14 to 17 of this report or www.prudenceleasing.com.

The Company Secretary

The Company Secretary function has been entrusted to ECS Secretaries Ltd ("ECS") through a service agreement. ECS is an independent service provider of company secretarial services with more than three decades' experience. ECS employs fully qualified Chartered Secretaries to fulfil its duties as Company Secretary, in accordance with qualifications required by the Mauritius Companies Act 2001. The Company Secretary is responsible for providing guidance to the respective Directors and the Board regarding their duties, responsibilities and powers.

Board and Committees Processes

Board meetings are held at least four times a year and each committee meets at least four times a year. Additional meetings may be convened to deliberate urgent matters. Certain decisions are taken by way of written resolutions. The calendar of Board and Board committee meetings are set well in advance. A monthly Directors' dashboard on important matters is circulated to update the Directors accordingly.

Attendance at Board and Committee Meetings

Members' Attendance	Board Meetings (out of 8)	Sub-Committee Meetings			
		CGRC (out of 4)	AC (out of 6)	RCRC (out of 4)	ALCO (out of 4)
PUNCHOO Vikramdass*	7	1	5	3	3
OOSMAN Mushtaq*	4	2	-	-	2
YUE-CHI-MING Clement*	5	2	-	2	2
GALEA Marie Henri Dominique	8	-	-	-	-
GALEA Antoine Jean Robert	7	-	-	-	4
DE LA HOGUE Stéphanie Anne Sophie	7	3	-	-	-
JOHN CHUAN Yeung Min (Christine)	8	-	6	4	4
MAMET Linda	8	4	6	4	-
DELAMAIRE DE NOUAL DE BILLIAIS Alexis Marie Jean	8	-	-	-	-
LAM KIN TENG Dean Allen*	1	-	-	-	1

*Attendance up until resignation/end of tenure of the Board Member

CORPORATE GOVERNANCE REPORT

2. STRUCTURE OF BOARD AND COMMITTEES (CONTINUED)

Board Committees

The Board has approved the composition and the terms of reference of the following committees in order to assist it in the execution of its policies and its decision-making process: Audit Committee, Risk and Conduct Review Committee, Corporate Governance and Remuneration Committee, and Assets and Liabilities Committee.

The Chairpersons of the four committees are invited to report verbally to the Directors during board meetings, and such reports are duly minuted.

Each Committee is governed by a charter as approved by the Board and these are published on the Company's website: www.prudenc leasing.com. The composition of the four committees is found on page 9.

Audit Committee

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

Further responsibilities of the Audit Committee include:

- reviewing the audited annual financial statements and quarterly unaudited financial reports for adequacy before their approval by the Board;
- assessing whether the Company has implemented adequate internal controls and financial disclosure procedures;
- reviewing any transactions brought to its attention by the auditors or any officers of the Company, or that might otherwise come to its attention, which might adversely affect the financial condition of the Company;
- reporting to the Board on the conduct of its responsibilities in frequency specified by the Board, with particular reference to section 39 of the Banking Act 2004;
- ensuring that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws;
- recommending to the shareholder the appointment and remuneration of the external auditor and approving the engagement letter setting out the scope and terms of external audit;
- assessing periodically the skills, resources, and independence of the external audit firm and its practices for quality control; and
- ensuring that there is appropriate structure in place for identifying, monitoring, and managing compliance risk as well as a reporting system to advise the Committee and the Board of instances of non-compliance on a timely basis.

The main areas of focus of the Audit Committee during the year under review were:

- approval of internal and external audit plans to ensure that these are risk-based and address all activities over a measurable cycle, and that the work of external and internal auditors is coordinated;
- recommendation to the Board for the re-appointment of Deloitte as external auditor;
- perusal of audit reports from the internal and external auditors and monitoring of the remedial actions;
- examination and review of the audited financial statements;
- examination and review quarterly financial reports;
- discussion on the adequacy of allowance for credit impairment on impaired leases; and
- review that all regulatory and statutory requirements are duly adhered and any breaches duly remedied.

CORPORATE GOVERNANCE REPORT

2. STRUCTURE OF BOARD AND COMMITTEES (CONTINUED)**Risk and Conduct Review Committee**

Pursuant to Section 54 of the Banking Act 2004, the Board of Directors is required to maintain adequate internal control systems that are commensurate with the nature and volume of its activities and various types of risks to which it is exposed. In view of delivering its roles and responsibilities, the Board of Directors has set up a Risk and Conduct Review Committee ("RCRC") to work on the technical aspect and report thereon. The Risk and Conduct Review Committee assists the Board in setting up risk strategies and to assess and monitor the risk management process. The responsibilities of the RCRC include:

- identifying principal risks, including those relating to credit, market, liquidity, operational, compliance, and reputation of the institution, and actions to mitigate the risks;
- receiving regular reports from the Head of Risk on his activities and findings relating to the Company's risk appetite framework;
- receiving from senior officers, periodic reports on risk exposures and activities to manage risks; and
- formulating and making recommendations to the Board on risk management issues.

The RCRC is also responsible for monitoring and reviewing related party transactions, their terms and conditions and ensuring adherence to the established procedures and compliance with the Bank of Mauritius Guidelines. The main areas of focus of the RCRC during the year under review were:

- recommending related party transactions for approval to the Board;
- reviewing and overseeing the Enterprise-Wide Risk Management framework and Risk Register; and
- formulating, reviewing and approving policies on monitoring and managing risk exposures.

Corporate Governance and Remuneration Committee ("CGRC")

The CGRC is a useful mechanism for making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles.

The CGRC is responsible for the establishment and implementation of systems and procedures to ensure independence of the Board from management and for ensuring that staff issues are duly communicated and dealt with. Further responsibilities of the CGRC include:

- recommend to the board, candidates for board positions, including the chair of the board and chairs of the board committees;
- recommend criteria for the selection of board members and criteria for the evaluation of their performance;
- preparing for approval of the Board the remuneration and compensation package for directors, senior managers, and other key personnel, taking into account the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms;
- recommending to the Board an incentive package, as necessary, to enhance staff performance, while ensuring that incentives embedded within remuneration structures do not incentivise staff to take excessive risk; and
- commenting on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of their attendance at the Board and committee meetings.

The main areas of focus of the CGRC during the year under review were:

- nomination, recommendation of candidates to the Board for senior officers; Senior Management roles (Head of Compliance and MLRO, Head of Sales and Marketing, Managing Director).
- nomination, recommendation of candidates to the Board for Directorship positions to ensure alignment to BoM requirements as regards Board composition in view of end of tenure/resignation of the Board Chairpersons and one Independent Director.
- reviewing and approving salary increase and performance bonus for employees;
- considering employee matters, including review of the HR Policy;
- creating a safer work environment; and
- oversee directors' training.

CORPORATE GOVERNANCE REPORT

2. STRUCTURE OF BOARD AND COMMITTEES (CONTINUED)**Assets and Liabilities Committee ("ALCO")**

The Assets and Liabilities Committee assists the Board in discharging its supervision responsibilities by overseeing all matters as specified in its Terms of Reference. The Assets and Liabilities Committee supports the Board in evaluating the adequacy and monitoring the implementation of the Company's policies and procedures with regards to the risk appetite, risk monitoring, capital and liquidity management. The main areas of focus of the Assets and Liabilities Committee during the year under review were:

- Review of the deposit situation of the Company: pricing strategy, maturity and concentration;
- Review of the liquidity position on a quarterly basis;
- Review of the lease pricing strategy;
- Review stress testing models, results and framework; and
- Review the capital funding strategy of the Company

3. DIRECTOR APPOINTMENT PROCEDURES**Appointment and Re-election of Directors**

The Mauritius Companies Act 2001, the Board Charter, the Constitution of the Company and the guidelines of the Bank of Mauritius set out the relevant procedures which the Board has to abide by in the selection and appointment process. The Board assumes the responsibility for the appointment of directors of the Company.

As part of its mandate, the Board carefully considers the needs of the organisation and considers the following factors when appointing new Directors:

- Skills, knowledge and expertise;
- Previous experience;
- Balance required on the Board including but not limited to gender and age;
- Independence (where required); and
- Any conflict of interest.

The Board may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors up to a maximum number permitted by the Constitution of the Company, subject to approval being obtained from regulatory bodies. The appointed Director then remains in office until the next Annual Meeting of Shareholders where the Director shall be eligible for re-election.

The nomination and appointment processes are carried out by the Corporate Governance and Remuneration Committee ("CGRC") of the Company.

The CGRC identifies suitable candidates for the Board of the Company and proposes the selected candidates to the Board of the Company. Once the Board has reviewed and is satisfied with the profile of the candidates, the Board shall request the approval of the regulatory authorities.

CORPORATE GOVERNANCE REPORT

3. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

Directors' Profile

Mr. CSIZMADIA Daryl CA (SA)
Independent Non-Executive Director
Board Chairperson

27 February 2026 – Present

Daryl Csizmadia, born in 1965 in Zimbabwe, is the holder of a B Com (UCT) and a BCompt Honours (UNISA). He sat for his articles with Price Waterhouse in Cape Town and became a fully affiliated member of the South African Institute of Chartered Accountants in 1993. After emigrating with his family to Mauritius soon after qualifying, Daryl worked for two years as a financial controller in the General Construction group, before joining as a Manager in the consulting practice of Ernst & Young in June 1995. He was appointed a full equity partner in July 1997 and has been a senior member of the partnership of EY Mauritius until his retirement in June 2025. His main role as partner was in the field of financial audit and his area of expertise includes Wealth and Asset Management, Financial Services (including offshore), Hospitality, Telecommunication, Agriculture, and Manufacturing. Daryl has sat as director on many of the entities that were owned and managed by EY.

Directorship in listed companies: None

Dr. MAMET Linda Diane ("Linda Mamet")
Independent Non-Executive Director
Interim Chairperson

1 July 2022 – Present

6 October 2025 – 27 February 2026

Dr. Linda Mamet, born in 1954, holds a BSc (1st class) degree in Biology and Applied Psychology from the University of Aston, UK and an MPhil and a PhD in Plant Genetics from the University of Cambridge, UK. She conducted scientific research at the Mauritius Sugarcane Industry Research Institute from 1986 to 1999. In 1999, she joined the Regional Training Centre ("RTC") where she held the post of Managing Director from 2005 to 2019. Her most recent post was Interim CEO of the Mauritius Institute of Directors ("MIoD"). She was previously a Non-Executive Director of MIoD and was an Independent Director of the Higher Education Commission ("HEC") where she chaired the Finance Committee. She is currently an Independent Director of Ducray Lenoir Ltd.; Rey and Lenferna Ltd.; and Victoria Urban Terminal. She is a Fellow of the Mauritius Academy of Science and Technology and a Fellow of the Mauritius Institute of Directors.

Directorship in listed companies: None.

Mr. PUNCHOO Mahendra Vikramdass ("Vikramdass Punchoo")
Independent Non-Executive Director
Chairperson

1 November 2022 – 19 September 2025

1 July 2025 – 19 September 2025

Mr. Vikramdass Punchoo, born in 1963, was an independent non-executive director before acceding to the role of Chairperson of the Board of La Prudence Leasing Finance Co Ltd in July 2025. He is a seasoned central banker with a career spanning over three decades at the Bank of Mauritius, with 25 years within the Department of Economic Research, Analysis, and Statistics during which he held various senior positions. Effective 30 December 2014, he was appointed Deputy Governor of the Bank of Mauritius, with overall responsibility for banking regulation and supervision, financial stability, legal, and corporate affairs of the Mauritian banking sector.

Over his thirty-year career at the Bank of Mauritius, he has developed core competencies in the areas of economic analysis and research, economic and financial liberalisation, central bank statistics namely compilation of balance of payments and monetary and financial statistics, banking regulation and supervision including bank licensing, resolution of failed banks, voluntary liquidation and risk-based supervision, foreign reserves management, financial markets, and corporate governance.

Directorship in listed companies: None.

Mr. OOSMAN Mushtaq Mohamed Omar Noormohamed ("Mushtaq Oosman")
Independent Non-Executive Director
Chairperson

03 March 2016 – 30 June 2025

21 October 2016 – 30 June 2025

Mr. Mushtaq Oosman, born in 1954, was the Chairperson of the Board of Prudence Leasing. He was a director holding no direct or indirect interests in the Company and is widely known for his independence of mind and extensive experience in corporate and financial matters. He has worked for 30 years at PwC. He became a Partner of PwC in July 1991. Primarily an Assurance Partner where he was also responsible for Business Recovery Services. He has served on the Governance Board of PwC Africa and was also responsible for the financial affairs of PwC in Mauritius. He is also a fellow of the Institute of Chartered Accountants of England and Wales.

Directorship in listed companies: Sun Limited, Automatic Systems Ltd, MUA Ltd, United Docks Ltd, Les Moulins de la Concorde Ltee and PIM Limited.

CORPORATE GOVERNANCE REPORT

3. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

Mr. LAM KIN TENG Dean Allen (“Dean Lam Kin Teng”)
Independent Non-Executive Director

08 November 2024 – 31 July 2025

Mr. Dean Lam Kin Teng, born in 1968 is a qualified Chartered Accountant and a Fellow member of the Institute of Chartered Accountants in England & Wales ICAEW). He holds a BSc (Econ) degree in Accounting and Finance from the London School of Economics and Political Science.

Mr. Dean Lam Kin Teng holds directorships of several listed entities on the Stock Exchange of Mauritius and of private equity funds worth USD8bn of assets under management. From 2013 to 2023, he was the Managing Director of HSBC Bank (Mauritius) Limited where he was responsible for the Commercial Banking and Global Banking businesses. Mr. Dean Lam Kin Teng was the Vice- Chairman of the Mauritius Bankers Association from 2015 to 2017, a former director of Mauritius Finance (formerly Global Finance), former member of Economic sub-committee of Business Mauritius, and a member of Mauritius Institute of Directors.

Directorship in listed companies: Promotion and Development Ltd, Caudan Development Ltd, Medine Ltd, Mauritius Freeport Development Co. Ltd.

Mrs. JOHN CHUAN Yeung Min (Christine John Chuan)
Independent Non-Executive Director

3 August 2020 – Present

Mrs. Christine John Chuan, born in 1954, was appointed as an Independent Director to the Board on 03 August 2020. She worked with SBM Bank (Mauritius) Ltd (“SBM”) since its inception in 1973 till July 2007. She was a Team Leader with SBM, managing a cluster of branches in Retail Banking and eventually a portfolio of large customers in Corporate Banking.

In August 2007, she joined Barclays Bank Mauritius Limited (now Absa Bank (Mauritius) Limited) and spent 12 years as Senior Corporate Manager in the Corporate & International Banking Division where she was responsible for managing and sustaining a portfolio of large corporate customers, both in private and public sectors. She graduated from the University of Surrey, U.K. and holds a Master in Business Administration. Mrs. Christine John Chuan is currently the Deputy Chief Executive Officer of Investcorp (Holdings) Ltd.

Directorship in listed companies: None

Mrs. POLGE Marie Henriette Anais (“Marie Polge”)
Independent Non-Executive Director

17 December 2025 – Present

Mrs. Marie Polge, born in 1980, is an experienced finance professional with over 20 years of expertise in corporate finance, mergers and acquisitions and private equity across Europe, Africa and emerging markets. She began her career at KPMG Corporate Finance in Paris before joining the Lagardère Group, where she held senior M&A roles, including Head of M&A Operations, leading numerous acquisitions and disposals across a wide range of sectors. She later joined BIO, the Belgian Development Finance Institution, as Senior Investment Officer in the Private Equity team, structuring and monitoring direct and indirect investments across Africa, India and the MENA region. Since 2022, she has been a Principal at Inside Capital Partners in Mauritius, where she is actively involved in investment execution, fundraising, portfolio monitoring and governance. She holds an MSc in Finance from HEC Paris (H04) and a CEMS Master’s degree in International Management.

Directorships in listed companies: None.

CORPORATE GOVERNANCE REPORT**3. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)****Directors' Profile (continued)**

Mr. DELAMAIRE DE NOUAL DE LA BILLIAIS Alexis Marie Jean ("Alexis Delamaire")
Managing Director and Executive Director **5 November 2025 – Present**
Non-Executive Director **4 November 2024 – 5 November 2025**

Mr. Alexis Delamaire, born in 1975, was a Non-Executive Director of La Prudence Leasing Finance Co. Ltd, before taking on the position of Executive Director of the Company. Mr. Alexis Delamaire, born in 1975, holds a bachelor's degree in accounting and finance from Montesquieu Bordeaux IV University and a master's degree in financial management from IAE Bordeaux. He also holds an MBA from Paris Dauphine University. Mr. Alexis Delamaire has worked in the financial sector for the past 25 years, both locally and in Europe (credit insurance and factoring). For several years, he gained experience in credit risk management with the world's leading credit insurance company, Allianz Trade. Before moving to Mauritius in 2014, Mr. Alexis Delamaire was Director of Operations and Risk Manager at Bibby Factor France. Since 2020, he has served as Managing Director of Credit Guarantee Insurance Co. Ltd prior to acceding to the role of Managing Director of La Prudence Leasing Finance Co. Ltd in November 2025.

Directorship in listed companies: None.

Mr. YUE-CHI-MING Clement Harold ("Clement Yue Chi Ming")
Managing Director and Executive Director **22 June 2017 – 31 July 2025**

Mr. Clement Yue Chi Ming, born in 1966, was the Executive Director to the Board from 22 June 2017 to 31 July 2025. He holds a Dip CRM from the Institute of Financial Services (UK) and a BSc (Hons) in Financial Services, UMIST (UK). He is an Associate member of the Institute of Bankers (ACIB) London, UK. He spent 30 years with Barclays Bank Mauritius Limited (now known as Absa Bank (Mauritius) Limited), holding various roles in the branch network, credit risk, recovery and corporate & international banking division.

Directorship in listed companies: None

Mr. GALEA Marie Henri Dominique ("Dominique Galea")
Non-Executive Director **30 September 2019 – Present**

Mr. Dominique Galea, born in 1952, has been appointed to the Board as Non-Executive Director since 30 September 2019. He holds a degree from HEC (Paris). He started his career in the clothing industry by setting up a buying office for overseas buyers (Kasa Textile Ltd). He has since diversified his activities by acquiring controlling stakes in Ducray Lenoir Limited in 1988, and in Rey & Lenferna International Ltee Ltd in 1998. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in 2010 and is also its Chairperson. Mr. Dominique Galea is the Chairperson of Phoenix Transafrica Holdings Ltd, United Docks Ltd, Rey & Lenferna International Ltee and Forges Tardieu Limited.

Directorship in listed companies: United Docks Ltd, MUA Ltd.

Mr. GALEA Antoine Jean Robert ("Antoine Galea")
Non-Executive Director **09 July 2024 – Present**

Mr. Antoine Galea, born in 1986 holds a Bachelor of Business & Administration in Marketing & Finance, Executive MBA (HEC Paris) and Advanced Management Programme (ESSEC). He is currently Director at Kasa Corporate Services Ltd. From 2017 to 2022, he was Managing Director at Watertech Ltd. Before joining Rey & Lenferna Ltd in 2017, he occupied from 2012 to 2016 various positions at Labelling Industries Ltd, Berque Ltée and Narrow Fabrics Ltd, such as Operations Manager, Sales Manager and Supply Chain Manager. Mr. Antoine Galea also worked for Ernst and Young Mauritius in the Audit team from 2009 to 2012.

Directorship in listed companies: United Docks Ltd

CORPORATE GOVERNANCE REPORT

3. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

Directors' Profile (Continued)

Mrs. DE LA HOGUE Stéphanie Anne Sophie ("Stéphanie De La Hogue")

Non-Executive Director

08 November 2024 – Present

Mrs. Stéphanie De La Hogue, born in 1982 brings over two decades of professional expertise in corporate management, marketing, and strategic leadership to her role as a company director. She currently serves on the boards of several companies, including both listed and privately held entities.

Her career began in marketing and management roles across industries such as technology, manufacturing, and corporate services, where she honed her skills in leadership and communication. Mrs. Stéphanie De La Hogue has been instrumental in guiding organizations through strategic growth and operational excellence, leveraging her international education and diverse professional experience.

Mrs. Stéphanie De La Hogue holds a diploma from ESSEC General Management Program and the INSEAD International Director Programme. She combines academic excellence with practical insights gained from leadership positions. Her educational background also includes a Bachelor's in Marketing and International Finance from the MBA Institute (France).

Mrs. Stéphanie De La Hogue actively contributes to corporate governance and the strategic development of the companies she serves, embodying a commitment to excellence and ethical leadership.

Directorship in listed companies: United Docks Ltd

A complete list of directorships can be obtained upon written request from the Company Secretary.

CORPORATE GOVERNANCE REPORT

3. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)**Senior Management****PROFILE OF SENIOR MANAGEMENT**

Mrs. GOUREL DE ST PERN (NICOLIN) Dominique
Chief Operating Officer
Officer in Charge

01 August 2025 - 5 November 2025

Dominique joined La Prudence Leasing Finance Co. Ltd in July 2019 as Chief Operating Officer and also oversees the Human Resources function. She holds an Executive MBA from Suffolk University (UK), a Diploma in Management from Challenger – The Institute of Technology (Australia), together with several other professional qualifications.

With 29 years of experience in the financial services sector, Dominique has developed extensive expertise in operational leadership, risk management, credit administration, and commercial operations. Her professional background spans regulated environments under the supervision of the Financial Services Commission and the Bank of Mauritius.

Prior to joining La Prudence Leasing Finance Co. Ltd, she held senior roles at La Prudence Mauricienne and SPICE Finance Ltd, where she further strengthened her expertise in governance, compliance, and operational efficiency. Over the course of her career, she has served in several key leadership positions, including Assistant Manager, Customer Service Manager, Money Laundering Reporting Officer, and Head of Operations.

Dominique's career reflects strong strategic leadership, versatility, and a proven ability to enhance organisational performance, strengthen internal controls, and support sustainable business growth.

Mrs. PILLY MOOTANAH-VEERASAMY Jhansy
Head of Finance

Jhansy is a member of the Association of Chartered Certified Accountants and Mauritius Institute of Professional Accountants. She also holds a Bachelor of Science in Applied Accounting from Oxford Brookes University.

Her experience spanned over 5 years at Deloitte in audit of local and foreign companies including financial institutions. With 12 years in accounting of offshore companies operating in real estate and factoring, she served as finance manager at VoIP Capital International for 5 years prior joining the Company.

She was appointed Head of Finance at La Prudence Leasing Finance Co. Ltd in April 2023.

Mr. KARROO Ravindranathsingh ("Ravin")
Head of Recoveries

Ravin holds a BSc (Hons) in Economics and has over 10 years of experience in the financial sector. Throughout his career, he has built strong expertise in risk management, debt recovery, financial analysis, and regulatory compliance. In his capacity as DMLRO, he also supports the organisation's anti-money laundering and counter-terrorist financing obligations, ensuring adherence to legal and regulatory requirements.

Ravin serves as Head of Recoveries and is also the Deputy Money Laundering Reporting Officer (DMLRO) at La Prudence Leasing Finance Co. Ltd.

Mr. RAMKISSOON Nundish
Head of Compliance & MLRO

Nundish holds a BSc in Management with Law from the University of Technology, Mauritius and a Certificate in Compliance from the International Compliance Association, UK. He is a seasoned Compliance Professional with nearly 10 years of experience in the financial services sector. His career started in the Financial Crime Compliance department of HSBC Mauritius as a financial crime investigator. Nundish previously served at Ashton Financial Partners Ltd within the non-banking financial services sector as Manager – Risk, Legal & Compliance where he developed a balanced approach between compliance risk management and the business case of client companies. He has also acted as Money Laundering Reporting Officer (MLRO), Deputy MLRO and Compliance Officer for client entities.

For the period January 2025 to June 2025, Mr. Nitish Meetoo and Mrs. Jhansy Pilly Mootanah-Veerassamy acted as Head of Compliance & MLRO on an interim capacity basis until Mr. Ramkissoon joined the Company in mid-June 2025.

CORPORATE GOVERNANCE REPORT

3. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)**Senior Management (Continued)****PROFILE OF SENIOR MANAGEMENT (CONTINUED)****Mr. MEETOO Nitish**
Head of Risk

Nitish holds a BSc with Honors in Finance, a Certificate in Banking & Operations Management and an MBA in Innovation & Leadership. Nitish counts more than 10 years of experience in Financial Services. He has gained experience and expertise in credit administration, risk and control. During his career, he developed the skills required to shoulder the responsibility of Head of Risk.

In January 2020, he joined the Prudence Leasing Finance Co. Ltd after previously working for AfrAsia Bank Limited and SBM Bank (Mauritius) Ltd. On 09 August 2023, after Board and regulatory approval, Nitish was appointed as Head of Risk of the Company.

Mr. SEEAM Sirish
Interim Head of Sales and Marketing (From 28 November 2025 to Present)

Sirish is a seasoned financial services professional with more than 20 years of industry experience, including 12 years in banking. He began his career at SBM Ltd and later held key positions in operations, sales, and relationship management at Bramer Banking Corporation and Maubank Ltd. Since 2017, he has served as Senior Relationship Executive at La Prudence Leasing Finance Co. Ltd, delivering customised financial solutions to both retail and corporate clients and supporting their long-term growth. A first-class BBA graduate and holder of a Sales Management Diploma, Sirish blends strong technical expertise with a client-focused mindset and a dedication to professional excellence.

Mr. COOSNAPA Benoit
Head of Sales and Marketing (resigned on 30 September 2025)

Benoit holds a Diploma in Financial Services Management – Institute of Financial Services (UK) and a Master of Business Administration from the University of Wales. He is a Certified Product Manager of the Association of International Product Marketing & Management (USA) and has more than 25 years' experience with Barclays Bank Mauritius Limited (now known as Absa Bank (Mauritius) Limited).

4. DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE**Director's induction, Professional development and succession planning**

Newly onboarded directors are subject to an induction process where the director is introduced to the Company, their relevant roles and their responsibilities vis-à-vis the Company's specific line of business and its business environment.

During the reporting period, Mr. Alexis Delamaire was appointed as Managing Director and Executive Director. Previously holding the position of Non-Executive Director for the Company and forming part of the Company's credit committee, Mr. Alexis Delamaire was already well-versed with the Company's business environment, strategy, its corporate environment and culture. As way of induction, discussions were held with the Officer-in-Charge for a smooth handing over, Senior Management team as well as the Board of Directors

Mrs. Marie Polge was also appointed as Independent Director in December 2025 and was subject to the induction process, during which the new director met with the Managing Director, who introduced the Company, outlined the business model, objectives, financial performance, and provided other key information. Mrs. Marie Polge was also provided with the last Annual Report of the Company, as well as the statutory documents.

Taking into consideration the movements in directorships as from September 2025, with the Chairperson securing regulatory approval in February 2026, an induction session will be held with all recently onboarded directors with the Company secretary and the relevant stakeholders with emphasis laid on the relevant duties, roles and responsibilities of the directors vis-à-vis the Companies Act, the Banking Act, the relevant legislation, regulations and rules by which the Company is bound in its day-to-day business operation.

In line with the professional development of the Company's directors, the directors attended a training session on the latest fiscal and budgetary developments in November 2025 with the view of keeping abreast of developments in the economic landscape and potential implications and/or opportunities.

CORPORATE GOVERNANCE REPORT**4. DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)**

Directors are encouraged to remain updated with industry practices, trends and standards. They may also request for any specific training of interest to them for the fulfilment of their duties as directors.

During 2025, the Company identified key areas for Director training, as well as subjects in which the Directors expressed particular interest, such as AML/CFT to be incorporated into the training programme for the forthcoming financial year. The directors also participated in an information sharing session with external auditors on topics such as the upcoming IFRS 18 reporting standards and the relevant changes to expect.

The Company has a reasonably robust succession plan in place to ensure, as showcased by the movement of directors and senior management, that the nomination process is triggered in a timely manner for finding the right candidates with the best balance of skills, expertise, experience and business background. On basis of merits, the right candidate's appointment is then proposed to the shareholder for approval.

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

The Board ascertains that any conflicts-of-interest transactions and all related party transactions have been conducted in accordance with the Conflicts-of-Interest Manual and Related Parties Transaction Policy and Code of Ethics as disclosed on the Company's website. Related Parties Transactions are contained within the regulatory limits of the Bank of Mauritius.

Moreover, at the beginning of each meeting of the Board, the Chairperson invites the directors to declare any potential source of conflicts of interests to be thereafter recorded in the Register of Interests kept by the Company. This Register is available to the shareholder upon written request to the Company Secretary.

For this reporting period, no conflict of interest has been noted.

Directors' Interest in the shares of the Company as at 31 December 2025

The Directors do not hold any direct interests in the ordinary share capital of the Company.

Indirect interests held by directors in the ordinary share capital of the Company are as follows:

Directors	Indirect Interest
Mr Marie Henri Dominique Galea	19.12%
Mrs Stephanie De La Hogue	19.12%
Mr Antoine Galea	19.12%

Related parties

The Company adheres to the requirements as set out by Guideline on Related Party Transactions (as amended in May 2022) issued by the Bank of Mauritius and to its Policy on Related Party Transactions which has been established under the said guideline.

Details on related-party transactions are found under Note 31 of the accompanying financial statements and in the Management and Discussion Analysis section of this annual report.

CORPORATE GOVERNANCE REPORT

4. DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Remuneration

Directors

Prudence Leasing is the wholly-owned subsidiary of Prudence Holding Co Ltd, the remuneration of Directors is decided by the Holding Company after consultation with the Corporate Governance and Remuneration Committee of the Company.

The Directors received Rs 12,964,946 as directors' fees including the Managing Director's emoluments during the year (2024: Rs 11,950,175). The non-executive directors have not received any remuneration in the form of share options or bonuses associated to organisational performance.

Remuneration for the Executive Director comprises a base salary and short-term benefits which reflect his responsibilities and experience, as well as a variable element in the form of a bonus, determined by the performance of both the Company and the individual.

The remuneration for non-executive and independent directors is commensurate with their expected time commitment and responsibilities associated with their position (e.g. whether they chair committees or are members).

The following table highlights the remuneration and benefits received by the directors throughout the year:

<i>Directors' remuneration</i>	<i>Rs</i>
OOSMAN Mushtaq	135,000
YUE-CHI-MING Clement	10,379,946
GALEA Marie Henry Dominique	120,000
JOHN CHUAN Yeung Min Christine	320,000
MAMET Linda	830,000
PUNCHOO Vikramdass	760,000
GALEA Antoine Jean Robert	145,000
DELAMAIRE DE NOUAL DE LA BILLIAIS Alexis Marie Jean	105,000
LAM KIN TENG Dean Allen	35,000
DE LA HOGUE Stéphanie Anne Sophie	135,000
Total	12,964,946

Employees

Employees are remunerated as per prevailing market conditions, qualifications, experience, performance and the salary structure within the Company.

Performance Evaluation

The last Board evaluation was conducted in 2023 by ECS Secretaries Ltd through a self-assessment questionnaire. The survey covered key areas such as the Board's role and responsibilities, relationship with management, decision-making process, frequency of meetings, composition and structure of Board Committees, amongst others. The results of the survey were a high score of 84%, which demonstrate an overall satisfaction of the Directors with the conduct of the Board and its Committees. The evaluation of the Board Members is conducted every two years. Given the significant changes to the Board's structure in 2025, the Directors agreed to reschedule the evaluation until stability was achieved and have therefore determined that the review will take place in September 2026.

Given the movement of directors in the reporting period and to constantly and consistently improve Board effectiveness, feedback is also requested from Directors who have ceased their directorship with the Company. The feedback collected is used as a tool for reviewing, assessing and enhancing the functions of the Board.

CORPORATE GOVERNANCE REPORT

4. DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)**Access to information**

The Directors have access to the advice and services of the Company Secretary, as well as access to senior management for matters they wish to discuss at Board or Committee meetings or any other matter they consider to be appropriate. There are no restrictions placed over the right of access to information.

Information, Information Technology and Information Security Governance Policy

The Board is responsible to oversee Information, Information Technology and Information Security Governance Policy within the Company and to ensure that there is a strategic alignment with its business strategy for value creation.

The Board has approved the Information Technology Policy of the Company. The Board ensures that the Information Technology Policy is regularly reviewed and monitored and sufficient resources are allocated in the annual budget for the implementation of proper Information Technology and Security framework.

All significant IT expenditure is approved at the level of the Board.

The Company transitioned to a new Lease and Deposit Management System in the reporting period with a full migration completed in November 2025.

5. RISK GOVERNANCE AND INTERNAL CONTROL

The Board of Directors is responsible for the system of internal control and the governance of risk and is fully committed to maintain adequate control procedures.

The Board is ultimately responsible for the setting up and monitoring of the risk management process and reviewing its effectiveness on a regular basis. The Board is assisted by the Risk and Conduct Review Committee. Critical risks are identified and discussed at Board and Board Committee levels.

An internal committee has been set up for the implementation of the Enterprise-wide Risk Management Framework and the scope of work includes a risk register to identify, evaluate and monitor all risks identified with mitigations and action plan for resolution.

The Committee would be apprised of the progress made on the Risk Register and also recommend alignment of the controls and limits to the enterprise level risk appetite and regulatory requirements.

Management is accountable to the Board for the proper design, implementation and enforcement of an effective system of internal controls and for ensuring that processes and systems are operating satisfactorily. The Audit Committee oversees these controls and reviews the effectiveness of the system by ensuring that proper control policies, procedures and activities have been established and are operating as intended.

The Board, with the assistance of the Audit Committee, regularly receives and reviews reports from management and the internal auditor. The reports provide a balanced and independent assessment of the effectiveness of internal controls and also identify any significant weaknesses in the system to allow remedial action.

During the year there were no significant or material deficiencies in the Company's internal control systems that the management is aware of. Internal control enhancements in the areas of AML/CFT were identified with relevant improvement plan set in motion and implementation is underway. Management is also not aware of any significant area not covered by internal control systems.

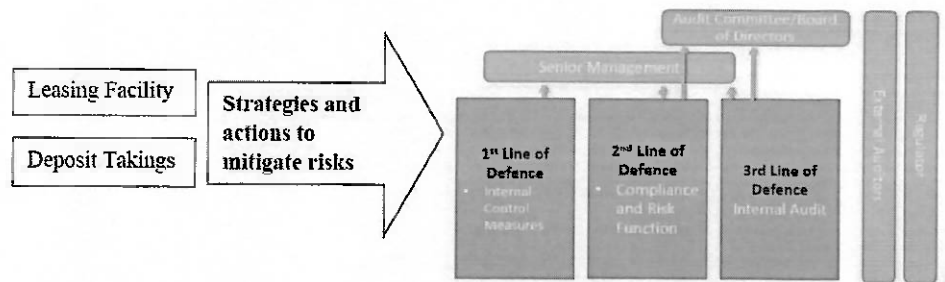
The Board derives assurance that the system of internal controls is effective through the three lines of defence:

- I. Management ensures that internal control measures are designed to identify and assess significant risks, highlight inadequate processes and address control breakdowns.
- II. the Company's compliance and risk functions that provide independent oversight of the risk management activities, policies and procedures and internal control measures of the first line of defence.
- III. Internal Audit function provides the Board and senior management with comprehensive assurance based on the highest level of independence and objectivity within the Company by providing assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives.

CORPORATE GOVERNANCE REPORT

5. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The three lines of defence can be illustrated as follows:

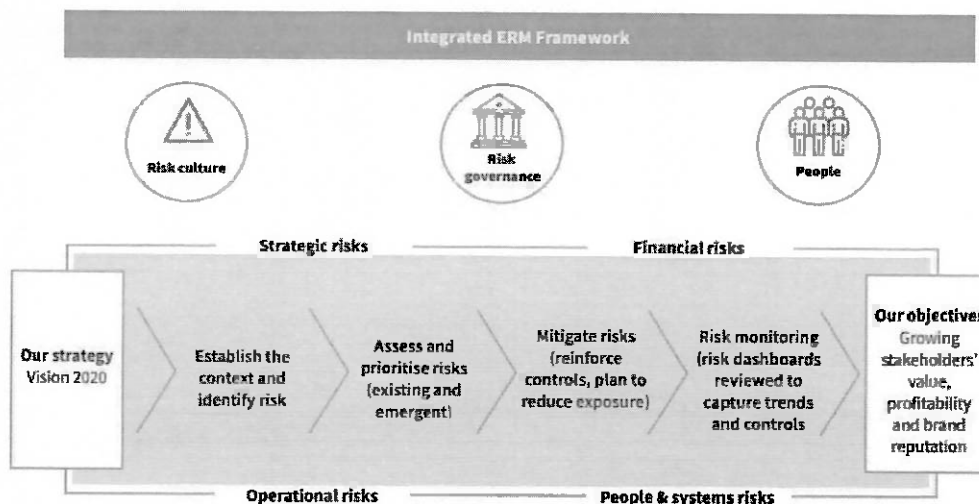


The Board maintains full control and direction over strategic, financial, operational, control and compliance issues and ensures that an effective organisational structure is in place in line with good governance practices.

The risk management approach of the Company rests on three pillars:

- Risk culture is part and parcel of business operations and people’s mindset;
- Risk governance sets the structure for risk management in line with the three lines of defence mechanism; and
- Developing people’s ability to weigh the opportunities and risks while making decisions.

The Company has thus developed its enterprise risk management (“ERM”) framework along these principles:



The Company’s ERM framework enables both a top-down and a bottom-up approach to ensure that risks influencing the Company’s ecosystem are duly considered and subsequently prioritized in decision making processes.

Management periodically (at least on a quarterly basis) reviews their principal risks as per their risk management registers and risk matrix, assesses their impact and prioritises their importance in the form of a risk dashboard. Same is tabled at the Risk and Conduct Review Committee and Board Meetings to enable risk oversight by the RCRC members and Board members.

CORPORATE GOVERNANCE REPORT

5. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The oversight from the RCRC is illustrated below:



Risk Register

One of the critical tools for management's monitoring of risks is the Risk Register. This tool contains all the risks identified and summarizes or documents the results of the assessment performed including management actions to be undertaken to further mitigate the risks to an acceptable level. It also includes information as to whom (individual or unit) specific risks are assigned and responsible for its mitigation. Information that are included in the detailed risk register are as follows

- Area, unit, process, activity or project with which the risk is associated;
- Risk description;
- Business Risk Category;
- Assessment score for likelihood;
- Assessment score for impact;
- Overall risk assessment (Risk Score);
- Value at risk or significance (Risk Rating);
- Existing controls that mitigate the risks; and
- Future or action plan to further improve mitigation controls including timeline, responsible person, and status
- Forward Looking Index (Probability of Occurrence)

After each potential risk event is measured according to its likelihood and consequence, those involved in the risk assessment are required to plot those risks into the Risk Heat Map.

By plotting the risks identified into the Risk Heat Map taking into consideration their consequences and likelihoods, Management and Board members can visualise risks in relation to each other and use this as a basis for assessing and addressing risks in accordance with their potential impact on the business strategy.

Focus is placed on the risks which management considers having a likely impact on the Company's strategy, future performance, solvency and liquidity. Monitoring is made on a periodic basis for strategic, financial (liquidity, credit risk, market risk, interest rate risk), operational and compliance risks.

More details on the risks identified by the Company and the mitigants in place are described in the Management and Discussion Analysis section of this annual report, and the Financial Risk Management section of the financial statements.

CORPORATE GOVERNANCE REPORT

5. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)***Risk Appetite***

The Board is responsible for strategy setting, leadership and decision-making all of which are subject to risks. The Board thus determines the level of risk tolerance and risk appetite in accordance with set business objectives.

Whistleblowing policy

A Whistle-blowing Policy as published on the website provides clear guidance how to report within the Company in case of unlawful or unethical behaviours.

6. REPORTING WITH INTEGRITY

The Directors reaffirm their responsibility for preparing the Annual Report including the annual financial statements in accordance with IFRS Accounting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Company are concerned and considers the Annual Report, taken as a whole, fair, balanced and understandable.

The Board confirms its commitment in providing therein necessary information for the sole shareholder and various stakeholders to assess the Company's position, performance and outlook.

The audited financial statements contained within the Annual Report are published on the Company's website for public information.

Organisational Overview

La Prudence Leasing Finance Co. Ltd is a private company qualifying as a Public Interest Entity and regulated by the Bank of Mauritius to conduct deposit-taking business and the Financial Services Commission for its leasing business. The Company accepts deposits from the public to finance its lease book. Its core business and expertise over the years have been to facilitate the acquisition of vehicles and equipment for individuals and businesses by providing them with the necessary funding. Its core duty is to focus on its clients by providing them with targeted solutions with integrity and professionalism.

The Company reviews its 3-year rolling strategic plan every year with the objective of strengthening its relationship with its internal and external stakeholders and partners within the leasing industry. The Company's mission is to provide tailored leasing and investment solutions that enable businesses and individuals to access assets efficiently, maximizing flexibility and financial sustainability through technology-driven solutions, ensuring a hassle-free and transparent process for its customers.

The Company's organisational structure is reviewed on a regular basis to adapt to the changing business environment and to face with confidence the different challenges and opportunities ahead.

Although Prudence Leasing is evolving in a highly competitive environment, it aims at increasing its market share through careful monitoring of its operations and strict compliance with all regulatory and statutory requirements.

Overview of the External Environment and Business Outlook

The leasing sector in Mauritius was heavily impacted by fiscal measures introduced in the 2025-2026 national budget. Effective 6 June 2025, excise and customs duties were extended to conventional, hybrid, and electric vehicles, while the second-hand hybrid market remained exempt. A 30% increase in registration duties further stimulated demand in the second-hand vehicle segment. Revisions to personal income tax bands, extended youth exemptions, and an increase in the pension age are expected to provide additional benefits to individuals. These measures have reshaped market dynamics, with stronger sales recorded in lower-value brands. The automotive market demonstrated solid growth, with hybrid vehicles strengthening their position and electric models showing remarkable momentum. These shifts reflect a clear consumer move toward sustainable mobility and reinforce the industry's transition to cleaner technologies.

CORPORATE GOVERNANCE REPORT

6. REPORTING WITH INTEGRITY (CONTINUED)

Business Model

In spite of the fiscal pressures, the Company still aims at achieving sustainable growth and is committed to be active, agile, adaptable and accessible and serving passionately all clients in its chosen market segment. Specialising in second hand vehicles, the Company has leveraged its position with record sales in the month of June 2025 for second hand vehicles. While the activity spike has been temporary with respect to vehicles, the Company is reviewing its strategy to diversify its offering and tap into "greener" avenues. As at 31 December 2025, the Company shows a robust portfolio which has increased in collateral value and thus having a positive impact on its expected credit losses.

While deposit from customers grew slightly, business operations have been financed by term loans and new issue of bonds. Raising deposits from customers remains the Company's preferred source of funding and additional efforts will be made to grow back the deposit book.

During the year, the Company has implemented a new lease management system which is expected to improve overall efficiency and better serve its customers.

Dividend Policy

The Board of Directors decides on the quantum of dividends to be declared and paid based on the availability of funds and the Company meeting the solvency test requirements and the Bank of Mauritius requirements. The payment of dividend is subject to the performance of the Company, its cash flow and investment requirements.

Refer to note 24 of the financial statements for more details on the dividends.

Voting Policy

The Company holds an annual meeting with its shareholder to vote on matters including but not limited to the approval of the accounts, approval of dividend, if any, the appointment or re-appointment of Board Directors and the External Auditor.

Health, Safety and Environmental Issues

The Company has developed and implemented social, safety, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory framework.

The Company is aware of its responsibilities towards the social and environment systems it operates in and works towards achieving its economic objectives with a close look on monitoring its social and environmental impact. The Company is also aware of the urgency to transform its growth path to be a socially inclusive, low carbon and resource efficient organisation.

Charitable and Political Donations

The Company did not make any political donations during the financial year ended 31 December 2025 (2024: Nil). During the year under review the Company has participated in the CSR initiative.

CSR paid to:		Amount (Rs)
		2025
1	Terrain for Interactive Pedagogy through Arts ("TIPA")	200,000
2	Ecosud	200,000
3	Le Pont du Tamarinier	200,000
		<u>600,000</u>

CORPORATE GOVERNANCE REPORT

7. AUDIT**Internal Audit**

The Board recognises that risk management within the Company is key to carry out its objectives and long-term goals successfully. Management is accountable to the Board to identify and implement processes and procedures in order to manage the significant risks.

Internal control procedures and policies have been designed and implemented by management so as to get comfort that material misstatement or losses are detected.

The Bank of Mauritius approved Ernst & Young Ltd ("EY") as the new Internal Auditor in replacement of PwC Mauritius for a period of 3 years starting from the financial year 2025. A letter of engagement signed by both parties is in place and the Internal Audit plan is presented to the Audit Committee Members. The scope of their intervention for the year 2025 included the following:

- Third party working arrangements and contract management;
- Business Continuity Management review;
- Compliance with AML-CFT governing regulations; and
- Revenue, debtors' management and asset recovery process.

The internal auditor has full access to the records, management or employees of the Company. The internal auditor reports on a regular basis to the Audit Committee. Management is satisfied that the scope of work of the internal auditor is appropriate, taking into account the size, nature, and complexity of the Company's operations, and that there are no significant areas of risk that remain unaddressed.

Management is responsible for acting on the findings and implementing the recommendations of the internal audit reports. The Audit Committee reviews the effectiveness of the Internal Audit function on an ongoing basis, which is achieved in part, by reviewing and discussing on the internal audit reports.

Mr. Shailen Ramgoolam is the EY Partner overseeing the Company's internal audit engagements.

Profile of Mr. Shailen Ramgoolam:

The internal audit function is led by EY Partner Shailen Ramgoolam, a seasoned professional with over 30 years of experience in internal audit, governance, risk and compliance (GRC) and cyber security. As the EY East and Southern Africa Consulting Leader, Shailen has directed a number of internal audit engagements across a wide spectrum of industries, including financial services and banking, hospitality, technology and manufacturing, both in Mauritius and abroad. He previously served as Chair of the Risk Management Sub Committee responsible for drafting the national Code of Corporate Governance.

Shailen holds a Bachelor of Economics (Hons) from the University of Cambridge (UK). He is a Chartered Accountant (ICAEW) and a Certified Internal Auditor (IIA). He is also certified as an ISO 27001 Lead Auditor & Lead Implementer, an ISO 22301 Lead Implementer, and a Certified Information Privacy Manager (IAPP). His deep expertise and strategic oversight bring excellence to the company's internal audit function.

The Audit Committee is satisfied of the independence of the Internal Audit function and they face no restrictions while conducting their internal audit.

7. AUDIT (CONTINUED)

External Audit

The Audit Committee reviews the appointment of the external auditor on a yearly basis and makes recommendations to the Board. Deloitte has been appointed as external auditor of the Company for the financial year ended 31 December 2022 at the Annual Meeting of shareholders held in June 2022 and after regulatory clearance from the Bank of Mauritius. The approval for the re-appointment of Deloitte as external auditor of the Company for the financial year ended 31 December 2025 was obtained on 8 December 2025 from the Bank of Mauritius.

The Audit Committee also reviews the audit plan presented by the external auditor to discuss the scope, timeline, fees, accounting principles and other areas of focus, amongst others. In addition, the Audit Committee receives reports from the Company's external auditor and has separate sessions with the external auditor without the presence of management. In the course of the year, the Audit Committee discussed with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. These discussions included consideration for the choice of accounting policies, critical accounting policies and judgement, financial statement disclosures and internal control deficiencies identified by the external auditor in the course of the audit.

The Audit Committee evaluates the performance of the external auditor against set criteria and reviews the integrity, independence and objectivity of the external auditor by:

- Confirming that the external auditor is independent from the Company; and
- Considering whether the relationships that may exist between the Company and the external auditor impair the external auditor's judgement.

The Audit Committee receives feedback from management and assesses the performance of the external auditor, based on its credentials, commitment to timelines, technical competence, continuity of core audit team, adhesion to audit plan and overall quality of the audit delivered.

Although the external auditor may provide non-audit services to the Company, the objectivity and independence of the external auditor is safeguarded through restrictions on the provisions of these services such as:

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

The fees charged by the auditors for audit services have been detailed in the Directors' Report on page 5.

8. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Prudence Leasing is wholly-owned by Prudence Holding Ltd, which is duly represented on the Board.

Annual General Meetings are conducted in accordance with the provisions of the Mauritius Companies Act 2001, Constitution and Board Charter.

The Board aims to understand the information needs properly of all stakeholders and places great importance on an open and meaningful dialogue including outlook and performance with all those involved with the Company. The main stakeholders of the Company are its shareholders, the corporate and retail customers, the regulatory authorities, the employees, the clients and suppliers and the population at large.

The Company is committed towards an open communication with its key stakeholders and to take into account their expectations in its decision-making process. The Board is satisfied that there is adequate communication between the Company and its stakeholders.

Shareholding Structure

The Company is a wholly owned subsidiary of Prudence Holding Ltd.

Shareholders' Agreement

There is currently no such agreement.

CORPORATE GOVERNANCE REPORT

8. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Calendar

Details	Date
Financial year-end	31 December 2025
Approval of Annual Report including Audited Financial Statements	30 March 2026
Annual Meeting	By 30 June 2026



Dr. Linda Mamet
*Chairperson of the Corporate Governance
and Remuneration Committee*



Alexis Delamaire
Managing Director

30 March 2026

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity: **La Prudence Leasing Finance Co. Ltd**

Reporting Period: **Year ended 31 December 2025**

On behalf of the Board of Directors of La Prudence Leasing Finance Co. Ltd ("the Company"), we confirm that, to the best of our knowledge, the Company has complied with all the obligations and requirements of the National Code of Corporate Governance for Mauritius (2016) (the "Code") in all material respects.



Dr. Linda Mamet
*Chairperson of the Corporate Governance
and Remuneration Committee*



Alexis Delamaire
Managing Director

30 March 2026

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING

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

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

The Company's Board of Directors, acting in part through the Audit Committee and Risk and Conduct Review Committee, which comprise Independent Directors who are not officers or employees of the Company, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

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

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

The Company's External Auditor, Deloitte, has full and free access to the Board of Directors and its Committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

For and on behalf of the Board of Directors



Yeung Min (Christine) John Chuan
Chairperson of the Audit Committee



Dr. Linda Mamet
Acting Chairperson of the Board of Directors



Alexis Delamaire
Managing Director

30 March 2026

REPORT FROM THE COMPANY SECRETARY

We certify to the best of our knowledge and belief that for the year ended 31 December 2025, La Prudence Leasing Finance Co. Ltd ("the Company") has filed with the Corporate and Business Registration Department, all such returns as are required of the Company under the Mauritius Companies Act 2001.


ECS Secretaries Ltd
Company Secretary



30 March 2026

Independent auditor's report to the Shareholder of La Prudence Leasing Finance Co. Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **La Prudence Leasing Finance Co. Ltd** (the "Company" and the "Public Interest Entity") set out on pages 36 to 88, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including the material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and comply with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Provision for expected credit losses on the lease book</p> <p>The Company has computed the expected credit losses ("ECLs") on its lease receivables in line with the requirements set out in IFRS 9 <i>Financial Instruments</i> ("IFRS 9").</p> <p>For the performing lease book, management has adopted the roll rate methodology for the determination of the probability of default ("PD") rate, which is derived from an expectation of an exposure moving through various risk buckets up to 90+ days past due over a defined observation period and identified segments. The PD is then adjusted for forward looking economic information and multiplied to the loss given default ("LGD") for each segment and time bucket to arrive at the final loss rates.</p> <p>For the non-performing lease book, management has determined the lifetime ECLs based on individual assessments performed for each impaired exposure, by taking into account the underlying collateral value and any other cash flows.</p> <p>The ECL methodology requires the application of significant judgements and estimates including:</p> <ul style="list-style-type: none"> - Identifying the appropriate level of segmentation of the portfolio, time buckets and observation period; - Deriving the roll-rate methodology to determine the probability of default; - Determining the loss given default based on the Company's historical defaults and recoveries; - Determining the forward-looking economic information to be incorporated into the model; - Assessing the value of underlying collaterals for the non-performing lease book, as well as the time to realise. <p>Due to the significance of the judgements applied in the determination of the ECLs, this item is considered as a key audit matter.</p> <p>Refer to Note 3(F) for more details.</p>	<p>Our procedures comprised the following:</p> <ul style="list-style-type: none"> • Involving a team of specialists to evaluate the appropriateness of the impairment methodology applied by the Company in line with the requirements of IFRS 9 and assess the appropriateness of: <ul style="list-style-type: none"> - the level of segmentation used; - the observation period for the roll-rate methodology; - the time-buckets used; - the forward-looking economic information incorporated within the model. - the PD and LGD determined for each segment and time bucket. • Inspecting minutes of governance committees to ensure that there are governance controls in place in relation to the approval of the impairment methodology, and the assessment of the ECL assumptions, management judgement and final results. • Testing the completeness and accuracy of data elements in the model; • Assessing the independence and competence of appraisers used by management to value the underlying collaterals; • Performing substantive tests of details on non-performing lease receivables, including: <ul style="list-style-type: none"> a) validating on a sample basis the valuation of collateral securities to support the individual impairment charge; and b) testing the accuracy of ECLs through reperformance on a sample basis. • Reviewing the adequacy of the Company's disclosures on ECLs as per IFRS Accounting Standards.

Independent auditor's report to the Shareholder of La Prudence Leasing Finance Co. Ltd (Cont'd)

Other information

The directors are responsible for the other information. The other information comprises the value statement, the corporate information, the directors' report, the corporate governance report, the statement of compliance, the statement of management's responsibilities for financial reporting, the report from the company secretary and the management and discussion analysis document but, does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the financial statements

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

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

We communicate with 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.

**Independent auditor's report to the Shareholder of
La Prudence Leasing Finance Co. Ltd (Cont'd)**

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Financial Reporting Act 2004

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Banking Act 2004

- 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 provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and
- the explanations or information called for or given to us by the officers or agents of the Company were satisfactory.

Use of this report

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



Deloitte

Chartered Accountants

30 March 2026



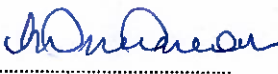

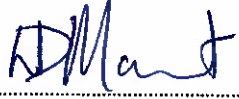
LLK Ah Hee, FCCA

Licensed by FRC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

		2025	2024	2023
		Rs	Rs	Rs
ASSETS				
	Notes			
Cash and cash equivalents	7	135,031,254	53,756,403	76,648,737
Deposits with financial institutions	8	288,014,405	182,401,568	127,985,122
Investment in debt securities at amortised cost	9	-	-	98,924,506
Net investment in lease receivables	10	3,260,725,632	2,668,571,668	2,117,630,859
Advance on finance leases	17	-	-	1,028,910
Property and equipment	11	97,109,260	106,557,859	132,434,084
Right-of-use assets	12	28,057,847	35,539,940	982,842
Deferred tax assets	14	-	1,001,465	-
Intangible assets	15	14,071,915	60,942	11,902,981
Assets held for sale	16	1,977,115	3,049,713	3,230,500
Other assets	18	13,157,712	14,814,457	6,145,046
Total assets		3,838,145,140	3,065,754,015	2,576,913,587
LIABILITIES				
Deposits from customers	19	1,609,181,434	1,599,119,898	1,422,904,517
Other borrowed funds	20	868,272,323	678,821,848	402,054,691
Debt securities	21	812,282,492	299,382,714	367,780,617
Lease liabilities	12	32,201,887	36,557,625	1,066,492
Other liabilities	23	59,774,085	52,704,053	38,618,953
Current tax liabilities	13	10,695,248	10,350,899	9,995,729
Deferred tax liabilities	14	161,690	-	1,920,622
Retirement benefit obligations	22	1,325,381	1,931,750	2,496,342
Total liabilities		3,383,894,540	2,678,868,787	2,246,837,963
SHAREHOLDER'S EQUITY				
Share capital	25	200,000,000	200,000,000	200,000,000
Statutory reserve		60,414,513	48,874,192	40,415,493
General risk reserve		16,330,852	11,728,792	24,878,590
Retained earnings		177,505,235	126,282,244	64,781,541
Total equity		454,250,600	386,885,228	330,075,624
Total equity and liabilities		3,838,145,140	3,065,754,015	2,576,913,587

Approved and authorised for issue by the Board of Directors on 30 March 2026 and signed on its behalf by:

		
Mrs Yeung Min (Christine) John Chuan	Mr. Alexis Delamaire	Dr. Linda Mamet
Chairperson of the Audit Committee	Managing Director	Acting Chairperson of the Board of Directors

The notes set out on pages 40 to 88 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2025

		2025	2024	2023
		Rs	Rs	Rs
	Notes			
Interest income				
Interest income calculated using the effective interest rate method				
	26	10,504,260	9,677,416	7,708,413
Interest income on investment in finance lease receivables	26	322,449,693	241,600,576	168,825,818
Interest expense	26	(159,953,542)	(119,706,784)	(80,735,976)
Net interest income	26	173,000,411	131,571,208	95,798,255
Non-interest income				
Operating lease rental income		29,356,425	37,940,829	45,832,414
Fee and commission income		10,381,686	15,184,125	15,252,725
Other income	27	10,716,979	7,841,093	7,811,861
Net foreign exchange gains		36,458	5,876	25,642
Net non-interest income		50,491,548	60,971,923	68,922,642
Operating income		223,491,959	192,543,131	164,720,897
Net impairment (loss)/gain on financial assets	28	(354,438)	(5,666,187)	3,668,461
Loss on disposal of assets held for sale	16	(780,423)	(1,180,004)	(1,183,493)
Personnel expenses	29	(59,599,844)	(48,450,258)	(42,577,155)
Depreciation of property and equipment	11	(23,791,103)	(28,212,111)	(35,134,330)
Depreciation of right-of-use assets	12	(7,482,093)	(2,861,556)	(1,982,066)
Amortisation of intangible assets	15	(527,822)	(11,842,039)	(5,734,841)
Other expenses	30	(32,011,348)	(23,456,129)	(24,069,731)
		(124,547,071)	(121,668,284)	(107,013,155)
Profit before income tax		98,944,888	70,874,847	57,707,742
Income tax expense	13	(22,009,418)	(14,483,520)	(11,586,832)
Profit for the year		76,935,470	56,391,327	46,120,910
Other comprehensive income				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent period</i>				
Remeasurement of net defined benefit liability	22	530,743	516,391	(3,090,372)
Income tax relating to items that will not be reclassified subsequently to profit or loss	14	(100,841)	(98,114)	525,363
Other comprehensive income for the year		429,902	418,277	(2,565,009)
Total comprehensive income for the year, net of tax		77,365,372	56,809,604	43,555,901

The notes set out on pages 40 to 88 are an integral part of these financial statements.

LA PRUDENCE LEASING FINANCE CO. LTD.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2025

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	Note	Share capital Rs	Statutory reserve Rs	General risk reserve Rs	Retained earnings Rs	Total equity Rs
Opening Balance at 01 January 2023		200,000,000	33,497,356	6,988,679	61,033,888	301,519,723
Profit for the year		-	-	-	46,120,910	46,120,910
Other comprehensive income for the year		-	-	-	(2,565,009)	(2,565,009)
Total comprehensive income for the year, net of tax		-	-	-	43,555,901	43,555,901
Dividends	24	-	-	-	(15,000,000)	(15,000,000)
Appropriation of retained earnings to general risk reserve		-	-	17,889,911	(17,889,911)	-
Transfer to statutory reserve		-	6,918,137	-	(6,918,137)	-
Balance at 31 December 2023		200,000,000	40,415,493	24,878,590	64,781,541	330,075,624
Profit for the year		-	-	-	56,391,327	56,391,327
Other comprehensive income for the year		-	-	-	418,277	418,277
Total comprehensive income for the year, net of tax		-	-	-	56,809,604	56,809,604
Transfer from general risk reserve recycled to retained earnings		-	-	(13,149,798)	13,149,798	-
Transfer to statutory reserve		-	8,458,699	-	(8,458,699)	-
Balance at 31 December 2024		200,000,000	48,874,192	11,728,792	126,282,244	386,885,228
Profit for the year		-	-	-	76,935,470	76,935,470
Other comprehensive income for the year		-	-	-	429,902	429,902
Total comprehensive income for the year		-	-	-	77,365,372	77,365,372
Dividends paid during the year		-	-	-	(10,000,000)	(10,000,000)
Appropriation of retained earnings to general risk reserve	24	-	-	4,602,060	(4,602,060)	-
Transfer to statutory reserve		-	11,540,321	-	(11,540,321)	-
Balance at 31 December 2025		200,000,000	60,414,513	16,330,852	177,505,235	454,250,600

General risk reserve

General risk reserve relates to amount set aside in respect of impairment in the lease portfolio, in addition to provisions for expected credit losses computed under IFRS 9. For the years ended 31 December 2023, 2024 and 2025, the Company has transferred the shortfall between the impairment provisioning computed under IFRS 9 and the minimum provisioning required by the Bank of Mauritius Guideline on Classification, Provisioning and Write off of Credit Exposures on to the General risk reserve. For the year ended 31 December 2025, the Company has appropriated Rs4.6m from retained earnings to the general risk reserve on account of the shortfall between IFRS 9 and prudential provisions.

Statutory reserve

Under Section 21 of the Banking Act 2004, any financial institution shall maintain a reserve account and shall, each year, transfer therein a sum equal to not less than 15% of the profit of the year after due provision for income tax until the balance in the Statutory Reserve Account is equal to the amount paid as stated capital.

The notes set out on pages 40 to 88 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024	2023
		Rs	Rs	Rs
Cash flows from operating activities	Notes			
Profit before income tax		98,944,888	70,874,847	57,707,742
<i>Adjustments for items not involving movement of cash:</i>				
Net impairment loss/(gain) on financial assets	28	354,438	5,666,187	(3,668,461)
Depreciation of property and equipment	11	23,791,103	28,212,111	35,134,330
Amortisation of intangible assets	15	527,823	11,842,039	5,734,841
Depreciation of right-of-use assets	12	7,482,093	2,861,556	1,982,066
Loss/(gain) on disposal of assets held for sale	16	780,423	1,180,004	1,183,493
Interest income on investment in finance lease receivables	26	(322,449,693)	(241,600,576)	(168,825,818)
Interest income - other financial assets	26	(10,504,260)	(9,677,416)	(7,708,413)
Interest expense	26	157,773,361	119,104,792	80,584,654
Interest expense on lease liabilities	26	2,180,181	601,992	151,323
Net foreign exchange gain		(36,458)	(5,876)	-
Movement in retirement benefit obligation	22 (b)	174,006	292,486	(1,196,322)
Write-off of lease receivables		2,832,399	24,751	398,040
(Profit)/loss on disposal of property and equipment (owned assets)	27,30	(1,747,871)	410,832	-
Loss/(profit) on disposal of early terminated leases	27,30	239,908	(1,318,963)	(1,287,777)
		(39,657,660)	(11,531,234)	189,697
Changes in operating assets and liabilities				
Purchase of assets acquired for leasing purposes (finance leases)		(1,306,897,731)	(1,169,455,205)	(1,172,618,695)
Repayments of finance and operating leases		715,221,169	608,166,429	538,117,784
Acquisition of operating leases	11	(20,487,014)	(21,761,093)	(46,375,683)
Deposits from customers		288,365,250	455,953,157	505,662,604
Deposit refunded to customers		(294,252,277)	(281,431,192)	(362,936,880)
Other borrowed funds (IFCM) paid	20	(23,480,834)	(32,108,904)	(31,200,236)
Proceeds from disposal of inventories		10,323,698	18,085,030	15,822,332
New advance on leases		-	-	(1,404,805)
(Increase) /decrease in other assets		137,777	(2,911,039)	2,487,352
Increase in other liabilities		7,070,032	14,085,094	11,619,979
Interest income received on investment in finance leases		318,562,719	239,182,553	166,963,920
Interest paid		(131,105,202)	(117,543,874)	(76,462,141)
Net cash used in operations		(476,200,073)	(301,270,278)	(450,134,773)
Income tax paid	13	(20,602,765)	(17,148,551)	(894,096)
Retirement benefit obligation paid	22(b)	(249,632)	(340,687)	-
Net cash used in operating activities		(497,052,460)	(318,759,516)	(451,028,871)
Cash flows from investing activities				
Acquisition of intangible assets	15	(14,538,795)	-	(933,394)
Acquisition of property and equipment (owned assets)	11	(3,289,900)	(3,415,495)	(833,238)
Interest received - other financial assets		4,698,090	8,893,420	7,626,017
Additions to term deposits	8	(275,000,000)	(150,000,000)	(150,000,000)
Repayment of term deposits	8	175,000,000	100,000,000	165,000,000
Investment in debt securities		-	-	(635,482,000)
Maternity of debt securities		-	95,941,000	539,541,000
Proceeds from disposal of assets held for sale	16	621,475	6,361,237	278,330
Disposal proceeds from property and equipment		2,260,870	-	-
Net cash (used in)/ generated from investing activities		(110,248,260)	57,780,162	(74,803,285)
Cash flows from financing activities				
Other borrowed funds (Banks) received	35	506,002,487	674,251,935	600,000,000
Other borrowed funds (Banks) paid	35	(303,071,178)	(365,243,272)	(365,793,346)
Cash from debt securities issued	21	500,000,000	-	369,000,000
Repayment of debt securities		-	(69,000,000)	-
Repayment lease liabilities	12 (b)	(4,355,738)	(1,919,330)	(1,980,072)
Dividend paid	24	(10,000,000)	-	(25,000,000)
Net cash generated from financing activities		688,575,571	238,089,333	576,226,582
Net change in cash and cash equivalents		81,274,851	(22,890,021)	50,394,425
Cash and cash equivalents at beginning of year		53,756,403	76,648,737	26,254,312
Effect of exchange rate changes on cash and cash equivalents		-	(2,313)	-
Cash and cash equivalents at end of year	7	135,031,254	53,756,403	76,648,737

The notes set out on pages 40 to 88 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**1 GENERAL INFORMATION**

La Prudence Leasing Finance Co. Ltd. (the "Company") is a non-bank deposit taking institution licensed by the Bank of Mauritius that provides asset financing through finance leases and operating leases. Its leasing business is regulated by the Financial Services Commission.

The Company is a limited liability company and is incorporated and domiciled in Mauritius. The address of the registered office and principal place of business is Cavell House, 36 Bis Edith Cavell Street, Port-Louis.

The financial statements are presented in Mauritian Rupees ("Rs") rounded to the nearest rupee, except where otherwise stated.

The financial statements for the year ended 31 December 2025 were authorised for issue by the Board of Directors on **30 March 2026**.

2 APPLICATION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS***New and amended IFRS Accounting Standards that are effective for the current year***

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards as issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements— Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendments to IFRS 16 Leases – Lease liability in a sale and leaseback

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

Amendments to IAS 7 and IFRS 7 - Supplier finance

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

New and revised IFRS Accounting Standards in issue but not yet effective

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

Amendments to IAS 21	Lack of exchangeability
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied 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.

A Basis of preparation

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

The financial statements have been prepared on a historical cost basis, except where otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

B Going concern

The Board of Directors has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

C Foreign currency translation*Functional and presentation currency*

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

D Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****D Financial instruments (Continued)****(i) Financial assets**

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

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI"), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income ("FVTOCI"); and
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

(ii) Debt instruments at amortised cost or FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

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

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

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

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**D Financial instruments (Continued)****(ii) Debt instruments at amortised cost or FVTOCI (Continued)**

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment. The Company classifies its financial assets, consisting mainly of cash and cash equivalents, deposits with financial institutions, investment in debt securities, net investment in finance leases, advance on finance leases and other assets under amortised cost measurement model. The Company does not have any financial assets classified in the other IFRS 9 categories of FVOCI and FVTPL.

All financial assets consisting of debt instruments are classified as 'hold to collect'. Hence, there are no financial assets that are classified as 'hold to collect and sell'. The classification of the Company's financial assets are as follows:

Financial instrument	SPPi	Business model	Classification
Cash and cash equivalents	Yes	Hold to collect	At amortised cost
Advance on finance leases	Yes	Hold to collect	At amortised cost
Deposits with financial institutions	Yes	Hold to collect	At amortised cost
Investment in debt securities	Yes	Hold to collect	At amortised cost
Other assets (excluding non-financial assets)	Yes	Hold to collect	At amortised cost

The Company as a lessor recognises and measures the rights and obligations under a lease as per the general requirements of IFRS 16 Leases. Consequently those rights and obligations are not subject to the general recognition and measurement of IFRS 9. However, the lease receivables recognised by the Company are subject to the derecognition and impairment requirements of IFRS 9 which is described in Note 3F.

(iii) Amortised cost and effective interest rate

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income or expense over the relevant period.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**D Financial instruments (Continued)****(iv) Financial assets at FVTPL**

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

(v) Reclassifications

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

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

(vi) Derecognition**Financial assets**

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

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

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

(vii) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset.

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

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

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**D Financial instruments (Continued)****(vii) Modification and derecognition of financial assets (Continued)**

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Company deems the arrangement is substantially different leading to derecognition.

When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Company considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

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

The revised terms in most of the cases include an extension of the maturity of the lease, changes to the timing of the cash flows of the lease (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Company has an established forbearance policy which applies for its lease book.

(viii) Offsetting financial instruments

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

E Leases**(i) The Company is the lessee**

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

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

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**E Leases (Continued)****(i) The Company is the lessee (continued)**

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

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

(ii) The Company is the lessor

The Company is engaged in the provision of finance and operating leases to both individuals and corporates. The Company's portfolio is made up of principally motor vehicles and equipment. The credit quality of the lease book is monitored by a dedicated Credit Risk Team, with the Company having established strong credit quality assessment criteria, with monitoring of credit limits and collateralisation.

Leases for which the Company is a lessor are classified as finance or operating leases.

Finance leases – Company is a lessor***Recognition and initial measurement for finance lease receivables***

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****E Leases (Continued)****(ii) The Company is the lessor (continued)****Finance leases – Company is a lessor (continued)***Subsequent measurement*

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

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in finance lease receivables. Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

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

Operating leases – Company is a lessor

Assets leased out under operating leases are included in property and equipment in the statement of financial position. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets classified as operating leases are depreciated over their useful lives on a basis consistent with similar fixed assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

F Impairment of financial assets**(i) Investment in net lease receivables****Impairment methodology**

The Company has been recording the allowance for expected credit losses ("ECL") for all lease receivables using the 3-stage approach as prescribed by IFRS 9. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis is explained as follows:

- Stage 1 include financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') were recognised.
- Stage 2 include financial instruments that have a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised.
- Stage 3 include financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised. When a financial asset becomes credit impaired and was, therefore regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cure and are no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**F Impairment of financial assets (Continued)****(i) Investment in net lease receivables (continued)**Impairment methodology (continued)

The above approach is quantitatively modelled using following formula:

$$\text{Expected Credit Losses} = \text{Probability of default (PD)} \times \text{Exposure at default (EAD)} \times \text{Loss given default (LGD)}.$$

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The model uses multiple scenarios to produce probability-weighted lifetime expected credit losses and is hence forward looking the recognition of credit losses. Economic conditions take a central place in the impairment forecast.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **Probability of default:** It defines the probability of a borrower to default in its commitment over a time of the asset. In IFRS 9 context, PD is calculated for two-time horizon namely 12 Months PD and lifetime PD.
 - ✓ 12 Months PD: likelihood of default in 12 months for an asset;
 - ✓ Lifetime PD: likelihood of default in the lifetime of an asset
- **Exposure at default:** It is the total amount of an asset the entity is exposed to at the time of default. EAD is defined based on the characteristics of the asset. For example in a lease portfolio, EAD is dependent on the outstanding exposure of an asset, sanctioned amount of a lease, expected cash flow and credit conversion factor for non-funded exposures.
- **Loss given default:** It is the part of an asset that is lost provided the asset default. The recovery rate is derived as a ratio of discounted value of recovery cash flows (incorporating the recovery time) to total exposure amount at the time of default. Recovery rate is calculated for each segment separately. Loss given default is computed as (1 - recovery rate) in percentage terms. LGD is measured in a way that reflects the time value of money. This means that cash shortfalls associated with default are required to be discounted back to the reporting date.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that were accounted for as an adjustment of the financial asset's gross carrying value.

Significant increase in credit risk ("SICR")

The Company monitors all financial assets, issued lease commitments and unused credit lines that were subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company measures the loss allowance based on lifetime rather than 12-month ECL.

The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets, issued lease commitments and unused credit lines that are subject to impairment for significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**F Impairment of financial assets (Continued)****(i) Investment in net lease receivables (continued)**Impairment methodology (continued)Significant increase in credit risk ("SICR") (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios led to a different probability of default. It is the weighting of these different scenarios that formed the basis of a weighted average probability of default that was used to determine whether credit risk had significantly increased.

For corporate lending, forward-looking information include the future prospects of the industries in which the Company's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information.

For retail, lending forward-looking information included the same economic forecasts as corporate lending with additional forecasts of local economic indicators.

The quantitative information was a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Company used the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk were reflected in PD models on a timely basis. However the Company still considers separately some qualitative factors to assess if credit risk has increased significantly.

For retail lending the Company considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition was a relative measure, a given change, in absolute terms, in the PD was more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

In addition lease receivables that are individually assessed and are included on a watch list are in stage 2 of the impairment model. If there is objective evidence of credit-impairment, the assets are under stage 3 of the impairment model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****F Impairment of financial assets (Continued)****(i) Investment in net lease receivables (continued)****Impairment methodology (continued)***The roll rate methodology*

Under the roll rate methodology, the probability of default ("PD") rate is derived from an expectation of an exposure moving through risk buckets up to 90+ days past due. 90+ days is considered as the cut-off as IFRS 9 incorporates a rebuttable assumption requiring that delinquency beyond 90 days result in transition of the exposure into Stage 3 (i.e., default status). The PDs have been segmented by business line (i.e., individual (retail) leases and corporate leases) and days past due ("DPD") time buckets, which are as follows:

- Current: Up-to-date accounts
- 1-30: accounts with instalment in arrears for 1-30 days
- 31-60: accounts with instalment in arrears for 31-60 days
- 61-90: accounts with instalment in arrears for 61-90 days
- 90+: accounts with instalment in arrears exceeding 90 days.

Data from September 2015 onwards has been considered in the PD calculations to reflect the risk observed from the historical behaviour of the Company's portfolio.

The monthly roll rate for each observation month and DPD bucket is calculated. The monthly roll rate represents the percentage of the balance which moves from one DPD bucket to the next within a 1-month observation window. The roll-to-default rates by observation month and DPD buckets are then calculated by multiplying the monthly roll rates from origination to the default point. After obtaining those roll-to-default rates for each observation month and DPD buckets, the final PDs are then calculated as the average of the roll rates, adjusted for forward looking information ("FLI").

For instance, if forecast economic conditions are expected over the next year, which can lead to increased number of default, the historical observed default rates would be updated and changed in the forward looking estimates analysed, and the assessment of the correlation between historical observed default rates and forecast economic conditions factored. The Company's historical loss experience and forecast economic conditions may not also be representative of the customer's actual default in the future – and this has been factored in the ECL model.

The final PDs post factoring the FLI are then adjusted with the LGD whose methodology has remained largely unchanged from the previous approach. The LGD is determined as follows:

$$\text{LGD} = (1 - \text{Recovery Rate}) \text{ where}$$

$$\text{Recovery rate} = \frac{\text{PV of recovered amount or expected recovery}}{\text{Net out standing at the time of default}}$$

Computing the ECLs

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**F Impairment of financial assets (Continued)****(i) Investment in net lease receivables (continued)**Computing the ECLs (continued)

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

Definition of default and curing

The Company considers a financial instrument or lease defaulted/ credit impaired and previously under stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes more than 90 days past due on its contractual payments.

As part of a qualitative assessment of whether a customer is default, the Company also considered a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company considers whether the event should result in treating the customer as default and therefore individually assessed for ECL calculations. Such events include:

- the debtor filing for bankruptcy application;
- Internal rating of the borrower indicating default or near default; and
- A material decrease in the borrower's turnover or the loss of a major customer.

The Company's policy to consider a financial instrument or lease as cured and therefore re-classified out of credit-impaired status when none of the default criteria have been present. The Company is also guided by the Bank of Mauritius' requirement that an account is upgraded only when all the outstanding facilities perform satisfactorily for a period of 6 months (i.e. interest and principal on all facilities in the account are services as per the restructured terms of payment) from the commencement of the first payment of interest or principal, whichever is later, on the credit facilities with the longest period of moratorium under the terms of restructuring.

Write offs

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

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

(ii) Other financial assets

For other financial assets, the ECLs are computed as follows:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****F Impairment of financial assets (Continued)****(iii) Presentations of ECLs in the statement of financial position**

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

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- for lease commitments and unused credit lines: as a provision.

G Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Company's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

H Investment in debt securities

Investment in debt securities comprise debt instruments held to collect contractual cash flow and gave rise to cash flows representing sole payment and payments of principal and interest. These are classified and measured as debt instruments at amortised cost, and carry ECLs.

Interest income on those investment securities is computed under the effective interest rate method and recognised in the statement of profit or loss and other comprehensive income under "Interest income calculated using the effective interest rate method".

I Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These generally relate to repossessed assets. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

J Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company 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;
- management intends to complete the software product and use or sell it;
- 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
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets are amortised over their useful lives ranging from 1 year to 8 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****J Intangible assets (Continued)**

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

K Property and equipment

All property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Fixtures and fittings	5 Years
Computer equipment	4 Years
Motor vehicle	4 Years
Operating lease vehicle/equipment	1 - 7 Years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

L Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

M Financial liabilities – Other liabilities measured at amortised cost

Financial liabilities carried at amortised cost consist mainly of deposits from customers, other borrowed funds, debt securities and other liabilities. These financial liabilities are recognised initially at fair value, net of transaction costs incurred.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**M Financial liabilities – Other liabilities measured at amortised cost (continued)****(i) Subsequent measurement**

After initial recognition, they are subsequently stated at amortised cost; using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the effective interest rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in "interest expense" in profit or loss.

(ii) Derecognition

Financial liabilities are derecognised only when the obligation is discharged, cancelled or expired.

N Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they occur.

O Current and deferred income tax

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

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****O Current and deferred income tax (continued)*****Current tax and deferred tax for the year***

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

Other tax exposures

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility ("CSR") is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The Corporate Climate Risk Levy ("CCR") which is applicable as from the year as assessment commencing on 01 July 2024 is also regarded as a tax and shown within income tax expense in profit or loss. The Company is also subject to the Advanced Payment System ("APS") whereby it pays income tax on a quarterly basis. Additionally, the Company is liable to Fair Share Contribution ("FSC") for income derived as from 01 July 2025 and shall be applicable up to 30 June 2028 and it payable every quarter.

Value Added Tax

Revenues, expenses and assets are recognised net of amount of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

P Employee benefits***(i) Pension obligations***

The Company provides retirement benefits for its employees through a defined contribution plan which is funded by contributions from the Company. Under the defined contribution plan, the Company has no legal or constructive obligation to contribute further to what has been contributed into the fund as defined in the rules of the scheme. Pension contributions are charged to the statement of comprehensive income in the year to which they relate. The Company has an obligation under the current labour laws to pay a gratuity allowance on retirement of its employees and is allowed to deduct from this gratuity allowance up to five times the amount of any annual pension granted at retirement age from the said fund.

The present value of the gratuity payable under the Workers Rights Act 2019 is calculated annually by independent actuaries using the projected unit credit method. The present value of the gratuity is determined by the estimated future cash outflows using a discount rate by reference to current interest rates and the yield on bonds and treasury bills and recent corporate debenture issues.

Where the present value of the gratuity payable on retirement is greater than five years of pension payable under the pension plan, the additional gratuity allowance payable is recognised as a liability and disclosed as unfunded obligations under retirement benefits obligations.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

(ii) Termination benefits

Termination benefits become payable whenever an employee's employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) State Plan

Contributions to the Contribution Sociale Généralisée ("CSG") plan are expensed to the profit or loss in the period in which they fall due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**P Employee benefits (Continued)****(iv) Short term and other long-term employee benefits**

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

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

Q Provisions

Provisions for restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

R Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Company recognises trade payables as a financial liability.

S Share capital

Ordinary shares are classified as equity.

T Income from leasing business

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

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

Other income is generally recognized on an accrual basis when the service has been provided.

U Interest income and expense

Interest income is recognised using the effective interest method, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**V Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

W Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder and following regulatory approval.

X Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been reclassified to conform with changes in presentation in the current year.

As required by the Bank of Mauritius Guideline on Public Disclosure of Information, disclosures have been made with comparative information for two years.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

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

Determining whether a lease is a finance or operating lease

In preparing the financial statements, the directors had to consider whether the significant risks and rewards of ownership are transferred to the lessees in determining whether the leases should be classified as finance or operating lease. The Board of directors makes use of the guidance as set out in IFRS 16 leases and a threshold of 90% of the repayment of the fair value of the lease to classify between finance and operating leases.

Sale and leaseback arrangements

The Company exercises significant judgement in determining whether a transaction qualifies as a sale in accordance with IFRS 15 *Revenue from Contracts with Customers*, which is a prerequisite for applying the sale and leaseback accounting model under IFRS 16 Leases. This assessment involves evaluating whether control of the asset has transferred to the buyer-lessee, considering indicators such as the transfer of legal title, physical possession, risks and rewards of ownership, and the buyer's ability to direct the use of and obtain substantial all the remaining benefits from the asset.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

Discount rate used to determine the carrying amount of the Company's retirement benefit obligations

The determination of the Company's retirement benefit obligations depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the quality of the bonds, the tenor and the identification of outliers which are excluded. These assumptions are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Key sources of estimation uncertainty (continued)**

considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the Company's retirement benefit obligations and the sensitivity of those amounts to changes in discount rate are provided in note 22.

Allowance for ECL on leases under IFRS 9

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

- The 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 inflation rate and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

5 FINANCIAL RISK MANAGEMENT

By its nature, the Company's activities are principally related to the use of financial instruments. The Company accepts deposits from customers at fixed and variable rates and for various periods and seeks to earn above average interest margins by investing these funds in fixed and variable rate finance and operating leases. The Company seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Company also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to customers operating in different economic sectors and with a range of acceptable credit standing. Such exposures involve only finance leases on the statement of financial position as the Company does not offer off-statement of financial position facilities such as guarantees and other commitments.

The Company's activities therefore expose it to a variety of financial risks which are as follows; credit risk, market risk (including other price risk, currency risk and interest rate risk) and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

5.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in leasing activities. Exposures to credit risk for leases receivable is managed through analysis of the ability of the borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed by obtaining collateral guarantees.

Credit risk is the single largest risk for the Company's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors.

5.1.1 Inputs, assumptions and techniques used for estimating impairment

Please refer to accounting policy in Note 3F.

5.1.2 Concentration of credit risk

The Company monitors concentrations of credit risk by sector, and in line with its internal policies and the Guideline on Credit Concentration as issued by the Bank of Mauritius. More details on the credit concentration can be found in Note 10 (b) (i) of the financial statements and in the Management Discussion and Analysis section of the annual report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)**5.1 Credit risk (Continued)****5.1.3 Credit risk mitigation, collaterals and other credit enhancements**

The Company uses a wide variety of techniques to reduce credit risk on its lending. The most fundamental of these is performing an assessment of the ability of a borrower to service the proposed level of borrowing without distress. It is the Company's policy to establish that leases are within the customer's capacity to repay.

Nevertheless, collateral can be an important mitigant of credit risk and the Company obtains security for the funds advanced and as such for lease facilities, the Company secures ownership of the asset until full repayment of the lease facility. The ownership of the vehicles and equipment financed remains the property of the Company until full settlement of the lease and after which title is transferred to the lessee.

Collateral for impaired leases is reviewed regularly and at least annually, to ensure that it is still enforceable and that the impairment allowance remains appropriate given the current valuation. Where the collateral has decreased in value, an additional impairment allowance may be considered. The Company will consider all relevant factors, including local market conditions and practices, before any collateral is realised.

The Company actively manages its credit exposures. When weaknesses in exposures are detected – either in individual exposures or in groups of exposures – the Company takes action to mitigate the risks. Such actions may include limiting additional facilities through discussion with the customers, clients or counterparties, if appropriate, or seeking additional securities.

The Company closely monitors collaterals held for financial assets considered to be credit impaired as it becomes more likely that the Company will take possession of the collaterals to mitigate potential credit losses. The fair value of these collaterals is assessed on an annual basis.

	Gross exposure	ECL allowance	Carrying amount	Fair value of collaterals held
	Rs	Rs	Rs	Rs
Credit impaired leases				
31 December 2025	49,061,822	13,595,952	35,465,870	71,306,000
31 December 2024	38,009,348	14,916,560	23,092,788	46,090,000
31 December 2023	50,967,365	10,984,310	39,983,055	49,340,000

5.1.4 Write offs

The Company writes off lease receivables when management determines that these are uncollectible. This determination is reached after considering information such as the occurrence of significant changes on the borrowers' financial position such that the borrower can no longer pay the obligation.

During the year ended 31 December 2025, an amount of Rs 2,832,399 has been written off as bad debts and Rs 235,603 was written off out of provisions for impairment allowances (2024: Rs Nil, 2023: Rs Nil). The Company is complying with its internal policies on write off.

Amounts written off are still subject to enforcement activities.

5.1.5 Loss allowance

Refer to Note 10 for the reconciliations from the opening to the closing balance of the loss allowance for the investment in lease receivables. The reconciliation in loss allowance for all classes of financial assets by stage classification is disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 Credit risk (Continued)****5.1.6 Maximum exposure to credit risk before collateral held or other credit enhancements**

The following table presents the maximum exposure as at 31 December 2025, 2024 and 2023 to credit risk on financial instruments in the statement of financial position, before taking account of any collateral held or other credit enhancements after allowance for impairment and netting where appropriate.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
Cash and cash equivalents	135,031,254	53,756,403	76,648,737
Deposits with financial institutions	288,014,405	182,401,568	127,985,122
Investment in debt securities at amortised cost	-	-	98,924,506
Net investment in lease receivables	3,260,725,632	2,668,571,668	2,117,630,859
Advance on finance leases	-	-	1,028,910
Other assets	332,429	1,914,822	891,334
Total financial assets	<u>3,684,103,720</u>	<u>2,906,644,461</u>	<u>2,423,109,468</u>
Off balance sheet commitments	<u>27,106,500</u>	<u>171,981,285</u>	<u>67,398,450</u>

For financial assets recognised in the statement of financial position, the exposure to credit risk equals their carrying amount. The Company is the sole owner of lease assets until the lessees settle the lease contract. Each lease contract has a fixed charge on the assets financed which equals their carrying value.

Other assets exclude prepayments, VAT receivable and inventories amounting to Rs 12,825,283 (2024: Rs12,899,635, 2023: Rs 5,253,712).

5.1.7 Assets obtained by taking possession of collateral

Details of financial assets obtained by the Company during the year by taking possession of the collaterals held as security against the finance leases and held at year end are shown below. These are classified as "Assets held for sale" in line with IFRS 5.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs'000	Rs'000	Rs'000
Vehicles	<u>1,977</u>	<u>3,050</u>	<u>3,231</u>

The Company's policy is to pursue timely realisation of the collaterals in an orderly manner. The Company does not generally use the non-cash collaterals for its own operations.

5.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: Other price risk, currency risk and interest rate risk.

5.2.1 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to other price risk, as it does not hold any financial assets or financial liabilities carried at fair value.

5.2.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk as it does hold financial assets or financial liabilities that are denominated in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Market risk (continued)

5.2.2 Currency risk (continued)

At 31 December 2025

		Denominated in			Total
		EURO	USD	MUR	
Assets	Rs	406,528	46,558	3,683,650,634	3,684,103,720
Liabilities	Rs	-	-	3,371,712,221	3,371,712,221
Net position	Rs	406,528	46,558	311,938,413	312,391,499
At 31 December 2024					
Assets	Rs	371,373	49,582	2,906,223,506	2,906,644,461
Liabilities	Rs	-	-	2,666,586,138	2,666,586,138
Net position	Rs	371,373	49,582	239,637,368	240,058,323
At 31 December 2023					
Assets	Rs	370,966	48,410	2,422,690,092	2,423,109,468
Liabilities	Rs	-	-	2,232,425,270	2,232,425,270
Net position	Rs	370,966	48,410	190,264,822	190,684,198

The Company is exposed to foreign exchange risk arising from cash and cash equivalents and financial assets and liabilities held in foreign currency.

As at 31 December 2025, if the Mauritian Rupee had weakened/strengthened by 10% against the EURO and USD, the Company's profit before tax would have been Rs 40,653(2024 : Rs. 37,137; 2023: Rs. 37,097) higher/lower and Rs 4,656 (2024: Rs4,958; 2023: Rs. 4,841) higher/lower respectively.

5.2.3 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. During they year, the Company has diversified its sources of funding which include corporate bonds, term loans and fixed deposits from customers which mainly bears fixed interest rate.

On the other hand, the majority of leases granted by the Company are at floating rates and secured by floor rates in the event of a drop in interest rates. Moreover, any adverse fluctuation in the market interest rate will have an impact on the interest rate on future fixed deposits and leases.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)**5.2 Market risk (continued)****5.2.3 Interest rate risk (continued)**

The table below summarises the interest rates for monetary financial instruments:

	2025	2025	2024	2024	2023	2023
	%	%	%	%	%	%
	Min	Max	Min	Max	Min	Max
Assets						
Cash and cash equivalents	2.90	3.55	2.90	3.55	0.15	2.30
Deposits with financial institutions	3.30	4.90	3.30	4.60	3.30	4.60
Investment in debt securities at amortised cost	-	-	-	-	4.40	4.40
Net investment in lease receivables	2.50	12.50	2.90	12.65	2.90	13.00
Loan to staff	4.50	4.50	4.50	4.50	4.50	4.50
Advance on finance leases	-	-	-	-	7.00	11.25
Liabilities						
Other borrowed funds	0.50	5.40	0.50	5.00	0.50	5.75
Lease liabilities	6.25	6.25	6.25	6.25	0.58	0.58
Debt securities	6.00	6.65	6.00	6.65	5.35	6.65
Deposits from customers	1.90	6.50	1.55	6.25	1.55	6.25

The Company is exposed to interest rate risk arising from financial assets and financial liabilities. As at 31 December 2025, if the interest rate had increased/decreased by 0.50%, the Company's profit before tax would have been Rs 1,898,443 (2024: Rs 1,389,781; 2023: Rs 1,115,790;) higher/lower.

5.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due or to replace funds when they are withdrawn.

The Company has several core liquidity management strategies. The first is to project future cash flows and make plans to address normal operating requirements, as well as variable scenarios and contingencies. The second is to manage day to day funding, by controlling daily liquidity in real time and by forecasting future cash flows to ensure that requirements can be met. Finally, excess funds are maintained in highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows.

The Company's funding base comprises a mixture of different funding sources, including retail and corporate customer deposits. In order to avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are actively managed.

Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on a number of factors including the Company's reputation, the strength of earnings and the Company's financial position.

5.3.1 Liquidity risk management

The monitoring and reporting of liquidity risk involves the measurement of cash flows and projections for the next day, week and month. Additionally, in evaluating the Company's liquidity position, management takes account of undrawn lending commitments and the usage of overdraft facilities.

Sources of liquidity are regularly reviewed to maintain a wide diversification by provider and term. In this respect, the Company has secured additional funding facilities through corporate bonds and term loans. Although a short-term liquidity gap has been identified, the Company maintains a robust liquidity management framework, including a formal liquidity contingency plan and committed money market lines with established banking counterparties, which are available to meet funding requirements as they arise.

To avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed.

5.3.2 Contractual maturity of financial assets and liabilities

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the end of the reporting period.

The objective of liquidity management is to ensure that funds are available or there is assurance of the availability of funds, to honour the Company's cash flow commitments as they fall due, including off-balance sheet outflow commitments in a timely and cost-effective manner.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Liquidity risk (continued)

5.3.2 Contractual maturity of financial assets and liabilities (continued)

Liquid assets equivalent to not less than 10 per cent of deposit liabilities are maintained at all times. This is monitored continually and a weekly return of liquid assets and deposits is submitted to the Bank of Mauritius. The Company has complied with this requirement for both current and prior years.

5.3.3 Maturities of assets and liabilities:

At 31 December 2025

	Up to 1 Month Rs	1 – 3 Months Rs	4 – 6 Months Rs	7 – 12 Months Rs	1 – 5 Years Rs	Over 5 Years Rs	Total Rs
Liabilities							
Deposits from customers	40,550,523	50,607,548	180,754,123	465,181,811	1,019,072,194	-	1,756,166,199
Other borrowed funds	22,869,269	53,251,962	67,821,893	126,607,858	677,120,774	-	947,671,756
Debt securities	14,897,260	151,430,136	4,946,507	20,525,068	785,060,616	-	976,859,587
Lease liabilities	745,689	1,491,378	2,237,068	4,585,990	27,270,982	-	36,331,107
Other liabilities	59,774,085	-	-	-	-	-	59,774,085
Total liabilities	138,836,826	256,781,024	255,759,591	616,900,727	2,508,524,566	-	3,776,802,734
Undrawn commitments	27,106,500	-	-	-	-	-	27,106,500
Assets							
Cash and cash equivalents	135,031,254	-	-	-	-	-	135,031,254
Deposits with financial institutions	50,145,250	102,746,425	-	56,125,000	85,575,000	-	294,591,675
Gross investment in lease receivables	79,533,793	157,541,908	234,613,227	455,035,648	2,741,436,572	610,526,830	4,278,687,978
Other assets	332,429	-	-	-	-	-	332,429
Total assets	265,042,726	260,288,333	234,613,227	511,160,648	2,827,011,572	610,526,830	4,708,643,336
Net liquidity gap	99,099,400	3,507,309	(21,146,364)	(105,740,079)	318,487,006	610,526,830	904,734,102

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Liquidity risk (continued)

5.3.3 Maturities of assets and liabilities (continued):

	Up to 1 Month Rs	1 – 3 Months Rs	4 – 6 Months Rs	7 – 12 Months Rs	1 – 5 Years Rs	Over 5 Years Rs	Total Rs
At 31 December 2024							
Liabilities							
Deposits from customers	69,873,479	104,713,225	151,086,579	301,014,807	1,137,409,488	-	1,764,097,578
Other borrowed funds	16,889,018	33,767,558	50,183,304	95,511,157	555,080,466	-	751,431,503
Debt securities	-	-	9,409,521	159,565,479	169,950,000	-	338,925,000
Lease liabilities	477,650	955,300	1,432,950	3,670,019	36,331,111	-	42,867,030
Other liabilities	52,704,053	-	-	-	-	-	52,704,053
Total liabilities	139,944,200	139,436,083	212,112,354	559,761,462	1,898,771,065	-	2,950,025,164
Undrawn commitments	71,611,397	66,343,203	-	-	-	-	137,954,600
Assets							
Cash and cash equivalents	53,756,403	-	-	-	-	-	53,756,403
Deposits with financial institutions	-	52,075,000	-	-	141,700,000	-	193,775,000
Gross Investment in lease receivables	66,042,250	130,922,080	193,565,959	371,215,686	2,170,530,085	523,939,330	3,456,215,390
Other assets	1,914,822	-	-	-	-	-	1,914,822
Total assets	121,713,475	182,997,080	193,565,959	371,215,686	2,312,230,085	523,939,330	3,705,661,615
Net liquidity gap	(89,842,122)	(22,782,206)	(18,546,395)	(188,545,776)	413,459,020	523,939,330	617,681,851

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Liquidity risk (continued)

5.3.3 Maturities of assets and liabilities (continued):

	Up to 1	1 – 3	4 – 6	7 – 12	1 – 5	Over	Total
	Month	Months	Months	Months	Years	5 Years	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 31 December 2023							
Liabilities							
Deposits from customers	67,760,058	46,636,347	208,031,891	336,549,727	902,487,954	-	1,561,465,977
Other borrowed funds	9,399,356	18,769,843	28,140,223	55,980,709	338,806,440	-	451,096,571
Debt securities	-	-	79,938,107	9,565,479	338,925,000	-	428,428,586
Lease liabilities	181,385	362,791	544,186	-	-	-	1,088,362
Other liabilities	38,618,953	-	-	-	-	-	38,618,953
Total liabilities	115,959,752	65,768,981	316,654,407	402,095,915	1,580,219,394	-	2,480,698,449
Undrawn commitments	75,913,935	19,156,800	-	-	-	-	95,070,735
Assets							
Cash and cash equivalents	76,648,737	-	-	-	-	-	76,648,737
Deposits with financial institutions	-	26,112,500	25,875,000	52,287,500	29,125,000	-	133,400,000
Investment in debt securities at amortised cost	-	100,000,000	-	-	-	-	100,000,000
Gross investment in lease receivables	56,877,479	105,822,074	155,070,615	297,943,713	1,678,710,970	421,887,055	2,716,311,906
Other assets	891,334	-	-	-	-	-	891,334
Total assets	134,417,550	231,934,574	180,945,615	350,231,213	1,707,835,970	421,887,055	3,027,251,977
Net liquidity gap	(57,456,137)	147,008,793	(135,708,792)	(51,864,702)	127,616,576	421,887,055	451,482,793

The tables below present a maturity analysis of the Company's financial assets and liabilities. The sum of the balances depicted in the maturity analysis do not reconcile with the carrying amount of the assets/liabilities as disclosed in the statement of financial position. This is because the maturity analysis incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments. The amount for issued lease commitments is the maximum amount that may be drawn down under the lease commitment, included in the earliest possible period that these could be paid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Fair value of financial assets and financial liabilities

The carrying amounts of all the financial assets and financial liabilities except for deposit from customers approximate their fair values and would have been shown under Level 2 of the fair value hierarchy under IFRS13.

The following table summarises the carrying amount and fair values of those financial liabilities not presented in the statement of financial position at fair values:

	2025 Carrying value Rs'000	2025 Fair value Rs'000	2024 Carrying value Rs'000	2024 Fair value Rs'000	2023 Carrying value Rs'000	2023 Fair value Rs'000
Financial liabilities						
Deposit from customers	1,609,181	1,609,895	1,599,120	1,601,113	1,422,905	1,426,625

The estimated fair value of fixed interest bearing deposits not quoted in an active market is based on discounted cash flows using interest rates prevailing on the market for debts with similar remaining maturity. As a result, deposits from customers fall under level 2 of the fair value hierarchy under IFRS 13.

5.5 Categories of financial assets and financial liabilities

All financial assets and financial liabilities are carried at amortised cost.

	2025 Rs	2024 Rs	2023 Rs
Assets			
Cash and cash equivalents	135,031,254	53,756,403	76,648,737
Deposits with financial institutions	288,014,405	182,401,568	127,985,122
Investment in debt securities at amortised cost	-	-	98,924,506
Net investment in lease receivables	3,260,725,632	2,668,571,668	2,117,630,859
Advances on finance leases	-	-	1,028,910
Other assets *	332,429	1,914,822	891,334
	3,684,103,720	2,906,644,461	2,423,109,468
Liabilities			
Deposits from customers	1,609,181,434	1,599,119,898	1,422,904,517
Other borrowed funds	858,272,323	678,821,848	1,066,492
Debt securities	812,282,492	299,382,714	402,054,691
Lease liabilities	32,201,887	36,557,625	367,780,617
Other liabilities	59,774,085	52,704,053	38,618,953
	3,371,712,221	2,666,586,138	2,232,425,270

* Other assets exclude prepayments, VAT receivable and inventories.

6 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

The capital adequacy ratios as at 31 December 2025, 2024 and 2023 were as follows:

	2025	2024	2023
Capital adequacy ratio	17.13%	18.25%	17.91%

Please refer to the Management Discussion and Analysis section of this annual report for more details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
<u>Current</u>			
Balances and deposits with banks in Mauritius	135,383,435	53,873,177	76,862,077
Cash in hand	22,000	22,000	20,000
Less provisions for expected credit losses (Stage 1)	<u>(374,181)</u>	<u>(138,774)</u>	<u>(233,340)</u>
	<u>135,031,254</u>	<u>53,756,403</u>	<u>76,648,737</u>

The Company earned compounded interests at rates up to 3.55% per annum on its Special Institution Current Account (SICA) payable twice yearly.

All balances are classified under Stage 1 and there were no movements between the stages during the years 2025, 2024 and 2023.

8 DEPOSITS WITH FINANCIAL INSTITUTIONS

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
Fixed deposits held with banks	275,000,000	175,000,000	125,000,000
Accrued interest receivable	13,542,872	7,736,701	3,229,499
Less provisions for expected credit losses (Stage 1)	<u>(528,467)</u>	<u>(335,133)</u>	<u>(244,377)</u>
	<u>288,014,405</u>	<u>182,401,568</u>	<u>127,985,122</u>
Current	206,794,023	51,802,123	101,004,747
Non-current	<u>81,220,382</u>	<u>130,599,445</u>	<u>26,980,375</u>
	<u>288,014,405</u>	<u>182,401,568</u>	<u>127,985,122</u>

Deposits with financial institutions have been contracted with AfrAsia Bank Limited, ABC Banking Ltd and ABSA and carry an interest rate ranging from 3.30% to 4.90% with maturity until February 2027 and an average tenor of 2.03 years.

All balances are classified under Stage 1 and there were no movements between the stages during the years 2025, 2024 and 2023.

9 INVESTMENT IN DEBT SECURITIES AT AMORTISED COST

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
<u>Current</u>			
Investment in debt securities at amortised cost	-	-	95,941,000
Accrued interest receivable	-	-	3,382,500
Less provisions for expected credit losses (Stage 1)	<u>-</u>	<u>-</u>	<u>(398,994)</u>
	<u>-</u>	<u>-</u>	<u>98,924,506</u>

All balances were classified under Stage 1 in 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10 NET INVESTMENT IN LEASE RECEIVABLES

	2025	2024	2023
	Rs	Rs	Rs
			0
(a) Gross investment in lease receivables:			
Within 1 year	926,724,576	761,745,975	615,713,880
Over year 1 up to year 2	853,066,745	680,634,942	546,238,566
Over year 2 up to year 3	762,599,067	598,592,190	458,405,979
Over year 3 up to year 4	637,790,209	506,333,900	379,754,660
Over year 4 up to year 5	487,980,551	384,969,053	294,311,765
Over 5 years	610,526,830	523,939,330	421,887,056
	4,278,687,978	3,456,215,390	2,716,311,906
Unearned future finance income on finance leases	(1,038,081,386)	(802,805,051)	(625,338,013)
	3,240,606,592	2,653,410,339	2,090,973,893
Rental receivables for finance and operating leases	49,922,613	44,952,633	50,545,841
Provisions for expected credit losses	(29,803,573)	(29,791,304)	(23,888,875)
Net investment in lease receivables	3,260,725,632	2,668,571,668	2,117,630,859
Current	628,964,826	538,871,950	43,152,764
Non-current	2,631,760,806	2,131,699,718	2,074,478,095
Net investment in lease receivables	3,260,725,632	2,668,571,668	2,117,630,859
Individual	2,323,217,787	1,833,214,451	1,377,908,311
Corporate	937,507,845	835,357,217	739,722,548
	3,260,725,632	2,668,571,668	2,117,630,859

Assets (vehicles and equipment) are leased to customers for periods ranging from 12 to 120 months. The average lease term is 60 months.

Sale and leaseback arrangements

As part of its leasing operations, the Company has entered into sale and leaseback transactions with customers whereby assets are purchased and leased back to the seller under finance leases. The resulting finance lease receivables are recognised as net investment in finance lease receivables. At 31 December 2025, finance lease receivables arising from sale and leaseback transactions amounted to Rs 29.5M. Refer to note 4 for the judgement exercised by management.

(b) (i) **Risk profile****Interest rate risk**

The interest rate inherent in the finance lease is variable at the contract date for the entire lease term. The average effective interest rate contracted is 10.45% (2024: 9.8% and 2023: 9.7%) per annum with interest rate ranging from 2.5% to 12.5%.

Credit concentration of risk by industry sectors

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Agriculture and fishing	63,006	59,247	48,942
Manufacturing and textile	240,147	212,324	196,410
Tourism	286,989	275,819	206,245
Transport	404,362	386,705	314,598
Construction and civil engineering	249,857	199,886	171,141
Financial and Business Services	97,208	119,660	94,062
Traders & Commerce	519,952	451,656	381,163
Personal	411,874	159,998	39,179
Professional	159,549	81,159	64,681
Media Entertainment and recreational activities	80,615	70,898	49,288
Freeport Enterprise Certificate Holder	-	-	124
Other	72,574	45,587	29,382
Infrastructure	6,729	2,445	6,172
Education	84,154	73,427	64,318
Modernisation and Expansion	-	49	221
ICT Services	148,914	130,767	89,127
Services Sector	326,164	302,365	281,435
Health Development Certificate Holder	108,631	96,560	81,143
	3,260,725	2,668,572	2,117,631

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10 NET INVESTMENT IN LEASE RECEIVABLES (CONTINUED)

(b) (ii) Allowance for expected credit loss

The Company classifies its lease portfolio in two categories: performing and non performing. The performing portfolio relates to all leases which are less than 90 days overdue, i.e. leases under stages 1 and 2.

	ECL on non performing leases	ECL on performing leases	Total
	Rs	Rs	Rs
At 01 January 2023	14,739,603	12,985,361	27,724,964
Provision released for the year	<u>(3,755,293)</u>	<u>(80,796)</u>	<u>(3,836,089)</u>
At 31 December 2023	10,984,310	12,904,565	23,888,875
Provision charged for the year	<u>3,932,250</u>	<u>1,970,179</u>	<u>5,902,429</u>
At 31 December 2024	14,916,560	14,874,744	29,791,304
Provision (released)/charged for the year	<u>(1,320,608)</u>	<u>1,332,877</u>	<u>12,269</u>
At 31 December 2025	<u><u>13,595,952</u></u>	<u><u>16,207,621</u></u>	<u><u>29,803,573</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10 NET INVESTMENT IN LEASE RECEIVABLES (CONTINUED)

(c) Credit quality

Set out below is the information about the credit risk exposure on the Company's lease receivables.

	Net investment in lease receivables					Total Rs
	Performing				Non-Performing	
	Stage 1		Stage 2		Stage 3	
Current Rs	1 to 30 days Rs	31 to 60 days Rs	61 - 90 days Rs	> 90 days Rs		
31 December 2025						
Expected credit loss rate	0.27%	0.98%	3.15%	6.42%	27.71%	0.91%
Gross carrying amount	2,822,351,722	271,375,809	106,484,571	41,255,281	49,061,822	3,290,529,205
Expected credit losses (Rs)	(7,550,873)	(2,647,946)	(3,359,454)	(2,649,348)	(13,595,952)	(29,803,573)
Net	2,814,800,849	268,727,863	103,125,117	38,605,933	35,465,870	3,260,725,632

	Net investment in lease receivables					Total Rs
	Performing				Non-Performing	
	Stage 1		Stage 2		Stage 3	
Current Rs	1 to 30 days Rs	31 to 60 days Rs	61 - 90 days Rs	> 90 days Rs		
31 December 2024						
Expected credit loss rate	0.26%	0.98%	3.13%	6.59%	39.24%	1.10%
Gross carrying amount	2,219,140,180	296,747,892	99,143,804	45,321,748	38,009,348	2,698,362,972
Expected credit losses (Rs)	(5,858,511)	(2,922,207)	(3,107,054)	(2,986,972)	(14,916,560)	(29,791,304)
Net	2,213,281,669	293,825,685	96,036,750	42,334,776	23,092,788	2,668,571,668

	Net investment in lease receivables					Total Rs
	Performing				Non-Performing	
	Stage 1		Stage 2		Stage 3	
Current Rs	1 to 30 days Rs	31 to 60 days Rs	61 - 90 days Rs	> 90 days Rs		
31 December 2023						
Expected credit loss rate	0.24%	0.94%	3.17%	8.45%	21.55%	1.12%
Gross carrying amount	1,617,806,047	333,582,158	109,981,268	29,182,896	50,967,365	2,141,519,734
Expected credit losses (Rs)	(3,811,153)	(3,137,677)	(3,490,175)	(2,465,560)	(10,984,310)	(23,888,875)
Net	1,613,994,894	330,444,481	106,491,093	26,717,336	39,983,055	2,117,630,859

(d) Changes in the gross-carrying amount and the corresponding ECL allowances

	Total gross carrying amount		Expected credit losses		Net Rs
	Performing	Non performing	Performing	Non performing	
	Rs	Rs	Rs	Rs	
Balance as at 01 January 2025	2,660,353,624	38,009,348	14,874,744	14,916,560	2,668,571,668
Changes due to new lease receivables originated net of those derecognised due to settlement as well as changes in days past due	581,113,759	11,052,474	1,332,877	(1,320,508)	592,153,964
Balance as at 31 December 2025	3,241,467,383	49,061,822	16,207,621	13,595,952	3,260,725,632

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10 NET INVESTMENT IN LEASE RECEIVABLES (CONTINUED)

(d) Changes in the gross-carrying amount and the corresponding ECL allowances (continued)

	Total gross carrying amount		Expected credit losses		Net Rs
	Performing	Non performing	Performing	Non performing	
	Rs	Rs	Rs	Rs	
Balance as at 01 January 2024	2,090,552,369	50,967,365	12,904,565	10,984,310	2,117,630,859
Changes due to new lease receivables originated net of those derecognised due to settlement as well as changes in days past due	569,801,255	(12,958,017)	1,970,179	3,932,250	550,940,809
Balance as at 31 December 2024	2,660,353,624	38,009,348	14,874,744	14,916,560	2,668,571,668

	Total gross carrying amount		Expected credit losses		Net Rs
	Performing	Non performing	Performing	Non performing	
	Rs	Rs	Rs	Rs	
Balance as at 01 January 2023	1,458,574,560	45,542,758	12,985,361	14,739,603	1,476,392,354
Changes due to new lease receivables originated net of those derecognised due to settlement as well as changes in days past due	631,977,809	5,424,607	(80,796)	(3,755,293)	641,238,505
Balance as at 31 December 2023	2,090,552,369	50,967,365	12,904,565	10,984,310	2,117,630,859

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LA PRUDENCE LEASING FINANCE CO. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10 NET INVESTMENT IN LEASE RECEIVABLES (CONTINUED)

(d) Allowances for expected credit losses (continued)

Analysis by industry sector

	2025		2024		2023		
	Gross Leases Rs.	In default leases Rs.	ECL on performing leases Rs.	ECL on non- performing leases Rs.	Total Allowance for expected credit losses Rs.	Total Allowance for expected credit losses Rs.	Total Allowance for expected credit losses Rs.
Agriculture and fishing*	63,301,819	1,740,119	295,350	-	295,350	375,821	482,397
Manufacturing and textile	241,635,981	2,565,226	1,195,857	293,500	1,489,357	1,160,690	1,939,937
Tourism	288,435,952	4,823,861	1,410,686	36,326	1,447,012	1,779,297	1,683,624
Transport	407,056,708	5,124,909	2,555,549	139,527	2,695,076	1,971,243	4,383,215
Construction and civil engineering	251,328,705	4,645,982	1,262,536	209,423	1,471,959	1,652,145	1,630,160
Financial and Business Services	97,924,658	1,778,671	487,787	228,208	715,995	1,356,640	1,153,075
Traders & Commerce	534,566,674	18,442,537	2,406,658	12,207,740	14,614,398	14,818,579	6,355,590
Personal	414,087,839	2,429,986	1,970,899	243,224	2,214,123	363,602	518,056
Professional*	160,304,090	165,905	755,256	-	755,256	518,956	257,820
Media Entertainment and recreational activities*	81,039,189	-	424,294	-	424,294	-	348
Freemove Enterprise Certificate Holder*	72,980,821	964,717	362,507	44,352	406,859	273,536	181,215
Other	6,763,037	53,771	33,534	-	33,534	5,463	32,607
Infrastructure*	84,573,195	993,842	412,993	6,112	419,105	510,508	693,369
Education	149,563,273	1,139,008	649,153	-	649,153	688,513	536,588
Modernisation and Expansion*	327,899,178	3,458,774	1,547,635	187,540	1,735,175	2,570,260	2,696,187
ICT Services*	109,068,086	734,514	436,927	-	436,927	722,153	863,934
Services Sector	3,290,529,205	49,061,822	16,207,621	13,595,952	29,803,573	29,791,304	23,888,875
Health Development Certificate Holder*							

*There is no ECL on the impaired leases for these sectors given that these assets are fully collateralised and adequately cover the outstanding amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

11 PROPERTY AND EQUIPMENT

	Note	Property and Equipment				Assets under operating leases			Total Rs
		Fixtures and Fittings Rs	Computer Equipment Rs	Motor Vehicle Rs	Equipment		Rs		
					Motor vehicles Rs	Equipment Rs			
Cost:									
At 1 January 2023		4,145,074	5,183,797	5,185,153	238,351,798	3,151,313		256,017,135	
Additions		-	833,238	-	46,099,694	275,989		47,208,921	
Transfer from inventories	18 (a)	-	-	-	1,850,072	-		1,850,072	
Transfer to inventories	18 (a)	-	-	-	(65,960,252)	(1,271,313)		(67,231,565)	
At 31 December 2023		4,145,074	6,017,035	5,185,153	220,341,312	2,155,989		237,844,563	
Additions		1,895,608	1,519,887	-	21,761,093	-		25,176,588	
Transfer to inventories	18 (a)	-	-	-	(85,308,332)	-		(85,308,332)	
Disposals		(1,797,808)	-	-	-	-		(1,797,808)	
At 31 December 2024		4,242,874	7,536,922	5,185,153	156,794,073	2,155,989		175,915,011	
Additions		537,367	668,998	2,083,535	20,487,014	-		23,776,914	
Transfer to inventories	18(a)	-	-	-	(34,601,975)	-		(34,601,975)	
Disposals		-	-	(4,158,019)	-	-		(4,158,019)	
At 31 December 2025		4,780,241	8,205,920	3,110,669	142,679,112	2,155,989		160,931,931	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

11 PROPERTY AND EQUIPMENT (Continued)

	Note	Fixtures and Fittings		Computer Equipment		Motor Vehicle		Assets under operating leases		Total
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
Accumulated depreciation:										
At 1 January 2023		3,003,078	4,315,223	1,352,542		1,008,195				121,117,889
Charge for the year		261,618	415,124	1,244,120						35,134,330
Transfer to inventories	18 (a)	-	-	-	-	-	(49,971,075)	(870,665)		(50,841,740)
At 31 December 2023		3,264,696	4,730,347	2,596,662		1,37,530				105,410,479
Charge for the year		293,554	588,151	1,189,996		389,173				28,212,111
Transfer to inventories	18 (a)	-	-	-	-	-	(62,878,462)	-		(62,878,462)
Eliminated on disposals		(1,386,976)	-	-	-	-	-	-		(1,386,976)
At 31 December 2024		2,171,274	5,318,498	3,786,658		526,703				69,357,152
Charge for the year		545,891	877,651	825,048		389,173				23,791,103
Transfer to inventories	18 (a)	-	-	-	-	-	(25,680,564)	-		(25,680,564)
Eliminated on disposals		-	-	(3,645,020)		-	-	-		(3,645,020)
At 31 December 2025		2,717,165	6,196,149	966,686		915,876				63,822,671
Net book amount:										
At 31 December 2023		880,378	1,286,688	2,588,491		2,018,459				132,434,084
At 31 December 2024		2,071,600	2,218,424	1,398,495		1,629,286				106,557,859
At 31 December 2025		2,063,076	2,009,771	2,143,983		1,240,113				97,109,260

Management has reviewed the carrying value of the property and equipment and is of the opinion that at 31 December 2025, the property and equipment has not suffered any impairment. (2024: Nil, 2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**12 RIGHT-OF-USE ASSETS / LEASE LIABILITIES****(a) Right-of-use-assets**

From 2024, the Company has relocated to its new office at Cavell House which is on a 5-year lease.

Set out below are the carrying amounts of right-of-use-assets and movements during the year.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
Cost:			
At 01 January	37,410,463	3,964,133	3,964,133
Additions	-	37,410,463	-
Retirement of right-of-use assets	-	(3,964,133)	-
At 31 December	<u>37,410,463</u>	<u>37,410,463</u>	<u>3,964,133</u>
Accumulated depreciation:			
At 01 January	1,870,523	2,981,291	999,225
Charge for the year	7,482,093	2,861,556	1,982,066
Retirement of right-of-use assets	-	(3,972,324)	-
At 31 December	<u>9,352,616</u>	<u>1,870,523</u>	<u>2,981,291</u>
Net book value:	<u>28,057,847</u>	<u>35,539,940</u>	<u>982,842</u>

(b) Lease liabilities

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
At 01 January	36,557,625	1,066,492	3,046,564
Addition	-	37,410,463	-
Interest expense	2,180,182	601,992	151,323
Payment	(6,535,920)	(2,521,322)	(2,131,395)
At 31 December	<u>32,201,887</u>	<u>36,557,625</u>	<u>1,066,492</u>
Analysed as:			
Current	7,250,258	4,355,738	1,066,492
Non-current	24,951,629	32,201,887	-
	<u>32,201,887</u>	<u>36,557,625</u>	<u>1,066,492</u>
Maturity Analysis			
Year 1	7,250,258	4,355,738	1,066,492
Year 2	8,182,688	7,250,258	-
Year 3	9,198,391	8,182,688	-
Year 4	7,570,550	9,198,391	-
Year 5	-	7,570,550	-
	<u>32,201,887</u>	<u>36,557,625</u>	<u>1,066,492</u>

Amounts recognised in the statement of profit or loss and other comprehensive income

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
The following are amounts recognised in profit or loss:			
Depreciation expense of right-of-use assets	7,482,093	2,861,556	1,982,066
Interest expense on lease liabilities	2,180,182	601,992	151,323
Expenses on short term and low value leases	330,625	441,000	430,360
Repayment of lease liabilities as per statement of cash flows	(4,355,738)	(1,919,330)	(1,980,072)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

13 INCOME TAX

Income tax is calculated at the rate of 15% (2024 and 2023: 15%) on the profit for the year as adjusted for income tax purposes. Additionally, the Corporate Social Responsibility (CSR) of 2% of a Company's chargeable income is regarded as a tax. The Corporate Climate Risk Levy (CCR) of 2% of chargeable income which is applicable as from the year as assessment commencing on 01 July 2024 is also regarded as a tax and shown within income tax expense in profit or loss. The Fair Share Contribution applicable starting 01 July 2025 is apportioned on the Company's chargeable income for the period of 01 July 2025 to 31 December 2025 at the rate of 5%.

Income tax charge:

	Note	2025	2024	2023
		Rs	Rs	Rs
Tax on the profit for the year, as adjusted for tax purposes at applicable rate		14,659,026	13,748,081	9,284,007
Corporate Climate Responsibility Levy		1,954,537	1,833,077	-
CSR for the year		1,954,537	1,833,077	1,237,867
Fair share contribution		2,443,171	-	-
(Over)/under provision of current tax		(64,167)	89,486	555,241
Effect of change in tax rate		-	1,711,752	-
Deferred tax movement		1,062,314	(4,731,953)	509,717
		22,009,418	14,483,520	11,586,832
<i>Liability</i>				
At 01 January		10,350,899	9,995,729	(187,288)
(Over)/under provision of current tax in prior year		(64,167)	89,486	555,241
Income tax charge for the year		14,659,026	13,748,081	9,284,007
Corporate Climate Responsibility Levy		1,954,537	1,833,077	-
CSR for the year		1,954,537	1,833,077	1,237,867
Fair share contribution		2,443,171	-	-
Payment during the year		(20,602,755)	(17,148,551)	(894,098)
At 31 December		10,695,248	10,350,899	9,995,729
Current		10,695,248	10,350,899	9,995,729

The reconciliation between the effective tax rate for the year of 23.5% (2024 – 20.4% and 2023 – 20.1%) and the applicable income tax rate of 19% (2024 - 19% and 2023– 17%) is as follows:

	2025	2024	2023
(As a percentage of profit before tax)	%	%	%
Applicable income tax rate	19.0	19.0	17.0
Impact of:			
(Over)/under provision of current tax	(0.1)	0.1	1.0
Under provision of deferred tax assets	0.1	-	3.1
Effect of change in tax rate	3.8	2.4	-
Other tax adjustments	0.3	(1.1)	(1.0)
Non-allowable expenses	0.4	-	-
Actual income tax rate	23.5	20.4	20.1

As at 31 December 2025, the Company had fully utilised all accumulated tax losses (2024: Rs nil).

14 DEFERRED INCOME TAX

Deferred income tax is calculated in full on all temporary differences under the liability method using the applicable tax rate 23.5% (2024 - 19% and 2023– 17%).

The movement on the deferred income tax (liability)/asset account is as follows:

	2025	2024	2023
	Rs	Rs	Rs
At 01 January	1,001,465	(1,920,622)	(1,936,268)
(Charge)/credit to profit or loss	(1,062,314)	4,731,953	(509,717)
(Charge)/credit to other comprehensive income	(100,841)	(98,114)	525,363
Effect of change in tax rate	-	(1,711,752)	-
At 31 December	(161,690)	1,001,465	(1,920,622)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

14 DEFERRED INCOME TAX (CONTINUED)

	2025	2024	2023
	Rs	Rs	Rs
The balance is attributable to the following:			
Accelerated capital allowances	(7,704,537)	(5,189,639)	(6,592,759)
Provision for credit impairment	7,231,383	5,824,071	4,247,759
Retirement benefits obligation	311,464	367,033	424,378
	<u>(161,690)</u>	<u>1,001,465</u>	<u>(1,920,622)</u>

Deferred tax liabilities and assets are attributable to the following:

	Accelerated capital allowances	Provisions for credit impairment	Retirement benefits obligation	Accumulated tax losses	Total
	Rs	Rs	Rs	Rs	Rs
Deferred tax (liabilities)/assets					
At 01 January 2023	(9,017,446)	5,371,826	102,390	1,606,962	(1,936,268)
Credit/(charge) to profit or loss	2,424,687	(1,124,067)	(203,375)	(1,606,962)	(509,717)
Credit to other comprehensive income	-	-	525,363	-	525,363
At 31 December 2023	(6,592,759)	4,247,759	424,378	-	(1,920,622)
Credit to profit or loss	1,403,120	1,576,312	40,769	-	3,020,201
Charge to other comprehensive income	-	-	(98,114)	-	(98,114)
At 31 December 2024	(5,189,639)	5,824,071	367,033	-	1,001,465
(Credit)/charge to profit or loss	(2,514,898)	1,407,312	45,272	-	(1,062,314)
Charge to other comprehensive income	-	-	(100,841)	-	(100,841)
At 31 December 2025	<u>(7,704,537)</u>	<u>7,231,383</u>	<u>311,464</u>	<u>-</u>	<u>(161,690)</u>

15 INTANGIBLE ASSETS

	2025	2024	2023
	Rs	Rs	Rs
Computer software:			
<i>Cost:</i>			
At 01 January	60,942	24,188,394	23,255,000
Additions	14,538,795	-	933,394
Decommissioning of computer software	-	(24,127,452)	-
At 31 December	<u>14,599,737</u>	<u>60,942</u>	<u>24,188,394</u>
<i>Accumulated amortisation:</i>			
At 01 January	-	12,285,413	6,550,572
Charge for the year	527,823	11,842,039	5,734,841
Eliminated as decommissioning of computer software	-	(24,127,452)	-
At 31 December	<u>527,823</u>	<u>-</u>	<u>12,285,413</u>
	<u>527,822</u>	<u>-</u>	<u>12,285,413</u>
<i>Net book amount:</i>			
At 31 December	<u>14,071,915</u>	<u>60,942</u>	<u>11,902,981</u>

In 2024, the Company has written down the value of its existing lease management software which has been replaced by a new one in 2025 to support continued growth of the business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**16 ASSETS HELD FOR SALE**

Repossessed assets under finance leases where the Company is the lessor. The carrying amount of assets classified as held for sale are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
At 01 January	3,049,713	3,230,500	1,775,770
Transfer from finance lease	1,823,615	7,360,454	2,916,553
Transfer to finance lease	(1,494,315)	-	-
Disposal made during the year	(621,475)	(6,361,237)	(278,330)
Loss recognised in profit and loss	(780,423)	(1,180,004)	(1,183,493)
At 31 December	<u>1,977,115</u>	<u>3,049,713</u>	<u>3,230,500</u>

As management had the intention of disposing of all the unsold repossessed assets at 31 December 2025 within the next twelve months, the assets were classified as held-for-sale. Management considered the seized assets to meet the criteria to be classified as held for sale as at the reporting date for the following reasons:

- The seized assets are available for immediate sale and can be sold to the buyer in its current condition;
- The action to complete the sale was initiated and expected to be completed within one year from the date of initial classification; and
- Potential bidders have been identified and negotiations are in progress as at the reporting date.

17 ADVANCE ON FINANCE LEASES

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
<u>Current</u>			
At 01 January	-	1,028,910	3,639,745
New advances during the year	-	-	1,404,805
Accrued interest	-	-	128,040
Repayment	-	(340,705)	-
Transfer to finance leases	-	(688,205)	(4,143,680)
At 31 December	<u>-</u>	<u>-</u>	<u>1,028,910</u>

Advances on finance leases relate advance payments to lessees for purchase of equipment from suppliers. Until lease contracts are established, advance on finance leases bear interest rates ranging from 7%-11.25%. These are short term advances not exceeding one year and are unsecured. As at 31 December 2025, there were no outstanding advance on leases.

18 OTHER ASSETS

	Note	<u>2025</u>	<u>2024</u>	<u>2023</u>
		Rs	Rs	Rs
Prepayments		4,388,530	3,395,348	1,482,096
Inventories	(a)	7,384,471	9,026,666	3,362,863
VAT receivable		1,052,282	477,621	408,753
Loan to staff		249,055	327,205	401,924
Other receivables	(b)	83,374	1,587,617	489,410
		<u>13,157,712</u>	<u>14,814,457</u>	<u>6,145,046</u>

(a) Inventories

In the course of its ordinary activities, the Company routinely sells items of property and equipment that it has held for rental to its clients under operating leases. In line with Paragraph 68A of IAS 16, the Company transfers such assets to inventories at their carrying amount when they cease to be rented.

		<u>2025</u>	<u>2024</u>	<u>2023</u>
		Rs	Rs	Rs
At 01 January		9,026,666	3,362,863	3,357,665
Transfer from property and equipment	11	8,921,411	22,429,870	16,389,825
Disposal		(10,563,606)	(16,766,067)	(14,534,555)
Transfer to property and equipment	11	-	-	(1,850,072)
At 31 December		<u>7,384,471</u>	<u>9,026,666</u>	<u>3,362,863</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**18 OTHER ASSETS (CONTINUED)**

- (b) Other receivables are not backed by collaterals and not impaired at 31 December 2025, 2024 and 2023. Management has assessed the impact of ECLs on other receivables as not material.
- (c) Staff loan is over a tenor of 5 years, unsecured and bears interest at 4.5% per annum. ECL on staff loan has been assessed as not material.

19 DEPOSITS FROM CUSTOMERS

	2025	2024	2023
	Rs	Rs	Rs
Term deposits with remaining term to maturity:			
<i>Individual customers</i>			
Within 3 months	74,011,271	138,856,759	83,923,337
Over 3 months up to 6 months	103,660,518	101,779,197	106,520,324
Over 6 months up to 12 months	229,843,666	133,575,754	149,432,359
Over 1 year up to 5 years	660,929,139	772,279,437	606,155,836
<i>Corporate customers</i>			
Within 3 months	14,186,734	32,561,642	48,314,834
Over 3 months up to 6 months	67,837,828	45,047,039	97,212,415
Over 6 months up to 12 months	200,036,296	130,915,864	157,200,394
Over 1 year up to 5 years	258,675,982	244,104,206	194,145,018
	1,609,181,434	1,599,119,898	1,422,904,517
Current	689,576,313	582,736,255	622,603,663
Non-current	919,605,121	1,016,383,643	800,300,854
Total deposits	1,609,181,434	1,599,119,898	1,422,904,517

Term deposits represent deposits from individuals and corporates. The maturity varies between 3 months to 5 years. Interest rate on these time deposits vary between 1.9% and 6.5%.

20 OTHER BORROWED FUNDS

	2025	2024	2023
	Rs	Rs	Rs
Loan from Industrial Finance Corporation of Mauritius (IFCM)	12,125,697	35,606,531	67,715,434
Loan from banks	846,146,626	643,215,317	334,339,257
	858,272,323	678,821,848	402,054,691
Current	239,821,638	166,882,626	94,026,404
Non-current	618,450,685	511,939,222	308,028,287
Total other borrowed funds	858,272,323	678,821,848	402,054,691

Other borrowed funds include loans taken under the LEMS scheme from the Industrial Finance Corporation of Mauritius (IFCM). The remaining term-to-maturity ranges between 1 month and 5 years. The loans from IFCM are unsecured and carry an interest rate of 0.5% and 1.5% per annum.

Loans from banks are contracted with The Mauritius Commercial Bank Limited and Absa Bank (Mauritius) Ltd and carry interest rates ranging between 5% and 5.4% per annum.

Money market lines from banks are contracted with The Mauritius Commercial Bank Limited, Absa Bank (Mauritius) Ltd, AfrAsia Bank Ltd and ABC Banking Corporation Limited. Absa Bank (Mauritius) Ltd has a first rank floating charge up to Rs 50 million and The Mauritius Commercial Bank Limited has a second rank floating charge of up to Rs 25 million on all the Company's assets. Interest rates range between 4.75%-5.10% per annum. The Company has a pledge of Rs50M for facilities given against deposits held at AfrAsia Bank Ltd and a clean basis security cover at ABC Banking Corporation Limited.

During the years ended 31 December 2025, 2024 and 2023, the Company remained in full compliance with all financial covenants associated with its borrowings. These covenants, as stipulated by the respective financial institutions, include, minimum capital adequacy ratio (CAR), non-performing asset (NPA) threshold, interest coverage ratio, debt service coverage ratio, and liquidity ratio.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**21 DEBT SECURITIES**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
Debt securities at amortised cost	<u>812,282,492</u>	<u>299,382,714</u>	<u>367,780,617</u>
Current	164,659,035	149,777,243	68,722,573
Non-current	<u>647,623,457</u>	<u>149,605,471</u>	<u>299,058,044</u>
Total debt securities	<u><u>812,282,492</u></u>	<u><u>299,382,714</u></u>	<u><u>367,780,617</u></u>

In 2023, the Company has issued notes by a Note Programme amounting to Rs 369M through a private placement for sophisticated investors of which Rs300M was outstanding as at 31 December 2025. The tenors of the debt securities vary from 3 - 5 years and carry fixed interest rates between 6% - 6.65%. To support growth in 2025, the Company raised a new bond amounting to Rs500M at 6.25% for a tenor of 5 years. All outstanding bonds are rated Care MAU A- by Care Ratings (Africa) Private Limited.

22 RETIREMENT BENEFITS OBLIGATIONS

The Company operates a defined contribution employee scheme. The Company has recognised a retirement gratuity under the requirements of the Workers Rights Act 2019 for both employees who are under the scheme but insufficiently covered under the pension plan and those who are not covered under any scheme.

No contribution has been paid into the Portable Retirement Gratuity Fund ("PRGF") during the year ended 31 December 2025 (2024: Nil).

The most recent actuarial valuations for determining the present value of defined benefit obligations as at 31 December 2025 were carried out on 18 February 2026 by MUA Pension Ltd. The present value of the defined benefit obligations, and the related current and past service cost, were measured using the Projected Unit Credit Method.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	Rs	Rs	Rs
Present value of obligations	1,325,381	1,931,750	2,505,180
Fair value of plan assets	-	-	(8,838)
	<u>1,325,381</u>	<u>1,931,750</u>	<u>2,496,342</u>

(b) Movement in the liability recognised in the statement of financial position:

Net liability at start of period	1,931,750	2,496,342	602,292
Net expense/(gain) recognised in profit or loss	174,006	292,486	(1,196,322)
Net actuarial (gains)/losses recognised in OCI	(530,743)	(516,391)	3,090,372
Benefits paid	<u>(249,632)</u>	<u>(340,687)</u>	-
	<u>1,325,381</u>	<u>1,931,750</u>	<u>2,496,342</u>

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

Interest cost	93,722	119,666	37,998
Current service cost	80,284	172,820	297,616
Past service cost	-	-	(1,531,936)
Net expense recognised in profit or loss	<u>174,006</u>	<u>292,486</u>	<u>(1,196,322)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

22 RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

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

	2025	2024	2023
	Rs	Rs	Rs
Actuarial gains/(losses) recognised in OCI	<u>530,743</u>	<u>516,391</u>	<u>(3,090,372)</u>
(e) Changes in the present value of the obligation:			
Present value of obligation at start	1,931,750	2,505,180	611,130
Interest cost	93,722	119,666	37,998
Current service cost	80,284	172,820	297,616
Past service cost	-	-	(1,531,936)
Benefits paid	<u>(249,632)</u>	<u>(349,525)</u>	-
Expected obligation at end of year	<u>1,856,124</u>	<u>2,448,141</u>	<u>(585,192)</u>
Present value of obligation at end of year	<u>1,325,381</u>	<u>1,931,750</u>	<u>2,505,180</u>
Re-measurement recognised in OCI at end of year	<u>530,743</u>	<u>516,391</u>	<u>(3,090,372)</u>

(f) *Actuarial assumptions*

The Company has recognised a liability as the present value of the retirement benefit obligations as per the Worker's Rights Act 2019 exceeds the present value of the members' accounts of defined contribution, based on the actuarial assumptions used below:

	2025	2024	2023
Normal Retirement Age	65	65	65
Weighted average discount rate	5.82%	5.18%	5.10%
Future salary increases	5.00%	5.00%	5.00%
Annual proportion of employees leaving service	5% up to age 40, decreasing to 0% at 45 and Nil thereafter.		
Actual table for employee mortality	PMA92_PFA92		

The weighted average duration of the liabilities at 31 December 2025 is **14 years**.

Employer's contribution to be paid in the next reporting period is estimated at **Rs 4,181,040**.

(g) *A quantitative sensitivity analysis for significant assumptions is shown below:*

	2025	2024	2023
	Rs	Rs	Rs
Effect on present value of obligations			
: 1% Increase in discount rate	796,749	909,300	1,310,809
1% Decrease in discount rate	2,416,640	3,436,169	3,977,950
1% Increase in salary increase assumption	1,996,119	2,865,893	3,472,590
1% Decrease in salary increase assumption	937,961	1,270,675	1,720,012
Effect of changing longevity – rate up	1,247,122	1,748,145	2,329,272
Effect of changing longevity – rate down	1,411,437	2,120,151	2,670,479

The sensitivity analysis above has been carried out by recalculating the present value of obligation at the year end after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged. The sensitivity analysis presented may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**22 RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)**

The Company is exposed to the following actuarial risks:

- Interest rate risk - If bond yields decline, the liability would be calculated using a lower discount rate and would therefore increase

- Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

- Longevity risk - The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. If the experience of the pension plan is less favorable than the standard mortality tables, the liability will increase.

23 OTHER LIABILITIES

	2025	2024	2023
	Rs	Rs	Rs
Other payables (a)	42,168,762	27,196,954	19,179,813
Payables to fixed depositors for matured deposits not yet redeemed	574,959	15,169,382	9,075,142
Accruals	9,471,351	3,270,796	5,244,290
Provisions for Vacation Leaves (b)	98,912	282,381	-
Debt service reserve account (c)	7,394,481	6,396,745	4,898,475
Provision for Stage 1 ECL on off-balance sheet items	65,620	387,795	221,233
	59,774,085	52,704,053	38,618,953

(a) Other payables comprise payable to service providers, audit fees, general expenses and staff bonus. Other payables are non-interest bearing and have an average term of 1-6 months. Lease creditors relate to amount due to suppliers of the leased assets and have an average terms of 1 month to 3 months. The Company has in place policies and procedures to ensure that the creditors are settled within the approved credit timeframe.

(b) The Workers' Rights Act 2019 requires a Company to provide for unfunded obligations for its employees who are entitled to vacation leaves. Such employees are those who fall under the definition of a worker under The Workers' Rights Act 2019 and have covered a qualifying period of service of at least 5 consecutive years.

(c) Debt service reserve account relates to advance payments held for particular clients as a collateral for their lease facilities. These are non interest bearing.

24 DIVIDEND PAYABLE

	2025	2024	2023
	Rs	Rs	Rs
<u>Current</u>			
At 01 January	-	-	10,000,000
Dividend proposed	10,000,000	-	15,000,000
Dividend paid	(10,000,000)	-	(25,000,000)
At 31 December	-	-	-

The Company paid dividend amounting to Rs10M pertaining to financial year 2024 following regulatory approval from the Bank of Mauritius. No dividend was declared for financial year ending 31 December 2025.

25 SHARE CAPITAL

	As at 31 December 2025, 2024 and 2023
	Rs
<i>Authorised and issued:</i>	
20,000,000 Ordinary shares of Rs 10 each	200,000,000

Fully paid ordinary shares have equal rights to vote, dividends and to the distribution of the surplus assets of the Company on winding up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**26 NET INTEREST INCOME**

	2025	2024	2023
	Rs	Rs	Rs
<u>Interest income on financial assets at amortised cost</u>			
Cash and cash equivalents	1,806,820	1,175,633	805,161
Deposits with financial institutions	8,247,815	7,791,996	2,874,466
Staff loan	13,125	16,558	8,649
Investment in debt securities at amortised cost	436,500	676,500	3,841,500
Advances on finance leases	-	16,729	178,637
Total interest income calculated using the EIR method	10,504,260	9,677,416	7,708,413
Others			
Investment in finance lease receivables	322,449,693	241,600,576	168,825,818
Total interest income	332,953,953	251,277,992	176,534,231
<u>Interest expenses on financial liabilities at amortised cost</u>			
Deposits from customers	80,232,668	70,201,933	51,355,321
Debt securities	34,374,778	20,939,610	19,508,617
Lease liabilities	2,180,181	601,992	151,323
Interest on other borrowed funds	43,165,914	27,963,249	9,720,715
Total interest expense	159,953,542	119,706,784	80,735,976
Net interest income	173,000,411	131,571,208	95,798,255

27 OTHER INCOME

	2025	2024	2023
	Rs	Rs	Rs
Profit on disposal of owned assets	1,747,871	-	-
Profit on disposal of early terminated leases	-	1,318,963	1,287,777
Penalties	8,624,846	6,237,407	5,928,095
Recoveries made from previously written off accounts	-	-	408,084
Miscellaneous income including revenue from Bancassurance*	344,262	284,723	187,905
	10,716,979	7,841,093	7,811,861

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

28 NET IMPAIRMENT LOSS/(GAIN) ON FINANCIAL ASSETS

	ECL on performing lease receivables Rs	ECL on non-performing lease receivables Rs	Stage 1 ECL on cash and cash equivalents Rs	Stage 1 ECL on investment in debt securities Rs	Stage 1 ECL on deposits with financial institutions Rs	Stage 1 ECL on undrawn commitments Rs	Total Rs
Opening impairment provisions at 01 January 2023	12,985,361	14,739,603	113,004	-	385,560	431,752	28,655,280
Impairment (release)/charge to profit or loss for the year	(80,796)	(3,755,293)	120,336	398,994	(141,183)	(210,519)	(3,668,461)
Closing impairment provisions at 31 December 2023	12,904,565	10,984,310	233,340	398,994	244,377	221,233	24,986,819
Impairment charge/(release) to profit or loss for the year	1,970,179	3,932,250	94,566	-	90,756	166,562	5,666,187
Closing impairment provisions at 31 December 2024	14,874,744	14,916,560	138,774	-	335,133	387,795	30,653,006
Bad debts written off against provision	-	(235,603)	-	-	-	-	(235,603)
Impairment charge/(release) to profit or loss for the year	1,332,877	(1,085,005)	235,407	-	193,334	(322,175)	354,438
Closing impairment provisions at 31 December 2025	16,207,621	13,831,555	374,181	-	528,467	65,620	30,771,841

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

29 PERSONNEL EXPENSES

	Note	2025 Rs	2024 Rs	2023 Rs
Wages and salaries		52,225,557	41,515,811	38,295,447
Social security obligations		2,007,656	1,748,346	1,519,248
Contributions to defined contribution scheme		3,620,071	3,198,468	2,816,789
Retirement benefits obligation expense	22 (c)	174,006	292,486	(1,196,322)
Other personnel expenses		1,572,554	1,695,147	1,141,993
		<u>59,599,844</u>	<u>48,450,258</u>	<u>42,577,155</u>

Other personnel expenses comprise training expenses and staff welfare.

30 OTHER EXPENSES

	2025 Rs	2024 Rs	2023 Rs
Software maintenance	2,056,602	1,594,377	634,547
Advertising	1,585,916	2,283,185	2,162,503
Licenses	2,151,000	2,151,000	2,165,125
Audit and audit related fees payable to statutory auditor	2,737,432	1,427,250	1,500,000
Professional fees	5,857,758	2,767,152	5,023,500
Write-offs lease receivables	2,832,399	24,751	398,040
Director fees	2,720,000	2,750,000	2,659,000
Loss on disposal of owned assets	-	410,831	-
Loss on disposal of early terminated leases	239,908	-	-
Others*	11,830,333	10,047,583	9,527,016
	<u>32,011,348</u>	<u>23,456,129</u>	<u>24,069,731</u>

Others comprise mainly general expenses, motor vehicle expenses and stationery.

*The Company paid Rs 2,128,885 as contribution to the Mauritius Insurance Deposit Scheme in accordance with section 18(1) of the Mauritius Deposit Scheme Act (2024: Rs 1,012,657)

31 RELATED PARTY DISCLOSURES

The Company's holding company is Prudence Holding Ltd, a company incorporated in Mauritius under the Mauritius Companies Act 2001 as a public company.

The following transactions were carried out with related parties during the year:

	2025 Rs	2024 Rs	2023 Rs
i) Finance lease receivables			
Leases due from key management personnel			
At 01 January	1,646,856	3,376,673	2,904,998
Leases granted during the year	403,455	-	1,750,000
Repayments during the year	(955,944)	(976,338)	(1,278,324)
Derecognition on change of shareholding**	-	(753,479)	-
At 31 December	<u>1,094,367</u>	<u>1,646,856</u>	<u>3,376,674</u>
Interest income	<u>93,557</u>	<u>99,288</u>	<u>153,357</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

31 RELATED PARTY DISCLOSURES (CONTINUED)

	2025	2024	2023
	Rs	Rs	Rs
i) Finance lease receivable (continued)			
<i>Leases due from entities with common directors and shareholders</i>			
At 01 January	20,726,185	32,057,279	36,756,056
Leases granted during the year	961,225	15,197,198	9,769,321
Repayments during the year	(7,913,253)	(9,319,817)	(14,468,098)
Derecognition on change of key management personnel*	(2,132,223)	-	-
Derecognition on change of shareholding**	-	(17,208,475)	-
At 31 December	<u>11,641,934</u>	<u>20,726,185</u>	<u>32,057,279</u>
Interest income	<u>790,845</u>	<u>1,373,059</u>	<u>2,617,863</u>

Finance leases to related parties vary from 2 to 7 years with interest rates from 2.90% to 11%.

	2025	2024	2023
	Rs	Rs	Rs
ii) Deposits			
At 01 January	83,150,000	152,732,465	201,400,000
Received during the year	27,000,000	83,350,000	148,632,465
Encashed during the year	(26,700,000)	(96,450,000)	(197,300,000)
Derecognition on change of key management personnel*	(22,900,000)	-	-
Derecognition on change of shareholding**	-	(56,482,465)	-
At 31 December	<u>60,550,000</u>	<u>83,150,000</u>	<u>152,732,465</u>
Interest expense	<u>9,957,643</u>	<u>5,374,371</u>	<u>4,184,848</u>

The deposits are due to key management personnel and to companies having common directors. The tenors vary from 1 month to 5 years. Interest rates vary from 2.25% to 5.50%.

**The balances shown at 01 January 2024 comprises balances with related parties associated with the former shareholding of the Company. With the change in shareholding of the holding company during 2024, these balances have now been derecognised as these entities and individuals no longer meet the definition of related parties as per the BoM *Guideline on Related Party Transactions*.

iii) Lease payment to entities with common directors and shareholders

In the course of the year, the Company has entered in an operating lease agreements with Kasa Textile Ltd for the rental of office space at Cavell House amounting to Rs 6,535,920 and lease liability of Rs 32,201,887.

	2025	2024	2023
iv) Compensation to key management personnel			
Short-term employee benefits	16,405,809	17,816,297	15,667,898
Post-employment benefits	2,837,907	3,066,037	2,760,082
Total	<u>19,243,716</u>	<u>20,882,334</u>	<u>18,427,980</u>

Related parties, whether body corporates or natural persons, fall into two main groups:

- a) those that are related because of ownership interest; and
- b) those that are related otherwise, such as directors and senior officers.

Internal limits for granting credit to related parties are in line with the Bank of Mauritius *Guideline on Related Party Transactions* whereby aggregate of credit exposures to related parties should not exceed 60% of the Company's Tier 1 capital. Approval of leasing facilities goes through the same process as other clients and mandate the authorisation of the Board of Directors. There has been no material impairment charge on those leases and amount receivable from related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**32 COMMITMENTS***Finance leases*

The Company had commitments in respect of lease contracts which had been signed at 31 December 2025 of Rs 27,106,500 (2024 – Rs. 171,981,285; 2023 - Rs. 67,398,450) but for which no monies had been disbursed.

As at 31 December 2025, the Company does not have unused credit lines (2024: Nil, 2023: Rs 26,672,285)

33 OPERATING LEASE RECEIVABLES*Operating leases where the Company is the lessor*

Maturity analysis of undiscounted lease payments:

	2025	2024	2023
	Rs	Rs	Rs
Within 1 year	37,155,784	57,343,394	60,224,501
Between 1 year and 2 years	26,866,070	37,336,105	52,352,124
Between 2 years and 3 years	21,618,083	29,223,755	29,085,341
Between 3 years and 4 years	21,295,123	19,113,588	19,311,225
Between 4 years and 5 years	19,539,897	12,595,813	9,820,397
Between 5 years and 7 years	10,607,459	24,884,016	4,593,398
	137,082,416	180,496,671	175,386,986

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2025	2024	2023
	Rs	Rs	Rs
Within 1 year	37,155,784	57,343,394	60,224,501
Over 1 year up to 7 years	99,926,633	123,153,277	115,162,485
	137,082,416	180,496,671	175,386,986

Operating lease rental income recognised in profit or loss is Rs 29,356,425 (2024 - Rs.37,940,829, 2023 – Rs. 45,832,414).

The Company leases vehicles under various agreements which terminate between 2024 and 2031. The agreements do not include an extension option. The leases are at an interest rate of 6.00% - 12%.

34 IMMEDIATE AND ULTIMATE PARENT

Prudence Holding Ltd, a company incorporated in Mauritius under the Mauritian Companies Act 2001 as a public company, holds 100% shareholding of La Prudence Leasing Finance Co. Ltd. and the directors consider Prudence Holding Limited as the Company's immediate and ultimate holding company.

35 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The below tables detail changes in the Company's liabilities arising from financing activities, both cash and non-cash changes.

	At start of reporting period	Financing cash flows	Other changes	At end of reporting period
2025	Rs	Rs	Rs	Rs
Borrowings from banks	643,215,317	202,931,309	-	846,146,626
Debt securities	299,382,714	500,000,000	12,899,778	812,282,492
Lease liabilities	36,557,625	(4,355,738)	-	32,201,887
Total liabilities from financing activities	979,155,656	698,575,571	12,899,778	1,690,631,005

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

35 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	At start of reporting period	Financing cash flows	Other changes	At end of reporting period
2024	Rs	Rs	Rs	Rs
Borrowings from banks	334,339,257	309,008,663	(132,603)	643,215,317
Debt securities	367,780,617	(69,000,000)	602,097	299,382,714
Lease liabilities	1,066,492	(1,919,330)	37,410,463	36,557,625
Total liabilities from financing activities	703,186,366	238,089,333	37,879,957	979,155,656

	At start of reporting period	Dividend declared	Financing cash flows	Other changes	At end of reporting period
2023	Rs	Rs	Rs	Rs	Rs
Borrowings from banks	100,000,000	-	234,206,654	132,603	334,339,257
Debt securities	-	-	369,000,000	(1,219,383)	367,780,617
Lease liabilities	3,046,564	-	(1,980,072)	-	1,066,492
Dividend payable	10,000,000	15,000,000	(25,000,000)	-	-
Total liabilities from financing activities	113,046,564	15,000,000	576,226,582	(1,086,780)	703,186,366

36 CONTINGENT LIABILITIES

As at 31 December 2025, there were no contingent liabilities as the Company has assessed the likelihood of a probable claim from any legal case to be remote.

37 SUBSEQUENT EVENTS

On 24 March 2026, the Directors have proposed to declare dividends of Rs. 10M for the year ended 31 December 2025. (2024:

Dividend paid Rs. 10M).

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MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025

In this management discussion and analysis, the Company has included certain forward-looking statements which have been based on assumptions and projections for the future. There is the risk that forecasts, projections and other postulations contained therein will not materialise and that actual results may vary materially from the plans and expectations. The Company has no plan to update any forward-looking statements periodically. The reader of this report should, therefore, stand cautioned not to place any undue reliance on such statements.

1 FINANCIAL REVIEW**1.1.1 Performance against objectives**

	Actual 2024 %	Budget 2025 %	Actual 2025 %	Budget 2026 %
AREAS OF PERFORMANCE				
REVENUE GROWTH RATIO				
Revenue growth	27.21%	16.21%	22.80%	22.86%
Interest expense growth	48.27%	21.22%	33.62%	16.95%
PRODUCTIVITY RATIO				
Non-interest income/Operating income	59.63%	52.33%	55.22%	53.14%
OVERALL PERFORMANCE RATIO				
Return on equity	14.58%	16.76%	16.94%	19.75%
Return on average assets	2.00%	2.16%	2.23%	2.42%
Portfolio quality				
- ECL coverage ratio	1.23%	1.37%	1.00%	0.95%

Revenue Growth

Total revenue for the year ended 31 December 2025 increased by **22.80%** compared to 27.21% in 2024. The lower growth compared to last year is mainly due to the impact of Government measures to impose excise duty on imported vehicles. Specialising in the second-hand market, the Company has leveraged on this position to maintain the volume of disbursement budgeted for the year. Interest on placements increased slightly due to short term renewals made at lower rates.

Expense Growth ratio

Total interest expense has drastically increased mainly due to:

- More diversified sources of funding which range from bonds and term loans to support the growth of the Company.
- The cost of funds has increased to due new bonds issued during the year.
- The Company's deposit book which carry the lowest cost of fund has grown slightly compared to last year despite a good retention rate.

Productivity Ratio

The productivity ratio, higher than budgeted for 2025 is due to:

- The Company has demonstrated its ability to absorb exceptional costs incurred during the year due to change in personnel and other associated costs relating to implementation of new lease management system.

Overall Performance ratio

The Company has demonstrated consistent growth during the year despite challenges encountered with increased regulations from the Government in the automobile sector and increased finance cost of the Company. Return on equity is **16.70%** at 31 December 2025 compared to a budget of 16.76% and return on average assets at **2.19%** compared to budgeted figures of 2.16% for 2025. There has been increase in interest income in 2025 and profitability is at **Rs98.9M** (2024: Rs70.87M) before income tax.

During the year ended 31 December 2025, an amount of **Rs 2,832,399** has been written off as bad debts and **Rs 235,603** was written off out of provisions for impairment allowances. Management further considers the adequacy of impairment provisions to be adequate, with an overall coverage ratio of 1% with ECL coverage on the impaired book at **27.71%**. (2024: 39.2%).

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025

1.2 REVIEW BY FINANCIAL PRIORITY AREAS

1.2.1 ASSET TYPE ANALYSIS

Below is a breakdown of the Company's portfolio by asset type. Motor vehicles remain the main assets being financed and represent 96% (2024: 95% and 2023: 93%) of the total portfolio.

	2025 Rs'000	2024 Rs'000	2023 Rs'000
Agricultural equipment	2,856	14,493	23,536
Boat equipment	7,317	1,683	624
Computer equipment	246	1,111	1,840
Other equipment	105,418	120,870	118,400
Vehicles	3,174,692	2,560,205	1,997,120
	3,290,529	2,698,362	2,141,520

1.2.2 REVENUE GROWTH

	2025 %	2024 %	2023 %
Net Interest Margin (Net Interest income/Total average interest earnings assets)	5.25%	4.85%	4.51%
Net Interest Income/Total Average Assets	5.01%	4.66%	4.36%

	Income 2025 Rs	Related assets 2025 Rs	Income 2024 Rs	Related assets 2024 Rs	Income 2023 Rs	Related assets 2023 Rs
Finance lease income	322,449,693	3,260,725,632	241,600,576	2,668,571,668	168,825,818	2,117,630,859
Operating lease rental Income	29,356,425	90,892,430	37,940,829	100,869,340	45,832,414	127,678,527
Deposits with financial institutions and investments in debt securities	10,504,260	288,014,405	9,677,416	182,401,568	7,708,413	226,909,628
	362,310,378	3,639,632,467	289,218,821	2,951,842,576	222,366,645	2,472,219,014
	Interest expense 2025 Rs	Related liabilities 2025 Rs	Interest expense 2024 Rs	Related liabilities 2024 Rs	Interest expense 2023 Rs	Related liabilities 2023 Rs
Other borrowed funds	43,165,914	858,272,323	27,963,249	678,821,848	9,720,714	402,054,691
Debt securities	34,374,778	812,282,492	20,939,610	299,382,714	19,508,617	367,780,617
Lease liabilities	2,180,181	32,201,887	601,992	36,557,625	151,323	1,066,492
Deposits from customers	80,232,668	1,609,181,434	70,201,933	1,599,119,898	51,355,322	1,422,904,517
	159,953,542	3,311,938,136	119,706,784	2,613,882,085	80,735,976	2,193,806,317
	2025 Rs	2024 Rs	2023 Rs			
Net interest income	173,000,411	131,571,208	95,798,255			
Non-interest income:						
Operating lease rental income	29,356,425	37,940,829	45,832,414			
Fee and commission income	10,381,686	15,184,125	15,252,725			
Other income	10,716,979	7,841,093	7,811,861			
Net foreign exchange gain	36,458	5,876	25,642			
	50,491,548	60,971,923	68,922,642			
Operating income	223,491,959	192,543,131	164,720,897			
Non-interest income/Operating income	22.59%	31.67%	41.84%			

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025**1.2 REVIEW BY FINANCIAL PRIORITY AREAS (CONTINUED)****1.2.3 COST CONTROL**

	2025 Rs	2024 Rs	2023 Rs
Non – interest expense			
Personnel expenses	59,599,844	48,450,258	42,577,155
Depreciation of property, plant and equipment	23,791,103	28,212,111	35,134,330
Depreciation of right-of-use assets	7,482,093	2,861,556	1,982,066
Amortisation of intangible assets	527,822	11,842,039	5,734,841
Other expenses	32,011,348	23,456,129	24,069,731
Total non-interest expense	123,412,210	114,822,093	109,498,123
PRODUCTIVITY RATIO			
Non-interest expense/Operating income	55.22%	59.63%	66.47%

Non-interest expenses have mostly increased due to the changes in overall personnel including at executive level and incentives given for the implementation of the new lease management system during the year. Other expenses include associated costs with the new system relating to additional professional fees and increase in office expenses. In 2025, the Company has absorbed full depreciation of its right-of-use at Cavell House. Drop in depreciation of plant and equipment is mainly due to operating leases which came at maturity and a low additions to grow back the books. Despite the increase in non-interest expense, the Company has demonstrated efficiency in its resource management and is reflected in a lower productivity ratio compared to prior years.

1.2.4 CREDIT EXPOSURE AND CONCENTRATION BY SECTOR

	2025 Rs'000	2025 %
Lendings		
Agriculture and Fishing	63,302	2%
Manufacturing and Textile	241,636	7%
Tourism	288,436	9%
Transport	407,057	12%
Construction and Civil Engineering	251,329	8%
Financial and Business Services	97,925	3%
Traders & Commerce	534,567	16%
Personal	414,088	13%
Professional	160,304	5%
Media entertainment and recreational Activities	81,039	2%
Other	72,981	2%
Infrastructure	6,763	-
Education	84,573	3%
ICT Services	149,563	5%
Services Sector	327,899	10%
Health Development	109,068	3%
	3,290,529	100%

Sectors with the highest credit concentration of the Company during the year were the Traders and Personal which represents 16% (2024 - 17% and 2023 - 18%) and 13% (2024 - 14% and 2023 - 15%) respectively of the total investment as shown in the above table.

The Company has in respect of non-performing leases a provisioning policy which is in compliance with the principles of IFRS 9, the Company's internal requirements and its internal policies.

Refer to Notes 3F, 5.1, 10(d) and 28 for more credit risk related disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025**1.2.4 CREDIT EXPOSURE AND CONCENTRATION BY SECTOR (CONTINUED)**

The 6 most significant exposures as at 31 December 2025 are as follows:

Customer	Category	Net exposure Rs	% of Tier 1 capital %	Regulatory limit %
1	Single entity	22,052,508	5%	40%
2	Single entity	13,236,865	3%	40%
3	Single entity	12,245,774	3%	40%
4	Single entity	11,937,022	3%	40%
5	Single entity	11,828,817	3%	40%
6	Single entity	10,946,987	3%	40%

2 CAPITAL STRUCTURE

As a deposit taking institution, the Company is required to maintain net owned funds of not less than Rs200 million.

The Company maintains at all times a minimum Risk Weighted Capital Adequacy Ratio of at least 10% as required by the Bank of Mauritius.

Leasing companies are required to risk weight the credit risks which form part of their balance sheet assets and maintain a capital adequacy ratio of 10%. For the purpose of assessing capital adequacy, the capital is split into two tiers-Tier 1 core capital and Tier 2 capital.

- Tier 1 capital consist of stated capital, statutory reserve, retained earnings and reserves created by appropriations from post-tax retained earnings. Deferred income tax assets and intangible assets are deducted from Tier 1 capital.
- Tier 2 supplementary capital consists of general and portfolio provisions and shall not exceed a maximum of 1.25% of risk weighted assets.

At the end of 2025, the Company's capital adequacy ratio was 17.13% (2024 – 18.25%; 2023 – 17.91%)

The Capital base for the year under review was as follows:

CAPITAL BASE	2025 Rs'000	2024 Rs'000	2023 Rs'000
A. Tier 1 Core Capital			
- Paid up capital	200,000	200,000	200,000
- Statutory reserve	60,415	48,874	40,415
- Retained earnings	177,505	126,282	64,782
	437,920	375,156	305,197
Less			
- Deferred income tax asset	-	(1,001)	-
- Intangible assets	(14,072)	(61)	(11,903)
Tier 1 capital	423,848	374,094	293,294
B. Tier 2 Supplementary Capital			
General provisions/ Portfolio provisions/ general loan loss reserves against unidentified losses	16,208	14,875	14,245
General risk reserve	16,331	11,729	24,879
Tier 2 capital (capped at 1.25% of RWAs)	32,538	27,507	22,009
C. Total Capital			
Tier 1 : Core Capital	423,848	374,094	293,294
Tier 2 : Supplementary capital	32,538	27,507	22,009
This Total gross capital	456,386	401,601	315,303
Total net capital	456,386	401,601	315,303
Weighted amount of on-balance sheet assets ("RWAs")	2,663,742	2,200,538	1,760,753
Capital Adequacy Ratio	17.13%	18.25%	17.91%

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025**2 CAPITAL STRUCTURE (CONTINUED)***Statutory reserve*

The Banking Act 2004 requires the Company to maintain a statutory reserve, wherein 15% of its net profit after tax is required to be transferred from retained earnings, until such time that the statutory reserve will equal the Company's share capital. The Company has accordingly transferred such provision during the year.

The Company is also required to maintain liquid assets equivalent to not less than 10 per cent of its deposit liabilities. At 31 December 2025, 2024 and 2023, this condition was met.

	2025 Rs'000	2024 Rs'000	2023 Rs'000
Total deposit liabilities	<u>1,609,181,434</u>	<u>1,599,119,898</u>	<u>1,422,904,517</u>
Total liquid assets	<u>423,045,659</u>	<u>236,157,971</u>	<u>303,558,365</u>
Liquidity ratio	<u>26%</u>	<u>15%</u>	<u>21%</u>

3 RISK MANAGEMENT POLICIES AND CONTROLS

The objective of the Company is to add value to the Company's equity by maximising the risk-adjusted return to the shareholder. The Board of directors is responsible for the reviews, approval and implementation of risk management policies and controls. The Board's approach has been to identify the risk areas, put the necessary controls, ensure continuous assessment, monitor, measure and report.

3.1 CREDIT RISK

Credit risk is the risk of loss due to the inability or unwillingness of counterparty to a financial instrument to fulfil its obligations. This risk is mitigated by a credit assessment of the potential client, adequate deposit by the latter and collateral guarantees. Refer to note 5.1 for more details. During the year, there has been improved credit monitoring on earlier buckets of lease receivables. In addition, the increase in collateral value had a positive impact on provisioning as at 31 Dec 2025. The increase in Stage 3 compared to prior year is related to normal growth of the business.

3.2 INTEREST RATE RISK

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. During the year, the Company has diversified its sources of funding which include corporate bonds, term loans and fixed deposits from customers which mainly bears fixed interest rate.

On the other hand, the majority of leases granted by the Company are at floating rates and secured by floor rates in the event of a drop in interest rates. Moreover, any adverse fluctuation in the market interest rate will have an impact on the interest rate on future fixed deposits and leases.

3.3 FOREIGN EXCHANGE RATE RISK

The Company has assets and liabilities that are denominated in Mauritian rupees, United States of America Dollars and Euros. Foreign exchange risk relates to the financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the Company. Most of the transactions are performed in Rupees and there is a minimum exposure in foreign currency transaction. Transactional risks are reduced through swaps in local currency where cross currency transactions are made.

3.4 LIQUIDITY RISK

The objective of liquidity management is to ensure that funds are available or there is assurance of the availability of funds, to honour the Company's cash flow commitments as they fall due, including off-balance sheet outflow commitments in a timely and cost-effective manner.

Liquid assets equivalent to not less than 10 per cent of deposit liabilities are maintained at all times. This is monitored continually and a weekly return of liquid assets and deposits is submitted to the Bank of Mauritius.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**3 RISK MANAGEMENT POLICIES AND CONTROLS (CONTINUED)****3.5 OPERATIONAL RISK**

Operational risk is controlled by identifying the different business processes and risk areas and implementing proper business procedures, internal controls and backup procedures. The Company makes use of IT system and technology from reputable suppliers and continuously reviews its processes and has a fully-fledged compliance IT function.

The Board of Directors ensures at all times that there are stringent internal controls over the Company's operations and has entrusted the review of internal controls through the Board's Audit Committee to the Company's internal audit function.

3.6 COMPLIANCE RISK

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate.

4 RELATED PARTY TRANSACTIONS

The Company has a Risk and Conduct Review Committee whose aim, amongst others, is to ensure that Management establishes procedures to comply with the requirements set out in the Guideline on Related Party Transactions issued by the Bank of Mauritius. The Committee proposes to review the procedures periodically to ensure their continuing adequacy and enforcement.

As part of its review process, the Committee undertook to review the following:

- risk management policies and prudential limits,
- large exposures and large non-performing accounts,
- all major non-compliance with risk policies and Internal Audit Reports and compliance with statutory and regulatory requirements on risk and exposure limits.
- all major cases of fraud and irregularities relating to operational and other risks.

As at 31 December 2025, the Company's total exposure with related parties was **Rs 12,736,301** (2024 – Rs 23,126,520; 2022 – Rs 35,433,953). This represented **2.90%** (2024 – 6.18%; 2023 – 12.08%) of the Company's Tier 1 Capital, whilst the limit by the Bank of Mauritius Guidelines is 60%.

These related parties have common directors or shareholders in other entities that have contracted with the Company in relation to finance and operating leases.

At the end of 2025, the Company's capital adequacy ratio was **17.13%** (2024 – 18.25%; 2023 – 17.91%).

	Outstanding balance Rs	As a % of Tier 1 capital
Client 1	8,059,175	1.90%
Client 2	1,031,792	0.24%
Client 3	857,814	0.20%
Client 4	700,832	0.17%
Client 5	642,441	0.15%
Client 6	393,536	0.09%
	11,685,591	2.76%

During the year, no exposure to related parties was individually impaired (2024 and 2023 - Nil). Details of Related Party transactions are provided in Note 31 of these financial statements.

5 STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Refer to the corporate governance report within this report.

MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025

6 CLIMATE CHANGE DISCLOSURE**6.1 Introduction**

Climate change is a reality and Earth's climate balance has been altered towards warming, with the biggest contributor being increases in CO₂. Greenhouse effect is appealing more importance from international instances, with the signature of the COP21 agreement and the bold statement of the UN Climate Change Executive Secretary – Simon Stiell who acknowledges that no country got everything they wanted, and that this is no time for victory laps. Everyone is called to multiply their efforts to contain the increase in temperature to 1.5°C.

Climate management is therefore turning into a compulsory activity in corporate and financial activities. This includes the risks and opportunities presented by extreme climate conditions, climate-related policy, and emerging technologies in our changing world. Financial markets need clear, comprehensive, high-quality information on the impacts of climate change on business operations, supply chain and financial stability. Hence, the importance of climate-related disclosures has grown as investors, companies, and the markets have recognized that climate-related risks can affect a company's business, its current and longer-term financial performance and position.

This disclosure sets out LPLF's assessment of the climate-related risks, which impact our policy function, internal operations, and our approach in managing those risks.

This situation also gives guidelines and shows opportunities for LPLF business development.

6.2 Objective

Through climate-related disclosures, the Company aims to provide information on relevant risks and opportunities, and planned actions for adaptation and mitigation. It enables different stakeholders (e.g. regulators, investors, depositors and customers) with important sources of information to make informed decisions. It is expected that such disclosures about climate-related risks and opportunities to positively affect the entity's cash flows, its access to finance or cost of capital. These principles can be applied differently to the two main activities: leasing and investment. As a financial body, LPLF aims as well to support investments in adaptation or mitigation.

6.3 Our road map to climate change

LPLF is currently involved in assets financing. Risk management has long been a core business competency and concepts like credit risks or market risks, for example, are already deeply explored. Climate change comes to reinforce these risks and bring attention to additional factors listed below. Consequently, our immediate approach in Climate Change Reporting is straightforward and efficient, employing a simple methodology to ensure that our assets are fully insured against the risks associated with sudden climate change impacts.

Internally, the company is already promoting environmentally responsible practices, such as avoiding unnecessary waste. Our organization is engaged in delivering top-tier leasing and fixed deposit solutions that meet the broad requirements of our clients. We aim to introduce "Green Products," for example, offering added flexibility for green vehicles and seeking opportunities to invest fixed deposit liquidity in environmentally sustainable projects.

Beyond this, LPLF aims at implementing a stronger management model with the following components.

Conduct a full scope 1, 2, 3 carbon footprint assessment, which will provide a quantified diagnosis and pathway, while revealing the climate and energy sensitivity of the organisation and its processes. This will include a comprehensive analysis of the financed emissions in accordance with published guidelines.

6.4 Shouldering responsibility for change

The urgency of global challenge demands a shift in mindset, whereby shareholder interests and managing climate risks need to be aligned.

MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025

6 CLIMATE CHANGE DISCLOSURE (CONTINUED)**6.4 Shouldering responsibility for change (Continued)**

The Company works proactively by handling the two major risks involved, namely; the Physical and Transitional Risks when responding to climate change, and by developing opportunities

- *Physical Risks*

Physical risks may have financial implications for the Company, such as direct damage to assets financed and indirect impacts from supply chain disruption due to extreme weather conditions such as cyclones and floods. Other physical risks may be more chronic such as severe rising temperatures.

Potential financial impacts may include write-offs and early retirement of existing assets (e.g., damage to vehicles and equipment in "high-risk" locations) and reduced revenues from lower sales. Capital costs may also increase if facilities are damaged and consequently shoot up the insurance premiums.

- *Transition Risks*

Transition risks are financial risks that result from moving to a low-carbon economy. They are driven by changes in policies, technology, market sentiment or customer behaviours. Transitioning requires policy and legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Examples of transition risks are as follows:

- Policy and legal - Increase pricing of high carbon emission assets, enhanced reporting obligations relating to emissions and exposure to litigations may result in increased compliance costs and early retirements of existing customer leases due to change in government policies.
- Technology: The need for new technologies to support renewable energy
- Market changes: The shift to electric vehicles and away from fossil fuels
- Supply chain disruption: Business that rely on fossil fuels may see disruptions to their supply chains

- *Opportunities*

Efforts to mitigate and adapt to climate change also produce opportunities through, for example, resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, maximizing new policies that subsidize efficiencies and clean energy, and building resilience along the supply chain.

Opportunities include markets and access to funding whereby the Company pro-actively seeks opportunities in leasing of green vehicles and to have a better position for the transition to a lower-carbon economy. Such opportunities have created access to new sources of funding through collaboration with other financial institutions through financing green loans.

6.5 Governance

The structure of rules and processes that LPLF has put in place to manage its responses to the financial risks and opportunities of climate change is supported by the current risks and opportunities management backbone

To achieve this objective, the Company discloses governance information to the Board. The Head of Risk is responsible for overseeing and adding climate-related risks and opportunities and reports back to the Risk Conduct Review Committee.

MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025

6 CLIMATE CHANGE DISCLOSURE (CONTINUED)**6.6 Role of the Board of Directors**

The Board of Directors ensures that the Company discloses its material climate-related risks, opportunities and strategic decisions to all stakeholders – especially investors and regulators. These disclosures are conducted in a timely manner to the Bank of Mauritius. Climate governance is an integral part of the Board's mandate and can be categorized as follows:

- *Ensuring regulatory conformance*

The role of the Board is to oversee that that regulatory requirements and commitments to all stakeholders, regulators and the communities are fulfilled. As climate-related regulatory and investor expectations continue to evolve and heighten, the Board ensures that the necessary skills, culture, knowledge and governance structures are put in place.

- *Helping drives organizational performance*

The apex of responsibility of the Board is to maximize long-term shareholders' wealth while mitigating risks, create and preserve value. The Board is responsible for articulating clear business strategies which are aligned to the impacts of climate change on business operations.

- *Future-proofing the organization to ensure sustainable growth*

The financial sector is increasingly expected to lead and enable the transition to a net-zero state of economy. Regulators and other stakeholders continuously review the lease portfolio which affects the Company's cost of capital. Through strategic thinking, the Board ensures forward-looking transition plans to help the Company be resilient at the scale and pace required.

6.7 Role of Senior Management

A deep understanding of the challenges related to climate change and a clear willingness to address them are crucial to handle climate change risk and requisite excellent strategic business decisions.

Senior management is therefore:

- Assessing the risks and opportunities inherent in its business and portfolio.
- developing and implementing climate-related financial risks management strategies, policies and frameworks;
- regularly reviewing the effectiveness of the strategies, policies frameworks, tools and controls;
- providing periodical reports to the Board on climate-related financial risks issues;
- ensuring that the internal structures responsible for managing climate-related financial risks are clearly defined and have adequate resources, skills and expertise;
- ensuring that staff have sufficient awareness and understanding to identify potential climate-related financial risks through periodic training and capacity development; and
- ensuring that material climate-related financial risk issues are addressed in a timely manner.

MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025**6 CLIMATE CHANGE DISCLOSURE (CONTINUED)****6.8 Internal Control Framework and Risk Management***Risk management process*

The Company shall identify, measure, monitor and manage all climate-related financial risks that could materially impair its financial, institutional and internal conditions.

Scope	Type	Climate related mapping
Assets in financial portfolio	Credit risk	Climate-related company-specific costs or losses that lead to a credit downgrade or default on credit obligations.
	Market risk	Asset supply and demand imbalances that increase market volatility and negatively impact asset prices.
	Liquidity risk	Lower market liquidity due to changes in investor preferences associated with climate-related risks.
Institutional functions	Strategic or policy risk	Diminished ability to stabilise inflation due to weaker monetary policy transmission and a smaller monetary policy space.
	Reputational risk	Public awareness of Co2 emissions.
Internal operations	Operational risk	Disruption of physical operations or impairment of premises and infrastructure due to natural disasters caused by climate change.

6.9 Forward looking

With growing awareness of climate change risks and opportunities, the Company continues in its endeavours to pursue its objectives to mainstream the considerations of climate related risks across its activities, develop a climate-resilient infrastructure and foster innovation in clean technologies.



Yeung Min (Christine) John Chuan
Chairperson of the Audit Committee



Dr. Linda Mamet
Acting Chairperson of the Board of Directors



Alexis Delamaire
Managing Director

30 March 2026