







Empowering your **Journey** with **Us**

Annual Report **2023**




















MAU BANK

Annual Report **2023**

Contents

“As a responsible bank, we believe that as much as shareholder value is of ultimate importance, sustainability is of penultimate significance.”

Chairman Statement

Dear shareholders, Customers, and Colleagues,

2023 marks my fourth financial year as the Chairman of the Board of Directors of MauBank Ltd. The continued support and trust of our shareholders has been instrumental to the bank's growth and performance. I extend my gratitude to our clients and express my appreciation for their business and loyalty.

I am also grateful to my fellow Board members for their role in shaping the bank's vision and performance, the Management team and the Staff for creating a positive work environment, a good performance and the underlying success of MauBank Ltd.

The need for resilience in a continually uncertain and ambiguous global environment

The year under review was challenging in many respects, with global and domestic environment impacting our business in many ways. The impact of these events on the Mauritian economy have been felt with varying degrees; some more direct and intense than others.

The widespread and rapid increase in inflation in 2022 prompted monetary policy tightening around the world, which continues to weigh on global growth in 2023. For many economies across the African continent, this has meant higher domestic interest rates, elevated sovereign spreads, and ongoing exchange rate pressures. Adding to high debt levels, these factors have combined to constrain access to external funding - yet another shock for a continent still emerging from the COVID-19 pandemic. The outlook for Mauritius remains reasonably positive according to the IMF. The GDP of Mauritius is expected to be 5.1% in 2023 and is expected to stabilize to a pre-pandemic normal of 3.8% in 2024.

The Bank's performance in a nutshell

As part of the phase-in arrangements of capital requirements pursuant to the implementation of Basel III, the Bank of Mauritius requires a minimum Capital Adequacy Ratio of 12.50%. Our capital adequacy ratio at the end of 2022-2023 financial year stood comfortably at 15.35%.

The Cost to income Ratio has improved to 65% (from 75% last year) which is in line with banks of similar sizes. This improvement is the result of the incessant effort of the bank to progress and streamline processes through the use of technology on one hand, and to the increased revenues from our products and services on the other.

In spite of the volatile and challenging economic conditions, the bank's Total Assets have improved from MUR 33.23 billion to MUR 35.4 billion, the Loans and Advances have grown by 20% to reach MUR 21.94 billion, and all this while its NPA ratio has been contained at 4.61%. Over the past three (3) financial years, the Return on Equity has improved more than two-fold going from 4.40% in 2021, to 9.59% last year, to 11.12% at end of June 2023. Interest income remains a key driver of growth for our bank. Net interest income has grown to MUR 241.23 million during the 2022-23 financial year. This represents a 27% increase from the previous financial year.

Most importantly, the efforts put in by one and all resulted in the bank posting a Profit After Tax of MUR 380.80 million for the financial year 2022-23, an improvement of 42% from a profitability of MUR 268.58 million in the previous financial year.

The Bank's ambition and direction for the future

As a commercial bank, traditional banking channels remain a mainstay. However, to keep in line of its strategic objective to "Embark the customers on a journey based on providing them with a package of meaningful and adapted solutions…" it favours agile, fast and close business relationship with clients and therefore MauBank Ltd will continue to pursue its digitalisation programme by building on its already award-winning banking apps in order to enhance the customer journey. Technology in banking enhances security and operational efficiency while providing more features and convenience help to build the overall customer experience.

Additionally, in this competitive market, we will continue to expend, to our best efforts, to ensure that our talented employees are well led, and we will persist on our ability to attract new leaders and retain existing ones. We will provide our continuous support to invest in making sure that the bank is a great place to work for every staff and instill our culture of high performance. Our commitment towards capacity building and continuous professional development of our people remains consistent.

The Mauritian Banking market is stable and mature and therefore to accelerate its growth, the bank needs to cast wider. India, Middle East and Africa regions remain sizeable in terms of potential. The bank, with its new business model - following the restructuring process undertaken in the past years – is now ready to embark on the next level of its transformation within a growth-centered blueprint.

Sustainability commitments

The United Nations and the World Bank have identified 17 Sustainable Development Goals to which countries around the world have given their commitment to.

As a responsible bank, we believe that as much as shareholder value is of ultimate importance, sustainability is of penultimate significance. In this regard, the bank set up the Sustainability unit and integrated it into the existing Corporate Strategy Unit in September 2022 with the purpose to focus on sustainable values that can trigger financial benefits, mitigate climate-related and environmental financial risk for MauBank, amongst others. The Sustainability Roadmap developed aimed at promoting environmentally sound and sustainable development across its wide range of activities. The bank is committed to act as a responsible partner vis-à-vis its stakeholders.

Concluding remarks

The bank remains committed to continued investments in Technology, Innovation, Compliance, Human Capital Development and ESG pillars to achieve its strategic objectives. The challenges that await us are many, diverse and require a combination of proactive management, regulatory compliance, technological investments, and a customer-centric approach to remain competitive and sustainable.

The bank, its Directors, the Management and Staff remain steadfast in delivering on the bank's motto to be "le partennaire de votre progrès. We look forward to continuing to deliver on our strategic objectives and undertake yet another year full of fresh challenges with the support of our shareholders, the trust of our customers and the commitment of our staff.

Mr. Gooroodeo Sookun
Chairperson
Board of Directors

“Thriving in Turbulence and Winning during Uncertain Times”

cfi.co 2022 BEST DIGITAL TRANSFORMATION IN BANKING WINNER MAURITIUS

cfi.co 2022 BEST GROWTH STRATEGY BANKING WINNER MAURITIUS

Chief Executive Statement

Dear Shareholders and Stakeholders,

I am pleased to address you in this annual report, a reflection of yet another successful year for MauBank, and a testament to our bank's resilience and commitment to excellence. As we reflect on the past years, marked by unprecedented challenges, I am proud to report that MauBank has not only weathered the storm but also emerged stronger and more resilient than ever.

Despite the economic uncertainties, the bank continued to demonstrate solid and improving financial performance. Our prudent risk practices, diversified portfolio, and forward-thinking strategies allowed us to navigate the challenging economic landscape successfully. We remained focused on delivering value to our shareholders, maintaining a strong capital position, and ensuring the stability of our business. Our resilience in the face of various challenges has been tested. Our dedicated team has been at the forefront of our success, consistently delivering exceptional service to our valued customers. I am immensely proud of their dedication and hard work.

MauBank maintained a strong financial position, with solid growth in various areas of our business. Our business decisions and strategic focus have paid off, resulting in sustained profitability and value creation for our shareholders. In fact, being bestowed with the 'Best Growth Strategy in Banking, Mauritius' in late 2022 by Capital Finance International (CFI.co) gave us the reassurance that we were sailing in the right direction, with adequate torque.

Operating income for the year ended 30 June 2023 stood at Rs 1.60 Bn, i.e. 23.19% higher compared to Rs 1.29 Bn for the year 2022. Total Interest Income increased by 53.3% over a year, while Non-Interest Income improved by 15.9%. Our Total Asset increase, attributable to a 20% expansion of our Loan and Advances portfolio, was to the tune of 6.6%.

Of particular note, we exceeded our own targets in many areas. I will not do justice to my team if I do not underscore that Revenue Growth was 26% above our own set target, Return on Equity was 43.3% above, and we were 52.9% over on Return on Assets.

Improving our financial indicators also meant curbing our costs. The successful reduction of our cost-to-income ratio from 84.97% to 64.97% in two years demonstrated our commitment to strategic cost management. We implemented rigorous cost-cutting measures that have not only improved our financial performance but also enhanced our overall operation efficiency.

Our efforts in operational streamlining have played a pivotal role in achieving this remarkable reduction. We have scrutinized every aspect of our operations to identify areas where cost reductions could be made without compromising the quality of service. We have optimized our resource allocation, ensuring that we allocate resources to high-impact areas while curbing unnecessary expenses. This approach has not only resulted in cost containment but has allowed us to redirect resources to areas with growth potential.

Technological innovation remains a cornerstone of our strategy. The new competitors have raised the bar on customer expectation. Over the past year, we have enhanced our digital transformation efforts to meet the journey integration of our customers. We have continued to invest in cutting-edge technology, enhancing our digital capabilities to provide customers with seamless and convenient banking experiences. In awarding us with the Best Digital Transformation 2022 accolade, Capital Finance International (CFI.co) recognized that our investments in technology have resulted in enhanced online and mobile banking experiences, making it easier for customers to manage their finances conveniently and securely. Conversely, embracing technology and automation has been instrumental in reducing costs. We have shifted to systems and processes – namely our end-to-end online lending platforms for Asset Finance and Credit Card - that save time and significantly reduce manual labor and associated costs.

Maintaining cost containment while keeping the customer experience at the forefront of our operations has been a priority. We've achieved this by delivering innovative services and products efficiently, alongside nurturing proximity and relationships with our customers, in particular our business ones, from SME to Corporate. Our quick turnaround time has demarcated us in the industry. In turn, our approach has contributed to revenue growth. With a lowered cost-to-income ratio, we are better positioned for sustained profitability and growth. This provides us with the financial resilience to navigate through challenges and seize opportunities in the ever-evolving banking industry.

Sustainability is therefore a key focus for us. For the bank, and for the world in which we live. We are committed to responsible banking practices that prioritize the well-being of our planet and communities. Internally we have made environmentally responsible choices that will, in the long run, reduce energy and resource consumption. We have also taken steps to reduce our environmental impact, support financial inclusion, and contribute to social causes that matter. The bank developed its roadmap towards the application of the Bank of Mauritius guideline on Climate-related and Environmental Financial Risk for the short, medium and long term, including capacity building program to empower our teams in the implementation of an enhanced risk framework addressing the identification, assessment and management of risks associated with climate or environment that may impact on the bank's operations and financial performance.

Back in June 2021, we were energized by a declaration of profit of Rs 119.02 Mn. In 2022, a declared profit of Rs 268.58 Mn was a validation of our corporate strategy, and elevated our determination to bring this bank to new heights. More importantly, we had the immense satisfaction of announcing a payment of dividends of Rs 40M to our shareholders, representing 15% of our profit.

“One year down the line, I am extremely proud to present the performance of MauBank in this annual report, with a profit after tax and impairment of **Rs 380.80 Mn** for the year ended 30 June 2023. A three-fold increase in two years, and a growth of **41.78%** in one year.”

Chief Executive Statement

Looking ahead, we are optimistic about the opportunities that unfold. As the future of banking continues to evolve, MauBank is well-positioned to adapt, innovate and thrive. Our bank is well-prepared to adjust to changing market dynamics, seize opportunities, and overcome challenges. We will continue to explore new avenues for growth, strengthen customer relationships, and deliver sustainable value to our stakeholders.

I want to express my gratitude to our dedicated employees, loyal customers, supportive shareholders, and the communities we are privileged to serve. Together, we have demonstrated our strength and resilience, and I am confident that our collective efforts will drive MauBank to another altitude in the coming year.

Thank you for being part of the MauBank journey. We are thrilled about the possibilities that lie ahead and look forward to another year of growth, innovation and shared success.

Mr. Premchand Mungar
Chief Executive


MAU BANK

Empowering your **Journey** with **Us**

In a world of constant transformation and evolving challenges, our commitment to empowering your journey remains steadfast. At MauBank, we view our annual report as more than just numbers; it's a reflection of the shared progress we've made on this incredible journey together. Our success is tied to your growth.

Through our products, services, and partnerships, we are committed to empowering you, our valued stakeholders, to achieve your goals and aspirations. As a company, we've made great strides to provide you with the tools and opportunities for you to prosper amidst an ever-changing world.

The road ahead is filled with challenges and opportunities, and we are excited to face them with you. Your trust in us is a driving force, and together, we'll continue to empower your journey, pushing you towards a brighter, and more prosperous future.

Our Values

“We drive progress by helping to create jobs, empower communities, foster entrepreneurship and economic mobility while managing risk and providing a return to our clients and our shareholders. Because we recognize that we can only be successful when the individuals, companies, communities and employees we serve are able to reach their vision of success.”

At MauBank, we stand guided by a common purpose to help make financial lives better by connecting clients and communities to the resources they need to be successful. We deliver this through a focus on responsible growth and environmental, social and governance (ESG) leadership.

Responsiveness
We take ownership of issues and respond swiftly and positively to the needs of clients and stakeholders

Integrity
We always conduct business with the highest standards of ethnics and governance

Innovation
We do our best to find newer and more efficient ways of delivering convenience to our clients and improve how things are done internally

Teamwork
We workcollaboratively and effectively with colleagues towards a shared vision

Excellence
We deliver on what we promised and constantly strive to exceed what is expected

Channels

In a world of modern banking, we offer a diverse range of channels to cater to the unique preferences and requirements of our customers.

Whether through physical touch points, digital channels, including but not limited to Internet Banking, Mobile Banking, and online loan lending platforms, we offer a hassle-free, efficient and secure service to our customers. These options emphasize accessibility, personalization, and a commitment to making banking an integral and effortless part of everyday life.

Business Centres	19
ATMs	31
Post Office	86
Mobile Banking	
Internet Banking	
Credit Cards	

Financial Performance

MUR **1.60** Bn

Total Operating Income

MUR **1.14** Bn

Net Interest Income

MUR **240.51** Mn

Net Fees and Commissions

Corporate Information

Board of Directors

Non-Executive Directors	Appointed on
Mr. Sookun Gooroodeo *(Appointed as chairperson effective 30 June 2020)*	10 June 2020
Mr. Sokappadu Ramanaidoo	03 October 2019
Mr. Nicolas Jean Marie Cyril *(ceased to be director on 22 December 2022)*	13 March 2015
Mr. Codabux Muhammad Javed	10 March 2017
Mr. Rampersad Rabin	19 September 2019
Mr. Jeetoo Mohamad Fardeen	15 July 2021
Mr. Kokil Anil Kumar	15 July 2021
Mr. Semjevee Sivananda	15 July 2021
Mrs. Vasseur-Soneea Alexandra	15 July 2021

Executive Director	Appointed on
Mr. Mungar Premchand	23 November 2018

Corporate Information

Key Management Team

Executive Team	**Mr. MUNGAR Premchand**	Chief Executive
	Mr. VYDELINGUM Vishuene	Deputy Chief Executive
	Mr. MOTEE Ramesh	Chief Risk Officer
	Mr. MOHADEB Damodarsingh (Deepak)	Chief Financial Officer
	Mrs. YACOOB Syed Aufia	Head of Institutional Development cum OIC HR
	Mr. POOLOO Maoumar AL	Head of Operations
	Mr. LUXIMON Sanraj	Head of Sustainability and Corporate Strategy
	Ms. SADDUL Anouchka	Head of Corporate Affairs, Brand Management and Marketing
	Mr. SEEBARUTH Rakesh (B.K)	Head of Internal Audit
	Mr. MUHEM Dharmarajan	Head of IT Applications and Channels
Other Key Management Staff	**Mr. TRANQUILLE Jean Hugues Ivan**	Company Secretary
	Mr. SAWMY Premendra	Head of Special Asset Management
	Mr. BADEGHAN Yoghen Kistnesamy	Compliance Officer cum MLRO

Registered Office	MauBank Ltd 25, Bank Street Cybercity Ebène, 72201 Republic of Mauritius
Auditor	Ernst & Young 6th floor, IconEbene, Rue de L'institut, Ebene

Board of Directors

Names & Profiles at page 230.

Executive Team

Names & Profiles at page 236.

Directors' Report

The Board of Directors is pleased to present the Audited Financial Statements of MauBank Ltd ("Bank") and its subsidiary, MauBank Investment Ltd, for the year ended 30 June 2023. The financial statements have been prepared in accordance with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, the International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. The Bank and its subsidiary are collectively referred to as the Group.

GLOBAL ECONOMIC OUTLOOK

The world economy started showing signs of drop in inflation rate and positive growth after recent financial sector chaos at the start of 2023. However, although inflation rate has dropped and central banks rose their interest rates coupled with decrease in food and energy prices, underlying price pressures are still present in several economies.

Debt levels remained high, limiting the ability of fiscal policymakers to respond to new challenges. Commodity prices that rose sharply following Russia's invasion of Ukraine have moderated and geopolitical tensions are still high. Infectious COVID-19 strains caused widespread outbreaks last year, but economies that were hit hard, mainly China, appear to be recovering, easing supply-chain disruptions.

The fast rise in policy rates are resulting in side effects impacting both the banking sector and non bank financial institutions. Financial sector stress could increase, weakening the real economy through a sharp deterioration in financing conditions and compelling central banks to reconsider their policy path.

Based on the World Economic Outlook issued in April 2023, the baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent. Global inflation is set to drop from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices.

Steps to strengthen multilateral cooperation are essential to make progress in creating a more resilient world economy, by strengthening the global financial safety net, mitigating the costs of climate change, and reducing the adverse effects of geo-economic fragmentation.

REVIEW OF THE MAURITIAN ECONOMY

Although Mauritius became a high-income country in July 2020, the impact of the COVID-19 pandemic had a negative impact on the middle-income status in 2021. Despite the successful handling of the public health emergency, the economic impact was severe, and GDP contracted by 14.6% in 2020. GDP growth slightly improved by 3.5% in 2021, and increased to an estimated 8.3% in 2022, supported by the strong tourism recovery. From January to October 2022, tourist arrivals increased by 1100%, with some 755,000 tourists arriving on the island, compared to approximately 64,000 for the same period in 2021.

The economy is projected to grow by 5.0% in 2023 and 4.2% in 2024. However, growth is expected to slow in 2023. It is to be noted that inflation rose from 4% in 2021 to 10.8% in 2022 – the highest in over a decade – driven by external supply shocks stemming from the war in Ukraine, which increased the prices of energy and food products, of which Mauritius is a net importer. The current account deficit widened to 14.4% in 2022, and its financing will continue to depend on the financial and capital flows in the Global Business Companies sector. Seeking to control inflation, the central bank hiked the key repo rate six times between March and December 2022 by a cumulative 265 basis points, reaching 4.5%. Inflation is expected to reduce progressively over the medium term, controlled by tightening monetary conditions in major trading partners, while the rollout of a new monetary policy framework in January 2023 should aid in anchoring domestic inflation expectations.

Monetary tightening will also weigh on domestic demand. The fiscal deficit is projected to further narrow to 5.4% of GDP in 2023 and 4.7% in 2024, financed predominantly through domestic borrowing and, to a lesser extent, external borrowing. Inflation is projected to moderate to 7.0% in 2023 and 5.5% in 2024. The trade deficit is also projected to fall to 7.7% of GDP in 2023 and 5.1% in 2024.

The Minister of Finance, Economic Planning and Development presented the National Budget 2023-2024 in June 2023 with some key financial measures. There is a renewed focus to ensure that our current AML/CFT framework meets international standards and best practices. Finance Act 2023 brought changes on the taxation rate of banks whereby a flat income tax rate of 5% shall apply to banks with chargeable income of up to Rs1.5bn and 15% for banks with chargeable income above Rs1.5bn. Furthermore, the Digital Rupee shall become a reality with a pilot run planned for November 2023. The development of a Carbon Trading framework by Bank of Mauritius was also announced with main objective to make Mauritius a Green Certified destination by 2030.

BANKING SECTOR IN MAURITIUS

The Mauritius banking industry has many proven strengths that have contributed to its success to date. Sitting at the crossroads of Asia and Africa, it has been channelling investments for decades, supported by one of the most business-friendly and stable economies in the region.

The banking industry is going through several changes. The borderless and disruptive nature of technology is transforming the way in which financial services are accessed and delivered. Coupled with that, fast-evolving consumer demands, competition from fintech and non-bank financial institutions, the climate crisis, amongst others, are reshaping banking business models. The pandemic also accelerated recourse to digital channels for expediting financial transactions. These unprecedented developments are altering the way financial resources are managed in the wider economy, undeniably posing major challenges to the banking industry. In parallel, the Mauritius banking industry will increasingly leverage digitization to serve its domestic market.

BANKING SECTOR IN MAURITIUS

In 2022, the Bank of Mauritius released a Guideline on Climate-related and Environmental Financial Risk Management, which took into consideration the recommendations of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) in its Guide for Supervisors, "Integrating climate-related and environmental risks into prudential supervision", issued in May 2020, as well as other related guidance issued by the NGFS, the Financial Stability Board, the Basel Committee on Banking Supervision and other regulators. The Guideline sets out the expectations of a prudent approach to climate-related and environmental financial risks with a view to enhancing the resilience of the banking sector against these risks. The disclosure requirement will be effective as from financial year ending 31 December 2023.

Source:
International Monetary Fund World Economic Outlook Apr 23
African Economic Outlook 2023
Report on Future of Banking in Mauritius – Oliver Wyman

FINANCIAL RESULTS AND BUSINESS ACTIVITIES

The Bank's total assets was **Rs 35.44 Bn** as at 30 June 2023 against Rs 33.23 Bn as at 30 June 2022 whilst gross loans and advances stood at **Rs 21.94 Bn** as at 30 June 2023, against Rs 18.30 billion as at 30 June 2022. On the other hand, the Bank has experienced an increase in its deposit base from Rs 28.79 Bn at 30 June 2022 to **Rs 30.43 Bn** at 30 June 2023, an increase of 5.71%.

The Bank ended the year 30 June 2023 with a profit after tax of Rs 380.80 Mn against a profit after tax of Rs 268.58 Mn for last year.

Please refer to the Management Discussion and Analysis on page 212 for more details.

CORPORATE GOVERNANCE

MauBank Ltd adheres to good corporate governance principles and procedures in its business strategy, operations and organisational culture.

The Board of Directors of the Bank delegates its powers to several Board Committees and Management Committees which operate in line with the best international good corporate governance practices, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank.

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee
ii. Board Risk Management Committee
iii. Nomination and Remuneration Committee
iv. Board Investment & Credit Committee
v. Corporate Governance Committee
vi. Strategy and Finance Committee
vii. Procurement Committee
viii. Board Cybersecurity Committee

The Bank ensures adherence to all its policies and procedures which are in line with the guidelines issued by the Bank of Mauritius (Central Bank or BOM). An Anti-Money Laundering Unit, forming part of the Compliance department, is specifically mandated to safeguard the reputation and integrity of the Bank by safeguarding against any money laundering offence.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2023, the major shareholding of the Bank was as follows:

MauBank Holdings Ltd	99.96 %
Other Shareholders	0.04 %

DIRECTORS' REMUNERATION

The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 29,094,744** for year ended 30 June 2023 compared to Rs 20,574,691 for the year ended 30 June 2022 and Rs 17,884,682 for the period ended 30 June 2021.

The total remuneration paid to the directors of the Bank for the year ended June 30, 2023 are as follows;

	Remuneration Rs
Executive Director	25,024,494
Non-Executive Directors	4,070,250
	29,094,744

As per Section 221(1)(e)(ii) of the Mauritius Companies Act 2001, the remuneration received by each director individually are as follows:

Executive	
Mr. Mungar Premchand	25,024,494
Non-Executive	
Mr. Sookun Gooroodeo	1,009,000
Mr. Sokappadu Ramanaidoo	525,000
Mr. Nicolas Jean Marie Cyril	286,250
Mr. Rampersad Rabin	300,000
Mr. Codabux Muhammad Javed	400,000
Mr. Jeetoo Mohamad Fardeen	340,000
Mr. Semjevee Sivananda	410,000
Mr. Kokil Anil Kumar	370,000
Mrs. Vasseur-Soneea Alexandra	430,000
	29,094,744

DIRECTORS' SERVICE CONTRACTS

The Bank has an employment contract with the Executive Director, Mr. Premchand Mungar, who was appointed Chief Executive with effect from 23 November 2018.

DONATIONS

During the year ended 30 June 2023, donations made by the Bank amounted to **Rs 2,853,294** (30 June 2022: Rs 1,282,259). However, there were no political donations made.

DIRECTORS' SHARE INTERESTS

The Directors have no direct or indirect interest in the share capital of the Bank.

AUDITOR

Ernst & Young is in its first year as external auditor of the Group and the Bank for the year ended 30 June 2023.

Deloitte was in its seventh and last year as external auditor of the Group and the Bank for the year ended 30 June 2022.

The remuneration, inclusive of Value added Tax, for audit and other services payable, is as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**8,399,600**	5,488,375	5,229,625	**8,199,500**	5,341,750	5,088,750
Other services	**2,530,000**	231,150	-	**2,530,000**	231,150	-
TOTAL	**10,929,600**	5,719,525	5,229,625	**10,729,500**	5,572,900	5,088,750

The non-audit related fees paid for the year ended 30 June 2023 to Ernst & Young relates to a special examination carried out as requested by the Bank of Mauritius.

As part of the additional services provided, the teams involved are not part of any decision-making process in the audit team of Ernst & Young. Moreover, with different teams involved, Ernst & Young retains its independence with regards to their statutory obligations.

The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), to discuss the external auditor's remit and any issues arising from the external audit. Meetings are also held with the external auditor by the Board / Board members, without the presence of Management, at least once a year, if required.

The members of Audit Committee have met with the external auditor without the presence of management in June 2023.

PROSPECTS AHEAD

MauBank Ltd's operations span across the following pillars: Retail, SME, Corporate and International Banking; as it continues to grow in these areas.

The Bank has been actively pursuing growth opportunities in its International Banking business as it aims to consolidate its network within its global and African business partners. We have further launched new products, such as the Green Loan, to aid our clients to align with the Government's policy of adopting sustainable energies for a greener Mauritius. We continue to remain at the forefront of our clients to provide exceptional and customer needs based services to their satisfaction.

We remain fully aware of the ever increasing impact of technological based services and at MauBank Ltd, we remain committed to providing a fast and efficient service through the use of a technology based platform to enhance customer experience. We are pleased to announce that our online leasing platform has seen a subsequent growth in the number of users due to its simplicity and ease of use.

Management is fully aware of the ever increasing competition in the banking sector in the island of Mauritius and our efforts shall be converged to ensure that we remain among the top three banking institutions in Mauritius through strategic planning and product development.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, financial performance and cash flows of the Group. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, 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 Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

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

Directors' Report

ACKNOWLEDGEMENTS

The Bank is grateful for the support given by the Government of Mauritius as ultimate shareholder, the Honourable Prime Minister and Minister of Finance, Economic Planning & Development and the Financial Secretary. The Bank is also grateful to management and the employees for their commitment and support. The Bank wishes to convey its special thanks to its customers and depositors for their unwavering trust and continued support.

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 29 September 2023

Ebène 72201, Republic of Mauritius

Business Segments

Through our lines of businesses, we focus on helping individuals navigate every stage of their financial lives, and we work with companies - large and small - to drive the economy forward, while providing relationship and "accompagnement".

Consumer Banking

Consumer Banking serves individuals, families and small and madium enterprises with a full range of financial products and services, from mortgage loans to leasing through insurance. Our network of 19 Business Centres in Mauritius and Rodrigues ensures proximity with our customers. Through our exclusive partnership with the Mauritius Post Ltd, we also serve our customers through Post Office across the country. In addition our digital banking capabilities offer access, control and management of account anytime, anywhere.

Business Banking

Business Banking offers integrated financial solutions including credit, treasury, trade, foreign exchange and equipment finance to mid-sized enterprises.

Corporate Banking

Corporate Banking serves large corporate clients with solutions for Debt, Trade, Project Financing, FX transactions, Leasing, Transactional banking and Cash Management. Relationship Managers walk with customers to structure their finance in line with their current activities as well as their growth plans.

International Banking

International Banking provides a wide range of banking services to both Corporates and individuals who are using Mauritius as an International Financial Centre. The Bank offers its services, including the operation of accounts in all major currencies, to Management Companies, Global Business Companies holding License Category 1 and 2, Trusts, Protected Cell Companies, Foundations, and Foreign Incorporated Companies. International Banking leverages its services based on proximity, flexibility, rapid turn-around time and a relationship led approach.

Strategy - Business Line Performance

Consumer Banking

Consumer Banking has continued to deliver an improving financial performance, closing Financial Year 22-23 commendably. Our Balance sheet remained resilient during the pandemic and grew further while our asset quality continued to remain robust. The gross customer advances increased by 12.1%, and our customer deposits by 4.1%. A marked increase of 89.1% was achieved in our Trading Income, and a 17% one on our net Fees and Commissions line.

A significant boost in the adoption of electronic and digital banking was noted during the Financial Year 22-23, where we observed an increase of nearly 25% in the number of transactions processed through our mobile app MauBank WithMe. Similarly, the processing of card transactions at point-of-sales terminals and through e-commerce has seen an increase of over 20%.

Customers remain key to our business. Our decisions revolve around meeting the financial needs and aspirations of our diverse customer base, including individuals and Micro, Small and Medium Enterprises (MSMEs). Consumer, Private and SME banking serve more than 300,000 individuals and small businesses, with a focus on the affluent and emerging affluent growing market.

The Consumer Banking network includes outlets comprising of Business Centers, ATMs and agency banking through Post Offices. We are leveraging the strength of our network of 19 One Stop Shop Business Centers including the one at Rodrigues not only to serve customers better, but also exponentially increase our market share. We are proud to say we offer digital banking services with a human touch, with solutions spanning across deposits, payments, financing and investment products.

Our performance in 2023 is attributable to a large extent to the commendable work of our 150+ staff across the retail network, supported by the Management. Every day, our colleagues endeavor to deliver first-rate results for our clients, providing tailored products and services to help them grasp the opportunities lying ahead of them. Our people are our key assets and enablers of growth.

Moving Forward

Economic recovery aiding, we are well positioned to take advantage of the considerable growth opportunities on our path as we navigate into the next financial year. We aim to continuously uplift the client experience and improve productivity by driving process simplification and end-to-end digitalization. Our Strategy is underpinned by our stands, the areas where we have set long-term ambitions for impact on the market. Anchored in our purpose, we continue to drive our actions in maintaining the momentum and the pace of economic recovery in many of the subsegments the market is encouraging.

Business Banking

The Business Banking division sustained a strong underlying sales momentum in 2022-2023 with a growth of 28.2% in total operating income. The assets book grew by 12.8%, and the liabilities book by 17.9%. With a mission to continuously exceed the expectations of its key stakeholders, the unit continued its journey towards supporting the business growth of its customers through proximity and a solution-oriented approach.

This growth confirmed the Bank's fundamentals, and in addition to the good business performance, the team maintained a high level of commitment in respect of both operations and product requirements. This is vindicated by the achievement of significant milestones in terms of customer acquisition across the different sectors of the economy. The solid growth was also a testament to the commitment to providing exceptional customer service and innovative products, guided by the purpose of creating fair and sustainable value in every service offered. In keeping with the Strategic Business Transformation Initiative, the Business Banking segment has enhanced the quality of its existing portfolio and brought into the books more businesses with a faithful representation of the various sectors of the economy.

Moving Forward

The task ahead is to leverage the division's core strengths to drive improved performance and competitiveness and inspire the team in the delivery of greater customer service. This will mean bringing greater focus to deliver growth in partnership with customers and having a powerful impact on the economy. Business Banking division remains ambitious for the future and confident in its ability to tap into new markets and achieve in 2024 another year of growth in its portfolios and revenue.

Corporate Banking

The Corporate Banking arm of the bank manages a portfolio of customers with an annual turnover of MUR 150M and above. The department closed the financial year ending 30 June 2023 with a worthy performance: the asset book grew by 34% and the total operating income increased by 20%. The success achieved in the financial year 2021/22 was carried over to 2022/23.

The creation of industry-driven segments with specialized teams, and having committed bankers with expertise to serve their respective cluster have been instrumental in providing bespoke solutions for our clients. Proximity with our clients has helped MauBank further develop its goodwill as a trustful and reliable banking partner.

With the continuous dedication, passion, effort and discipline of the team members, Corporate Banking takes pride in helping its clients achieve their business objectives. Close collaboration and the right synergy among internal stakeholders in the front and back offices have been the determinants of exceptional service delivery and enhanced customer experience.

Moving Forward

With the economy bouncing back and green shoots appearing, Corporate Banking is optimistic of the immense opportunities of growth in the local corporate landscape. Staying close to our customers, providing solutions adapted to their sector-specific business needs, and ensuring service excellence remain our priority. We will continuously work towards meeting the evolving needs of our customers by ensuring that they access the right product and service along their journey.

International Banking

International Banking has realized remarkable results for the financial year 2022/23. The assets book has undergone a growth of 69%, resulting in a marked increase of 91% in the total operating income. On the other hand, deposits have gone up by 50%.

The exceptional results have been achieved as a result of the higher number of credit facilities processed, approved and disbursed, leading to an improvement in the net interest income. Additionally, fees and commission collected have known a significant rise thanks to the onboarding of new customer types.

Moving Forward

International Banking will continue to focus on international markets to mobilize deposits through new strategies, among others identifying new businesses, onboarding new Management Companies and investing in Global Funds.

On the assets side, International Banking will also continue to look for deals with good risk profiles to grow the assets book and enlarge Loan Syndication Partners to have access to the global market for issuance of new deals.

Emphasizing relationship services, and understanding the needs of global clients as well as local Management Companies to better serve them in their journey from the Mauritian International Financial Centre remain our focus.

Treasury

The Treasury Team accomplished a commendable performance, characterized by a 63% growth in Profit & Loss, along with a significant increase in the interest income line. Leveraging the relationship the team has with a portfolio of customers across all segments of the bank, namely Corporate, Business Banking, SME and International Banking, it has onboarded new business across them. A significant income boost was achieved across different asset classes thanks to a close collaboration between internal & external stakeholders.

Moving Forward

Treasury continues its focus on managing and optimizing four major poles namely Foreign Exchange Dealings, Liquidity Management, Interest Rate Environments and ALM (Asset & Liability Management). It remains geared on providing both financial and risk management solutions to customers at competitive prices, and pursues its journey with the development of improved treasury solutions, new and innovative products, primarily in the derivatives space.

Strategy

Customer Centricity

In an era defined by rapid technological advancements and evolving customer expectations, MauBank remained committed to its core principle: customer centricity. Our unwavering focus on the needs and aspirations of our customers has been the cornerstone of our success.

We continuously innovated and developed products, solutions and services tailored to address the specific financial goals of our diverse clientele, from individuals to businesses, small and large, local or cross-border. This year, we improved and designed several offerings to make them more customer-centric, including simplifying banking, expediting processes and enhancing financial well-being.

Digitalization

We recognized the growing importance of digital platforms in providing seamless and convenient banking experiences. Our substantial investments in digitalization have enabled customers to access our services anytime, anywhere, offering an unparalleled level of convenience.

During the financial year 2022/23, new functionalities have been added to our application WithMe to keep pace with the digital transformation in banking and new payment systems. QR scanning to effect secured contactless payments swiftly has thus become a new feature, together with the capability of generating and sharing a personal QR to accept a payment, without having to give personal/bank details. That QR can be scanned by both a customer and a non-customer of MauBank, or another banking/payment application for a transfer to be effected.
Striving to make the banking experience of our customers simpler and simpler, effecting bank transfers to a mobile number has been introduced to the existing set of features. Payers within MauBank enjoy the rapidity of transferring funds - and payees the convenience - by using a mobile number instead of an account number.

Giving customers greater control on the management and security of their debit and credit cards was a matter of priority. Along with the possibility of activating a new card on WithMe 24/7 from home, the application has also been powered to give a card user the ability to choose which type of transaction (ATM, Point of Sale & e-Commerce) to enable or disable as and when, and as often as required. These features, fully managed by the user, have enhanced the security level of MauBank cards without causing customer inconvenience.

In two years, usage of WithMe by way of bank transfers, payments, credit card management, cardless ATM withdrawals etc has increased by 56%, and the number of users has increased by 62%. Our Online Lending platforms for Leasing and Credit Cards have allowed applications to be processed digitally end to end, giving customers ease of remote access 24/7 coupled with instant in-principle approvals while our front, middle and back office handled requests with automated, straight-through capabilities. Streamlining back-end operations, reducing the need for physical infrastructure and labour have substantially reduced operational costs, and increased efficiency.

Proximity, Relationship and Tailor-Made Solutions

The Covid pandemic and the related economic crisis has taught us that each sector is affected in its own way. No two industries were impacted similarly. Understanding that different sectors have distinct financial requirements, we have developed sector-adapted solutions. Whether it is Agriculture, Tourism, Construction, Logistics, Healthcare or Manufacturing, we provide specialized financial products to cater to the unique challenges and opportunities in the industry.

Our proximity and strong relationship with corporate clients have been integral to our success. We prioritized understanding their unique financial requirements, which forged in us an approach that is more solution-oriented than product-oriented, where solutions are customized to support the growth and financial objectives of the clients.

Small and Medium-sized Enterprises (SMEs) are the backbone of the economy. We take pride in our commitment to helping SMEs thrive by offering financial solutions tailored to their specific needs. We have expanded our suite of services to empower these businesses and drive economic growth. Our dedication to customer centricity drives every facet of our operations. We believe that by putting our customers first and empowering their journey, we not only built trust and loyalty but ensured the sustainable growth and prosperity of our bank. We are excited to continue our journey of delivering exceptional banking experiences that meet and exceed the expectations of our valued customers.

Sustainability

FY 22/23 was yet another challenging year. The effects of the aftermath of the COVID-19 pandemic and the ongoing Russia-Ukraine conflict have had a far-reaching impact on families, businesses and economies. Amidst the economic and social pressures on our business, we recognized that staying true to our core values and sustainability commitment is more critical now than ever. Our ambition is to embed sustainability into ‘everything we do’ and instill it in our culture. Sustainability will continue to serve as our compass to navigate challenges in a manner that sustains our business, uplifts communities, and maintains environmental stewardship.

To demonstrate our adherence to the Sustainability cause, the bank set up the Sustainability unit and integrated it into the existing Corporate Strategy Unit in September 2022 with the purpose of focusing on sustainable values that can trigger financial benefits, mitigate climate-related and environmental financial risk for MauBank, amongst others. This accrues through a variety of means including the start of the implementation phase of the Bank of Mauritius Guideline on climate-related and environmental financial risk management, improving the efficiency of energy and materials use; generating customer loyalty and investor value; developing a stable, integrated value chain; heightening employee engagement among others.

Among the main projects undertaken in Financial year 22-23, are the selection and onboarding of a consultant to assist the bank in the implementation of the Bank of Mauritius Guideline. Our consultant has been designing the bank’s roadmap for the short, medium and long terms and will be rolling out a capacity building programme to empower our teams in the implementation of an enhanced risk framework addressing the identification, assessment and management of risks associated with climate or environment that may impact on the bank’s operations and financial performance. The training will focus on climate-related and environment risks as well as general sustainability themes. Our Board of Directors is committed to endorse accountability for the potential risks and opportunities that the Guideline requires and will ensure that the strategy, policies and actions adequately strengthen the bank’s resilience.

Though the bank’s sustainability journey will start with the credit portfolio, specifically, the climate-related risk framework as initial phase, the chart below lists MauBank’s focus areas that will contribute to the development of a robust agenda with targets in the three sustainability pillars, Environment, Social and Governance.

Environment	Social	Governance
• To undertake responsible sustainability practices to mitigate direct and indirect environmental impacts on our business and operations.	**Customer Orientation** • To engage our employees to deliver service excellence. • To be genuinely committed to be “le partenaire de votre progres”. • To be innovative and responsible in the delivery of our products	• To undertake responsible sustainability practices to mitigate direct and indirect environmental impacts on our business and operations.
• To be committed to using our resources wisely, thereby ensuring the protection and conservation of the natural environment.	**Employer of Choice** • To create a conducive and well-balanced workplace with emphasis on employee wellbeing and safety & health. • To attract and retain talents by providing an environment where our employees have the opportunity to grow. • To improve competencies through continuous training. • To recognize and reward performance.	• To comply with the relevant laws, regulations, guidelines and business rules.
• To be vigilant about emerging climate change challenges and opportunities, enhancing preparedness and responsiveness to regulatory requirements or commercial pressure	**Corporate Social Responsibilty** • To support the underprivileged communities through CSR contributions and other actions.	• To engage with stakeholders in a responsible, fair and reasonable manner.

Corporate Governance Report

The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of an organization'. [The National Code on Corporate Governance 2016 (the "Code")]

Recognizing and understanding the positive impacts that the Code can bring in an organization, MauBank Ltd ("MauBank" or the "Bank") has ensured that its strategies are aligned to the Code together with other applicable laws and guidelines, whereby, encouraging a culture and attitude that nurture the principles of Corporate Governance throughout decision making.

This report sets out the Bank's Corporate Governance processes and the role they play in supporting the delivery of the Bank's strategy and provides for explanations from any deviations from the Code.

This report is published on the Company's website, as part of the Annual Report.

1. Statement of Compliance by the Board

For matters of good governance, the Bank is guided by the Bank of Mauritius' Guideline on Corporate Governance, The National Code of Corporate Governance for Mauritius (the "Code") as revised in 2016 together with other fundamental legislations such as the Banking Act 2004 and the Mauritius Companies Act 2001.

The Bank has endeavoured to adhere to the principles as set out in the Code by taking matters at Board level and Committees of the Board. The Board is of view that there is no material deviation to be highlighted. In addition, the Bank has a Corporate Governance Committee to specifically discuss on Corporate Governance matters. The Bank's Corporate Governance system further comprises Management Forums, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations.

The above-mentioned system provides structures for the following:

- Formulation of strategic directions and plans;
- Setting up of corporate objectives and budgets;
- Establishing clear lines of responsibility and accountability;
- Delegation of authority to management to implement Board approved plans and strategies and to operate the Bank's business on a day to day basis;
- Sanctioning of banking facilities to related parties and large credit exposure to a customer / group;
- Monitoring of performance and compliance with laws, regulations, policies and procedures;
- Risk Management framework;
- Internal control systems;
- Rewards and incentives;
- Succession planning for Executives; and
- Good governance practices.

To the best of its knowledge, the Board has relentlessly endeavoured towards attaining, adhering and maintaining throughout the financial year 2022-2023, the highest level of Corporate Governance in accordance with the Guideline on Corporate Governance issued by the Bank of Mauritius, the National Code for Corporate Governance and other relevant legislations.

2. Brief Overview of the Underlying Principles of the Code of Corporate Governance

The Code rests on eight (8) core principles that encourages the "apply and explain" approach, whereby, allowing organisations to adapt its practices to particular circumstances.

These principles are:

1. The Governance Structure
2. The Structure of the Board and its Committees
3. Director Appointment Procedures
4. Director Duties, Remuneration & Performance
5. Risk Governance and Internal Control
6. Reporting with Integrity
7. Audit
8. Relations with Shareholders and other key Stakeholders

2.1 PRINCIPLE 1: GOVERNANCE STRUCTURE

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

"The board has the ultimate responsibility for the safety and soundness of the financial institution. It must oversee the institution's business strategy, internal organisation and governance structure, its risk management and compliance practices, and key personnel decisions. It is essential that there be a clear demarcation of responsibilities and obligations between the board and management. The board should be independent from management". (Bank of Mauritius Guideline on Corporate Governance)

MauBank Ltd, a Public Interest Entity ("PIE"), is led by a unitary Board, which is collectively responsible and accountable for the decisions taken. To better discharge its duties, the Board of Directors delegates its powers to various Board Committees and Management Committees which operate in line with good corporate governance practices, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank. The Board Charter, as approved by the Board, caters for the delegation of authority and provides the necessary mandates for the proper functioning of the below mentioned committees together with an effective oversight process.

CORPORATE GOVERNANCE APPLIED

2.1 PRINCIPLE 1: GOVERNANCE STRUCTURE

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee
ii. Board Risk Management Committee
iii. Nomination and Remuneration Committee
iv. Board Investment & Credit Committee
v. Corporate Governance Committee
vi. Strategy and Finance Committee
vii. Procurement Committee
viii. Board Cybersecurity Committee

The Chief Executive (CE) together with management executives are responsible for the day to day operations of the Bank and regularly reports to the various Committees of the Board and ultimately to the Board of Directors which keeps an oversight that the decisions taken are in line with best practices inclusive of legal and regulatory requirements.

The Bank also ensures adherence to all its policies and procedures which are in line with the Guidelines issued by the Bank of Mauritius. The operating model of the Bank ensures segregation of duties and also well-defined lines of responsibilities of the sub committees are laid down through the Terms of Reference (ToR) of each Committee.

2.1.1 Key Features of Board processes

In addition to iyts regular meetings, the Board can be convened as and when required.

Key decisions taken by the Board, include:

- Review and approval of monthly, quarterly and annual financial accounts;
- Review and approval of annual budget
- Review and approval of Corporate Strategy;
- Approval of Board Charter and the Terms of References of sub-committees;
- Ratification of Organisational Chart through the Nomination and Remuneration Committee;
- Ratification of key senior positions through the Nomination and Remuneration Committee;
- Approval of policies and procedures, inclusive of the Bank's Code of Conduct and Ethics.

2.1.2 Website

As part of its obligations under the Code, the following documents can be found on the Bank's website:

- Constitution of the Bank;
- Organisation Chart;
- Directors' details

2.2 Principle 2: The Structure of the Board and its Committees

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent, non -executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurating with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."
(Bank of Mauritius Guideline on Corporate Governance)

2.2.1 Board Size and Composition

The recommended number of Independent Director as per the BOM's Guideline on Corporate Governance and the Banking Act 2014 is 40 per cent of the Board composition.

The Board of MauBank Ltd is a unitary Board that currently comprises five (5) Independent Directors, representing 55.6 percent of the Board composition, three (3) Non-Executive Directors and one (1) Executive Director, who are all Mauritian residents. The Board includes directors from various industries and backgrounds which it believes is sufficient towards effective decision making. Moreover, with no alternate directors' discussions at Board and Committee levels, discussions and decision making are more productive and effective.

Currently with the membership of ten (9) Directors, the Board believes that it is commensurate to the Bank's current business activities. The Directors are appointed on the Board in accordance with laws of Mauritius and the constitution of the Bank. Their membership is renewed on an annual basis during the Annual Meeting of Shareholders. The last Annual Meeting was held on 22 December 2022.

For the financial year ended 30 June 2023, the Chief Executive was the sole Executive Director at the Bank and he was supported by a robust executive management team.

Recognising the importance of diversity, MauBank Ltd continues to engage in creating new and inspiring possibilities for women within the Bank. Presently, two women form part of the Executive Committee.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

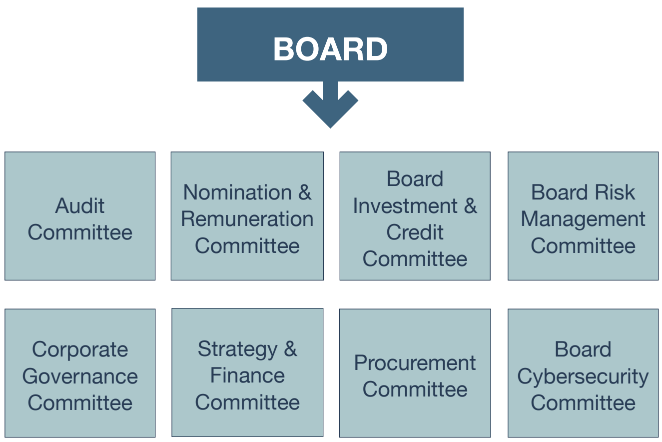
2.2.2 Board Composition

- 1 Executive Director
- 3 Non-Executive Directors
- 5 Independent Directors

- Mr. Sookun Gooroodeo
  Independent Director & Chairperson
  (Appointed on 10 June 2020)
- Mr. Mungar Premchand
  Executive Director
  (Appointed on 23 November 2018)
- Mr. Codabux Muhammad Javed
  Independent Director
  (Appointed on 10 March 2017)
- Mr. Rampersad Rabin
  Non-Executive Director
  (Appointed on 19 September 2019)
- Mr. Sokappadu Ramanaidoo
  Non-Executive Director
  (Appointed on 03 October 2019)
- Mr. Kokil Anil Kumar
  Independent Director
  (Appointed on 15 July 2021)
- Mrs. Vasseur-Soneea Alexandra
  Independent Director
  (Appointed on 15 July 2021)
- Mr. Semjevee Sivananda
  Independent Director
  (Appointed on 15 July 2021)
- Mr. Jeetoo Mohamad Fardeen
  Non-Executive Director
  (Appointed on 15 July 2021)

2.2.3 The Board, its committees structure & mandate

2.2.3.1 Board and Committees Structure



CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.3 The Board, its committees structure & mandate

2.2.3.2 Board Mandate

The Board as empowered by the Bank's Constitution and Charter is responsible, among others, to:

- Function independently of management;
- Operate at a higher level than management;
- Exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the Bank so that it achieves sustainable prosperity;
- Ensure that policies, procedures and practices are in place to protect the Bank's assets and reputation;
- Consider the necessity and appropriateness of installing a mechanism by which breaches of the principles of corporate governance may be reported;
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- Ensure that there is a suitable induction and evaluation program in place which meets specific needs of the Bank and its directors;
- Appoint the CE and ensure that succession is professionally planned in good time; and
- Balance 'conformance' and 'performance'. Conformance is compliance with the various laws, regulations and codes governing organisation. Ensuring performance requires the development of a commensurate enterprise culture within the organisation so that returns to shareholders are maximized while respecting the interests of other stakeholders.

2.2.3.3 Board Attendance

Directors are expected to attend, in person or by teleconference, Board meetings, except in exceptional circumstances. The following table gives the record of attendance at meetings of the Bank's Board during the financial year ended 30 June 2023:

Members	Date of Appointment	Board Status	Meeting Attendance
SOOKUN Gooroodeo *(Chairperson)*	10-Jun-2020	Independent Director	11/11
MUNGAR Premchand	23-Nov-2018	Executive Director	11/11
NICOLAS Jean Marie Cyril	13-Mar-2015	Independent Director	2/11
CODABUX Muhammad Javed	10-Mar-2017	Independent Director	9/11
RAMPERSAD Rabin	19-Sep-2019	Non-Executive Director	4/11
SOKAPPADU Ramanaidoo	03-Oct-2019	Non-Executive Director	10/11
KOKIL Anil Kumar	15-July-2021	Independent Director	10/11
VASSEUR-SONEEA Alexandra	15-July-2021	Independent Director	9/11
SEMJEVEE Sivananda	15-July-2021	Independent Director	11/11
JEETOO Mohamad Fardeen	15-July-2021	Non-Executive Director	11/11

2.2.4 Committees of the Board

The Audit Committee, Conduct Review Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance Committee were constituted on 31 March 2016. The Board Investment and Credit Committee was constituted on 31 March 2016 and reconstituted as the Board Investment & Credit Committee on 05 November 2019.

The Strategy and Finance Committee was reconstituted on 27 July 2021.

The Procurement Committee was constituted on 27 July 2021.

The Board Cybersecurity Committee was constituted on 21 June 2022.

Following the revised Bank of Mauritius Guideline on Related Party Transactions issued in May 2022, the Conduct Review Committee was dispensed with on 21 June 2022 and its roles and responsibilities have been entrusted to the Board.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.1 Audit Committee

Mandate

The Audit Committee's principal function is to oversee the Bank's financial reporting process, monitor the internal control systems, review financial statements, provide support to the Board of Directors on compliance, audit and financial matters, oversee performance of external and internal auditors of the Bank and review internal and external inspections.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Kokil Anil Kumar (Chairperson)
- Mr. Sookun Gooroodeo
- Mr. Semjevee Sivananda

Committee Attendance

The Directors who served on the Audit Committee and their attendance during FY 2022/2023 are as follows:

Members	Board Status	Meeting Attendance
KOKIL Anil Kumar *(Chairperson)*	Independent Director	8/8
SOOKUN Gooroodeo	Independent Director	4/8
SEMJEVEE Sivananda	Independent Director	8/8

2.2.4.2 Nomination and Remuneration Committee

Mandate

The Nomination and Remuneration Committee is a committee of the Board which has the responsibility of selecting competent and qualified personnel and making recommendations to the Board of Directors. The Committee aims to retain and attract qualified and experienced personnel for the smooth running of the Bank.

The roles of this Committee are to review corporate objectives and budgets, senior executives' performance, reward policy and approve productivity bonus policy to employees, approve salary revisions, service conditions and staff welfare policy, approve recruitment or promotion of top managers, review irregularities and serious offences, recommend recruitment and terms of contract of employment of the Chief Executive and other Senior Officers, review and recommend nomination of suitable persons eligible as candidate for directorship, in accordance with Fit and Proper Person Policy and the BOM Guideline on Corporate Governance.

The Nomination and Remuneration Committee also reviews the Bank's Organisational Chart, which is ultimately tabled at Board Level for ratification.

The Committee was reconstituted on 26 April 2022 and the current composition is as follows:

- Mr. Sokappadu Ramanaidoo (Chairperson)
- Mr. Mungar Premchand
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra
- Mr. Jeetoo Mohamad Fardeen

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.2 Nomination and Remuneration Committee (Cont'd)

Committee Attendance

The Directors who served on the Nomination and Remuneration Committee and their attendance at committee meetings during FY 2022/2023 are as follows:

Members	Board Status	Meeting Attendance
SOKAPPADU Ramanaidoo (Chairperson)	Non-Executive Director	4/4
SEMJEVEE Sivananda (as from 26 April 2022)	Independent Director	4/4
JEETOO Mohamad Fardeen (as from 26 April 2022)	Non-Executive Director	4/4
VASSEUR-SONEEA Alexandra	Independent Director	4/4
MUNGAR Premchand	Executive Director	4/4

2.2.4.3 Board Investment and Credit Committee

Mandate

The Board Investment and Credit Committee reviews and approves credit proposals above Rs. 100 million. This Committee is held as and when the need arises. The Committee also approves all relevant policies pertaining to Investment and Credit of the Bank.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Codabux Muhammad Javed (Chairperson)
- Mr. Mungar Premchand
- Mr. Sokappadu Ramanaidoo
- Mrs. Vasseur-Soneea Alexandra.

Committee Attendance

The Directors who served on the Board Investment & Credit Committee and their attendance at committee meetings during FY 2022/23 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	15/15
SOKAPPADU Ramanaidoo	Non-Executive Director	15/15
VASSEUR-SONEEA Alexandra	Independent Director	13/15
MUNGAR Premchand	Executive Director	13/15

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.4 Board Risk Management Committee

Mandate

The main responsibilities of the Board Risk Management Committee are the identification and oversight of the principal risks at the Bank, including but not limited to credit, market, liquidity, operational, compliance and regulatory and reputational risks and the actions taken to mitigate them. It is also responsible to advise the Board on the Bank's overall current and future risk appetite, tolerance and strategy and oversee Senior Management's implementation of the risk appetite framework and reporting on the state of risk culture in the Bank to the Board.

The Committee was reconstituted on 26 April 2022 and the current composition is as follows:

- Mr. Jeetoo Mohamad Fardeen (Chairperson)
- Mr. Mungar Premchand
- Mr. Kokil Anil Kumar
- Mr. Semjevee Sivananda

Committee Attendance

The Directors who served on the Board Risk Management Committee and their attendance during FY 2022/2023 are as follows:

Members	Board Status	Meeting Attendance
JEETOO Mohamad Fardeen (Chairperson)	Non-Executive Director	3/3
MUNGAR Premchand	Executive Director	3/3
KOKIL Anil Kumar	Independent Director	3/3
SEMJEVEE Sivananda	Independent Director	3/3

2.2.4.5 Corporate Governance Committee

Mandate

The Committee is responsible to determine, agree and develop the Bank's general policy on corporate governance in accordance with applicable Codes, Guidelines and Legislations. It should also ensure that the corporate governance report and disclosures to be published in the Bank's annual report are in compliance with provisions of all applicable Codes, Guidelines and Legislations.

Specifically, the duties of the Committee are to:

- Develop and recommend to the Board a corporate governance framework and a set of corporate governance guidelines.
- Review and evaluate the implementation of the corporate governance guidelines within the organisation.
- Periodically review and evaluate the effectiveness of the organisation's Code of Business Conduct and Ethics.
- Ensure that an adequate process is in place for the Board and senior management to compliance with the organisation's Code of Business Conduct and Ethics.
- Review the position descriptions of the chairperson, deputy chairperson, and Board committee chairs and recommend any amendments to the Board.
- Review and recommend the implementation of structures and procedures to facilitate the Board's independence from management.
- Review annually with the Board the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, age, skills, gender and experience required for the Board as a whole.
- Make recommendations to the Board with respect to the size and composition of the committees of the Board including the corporate governance committee.
- Make recommendations on the frequency, structure and functioning of Board meetings and Board committee meetings.
- Monitor and evaluate the functioning of committees and make any recommendations for any changes including the creation and elimination of committees.
- Develop charters for any new committees established by the Board and review the charters of each existing committee and recommend any amendments to the charter.
- Review any notice given by an individual director that the director intends to retain as an outside advisor at the expense of the organisation.
- Review all related party transactions and situations involving board members and refer where appropriate to the Board or the shareholders general meeting.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.5 Corporate Governance Committee (Cont'd)

Mandate

- Oversee the evaluation of the Board as a whole, its committees and individual directors. If the evaluation is being conducted internally, oversee Board performance and report annually to the Board with an assessment of the Board's performance.
- Review its own performance annually.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the bank and the market in which it operates.
- Periodically receive a report from Legal Counsel or Chief Compliance Officer or Company Secretary or Chief Governance Officer on compliance issues.
- Ensure that an adequate process is in place for the Board and senior management to comply with the Mauritius Code of Corporate Governance.
- Work and liaise as necessary with all other Board committees.

The Committee was reconstituted on 31 January 2022 and the current composition is as follows:

- Mr. Sokappadu Ramanaidoo (Chairperson)
- Mr. Mungar Premchand
- Mr. Kokil Anil Kumar
- Mr. Jeetoo Mohamad Fardeen
- Mrs. Vasseur-Soneea Alexandra
- Mr. Codabux Muhammad Javed

Committee Attendance

The Directors who served on the Corporate Governance Committee and their attendance during FY 2022/2023 are as follows:

Members	Board Status	Meeting Attendance
SOKAPPADU Ramanaidoo *(Chairperson)*	Non-Executive Director	1/1
MUNGAR Premchand	Executive Director	1/1
KOKIL Anil Kumar	Independent Director	1/1
JEETOO Mohamad Fardeen	Non-Executive Director	1/1
VASSEUR-SONEEA Alexandra	Independent Director	1/1
CODABUX Muhammad Javed(as from 31 January 2022)	Independent Director	0/1

2.2.4.6 Strategy and Finance Committee

Mandate

The duties of the Committee are to advise the Board on the overall short and long term strategy of the Bank and monitor the Bank's long-term financial stability, to consider and approve strategic and financial plans of the Bank for recommendation to the Board, to oversee and monitor implementation of the Bank's Strategic Plan and its associated financial plans, to advise management in relation to the Bank's capital structure and its underlying equity/debt funding strategy and to monitor the Bank's quarterly financial performance.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Rampersad Ravin (Chairperson)
- Mr. Sookun Gooroodeo
- Mr. Mungar Premchand
- Mr. Sokappadu Ramanaidoo
- Mr. Jeetoo Mohamad Fardeen

No meeting was held during the FY 2022/2023.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.7 Procurement Committee

Mandate

The duties of the Committee shall be to review certain revenue and capital expenditure of the Bank to ensure that the Bank's expenditure is appropriate in the pursuit of the Bank's operations, including evaluating and making recommendations to the Board on any acquisition or disposal and/or any undertaking or part of any undertaking of the Bank, approving any emergency procurements, monitoring, evaluating and reviewing management's procedures for procurement, on a regular basis and the controls in place to ensure value for money and determine and set inbuilt accountability parameters for management in case of failure and reviewing the Bank's procurement policy for recommendation to the Board.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Nicolas Jean Marie Cyril (Chairperson up to 22 December 2022)
- Mr. Mungar Premchand
- Mr. Codabux Muhammad Javed (Acting Chairperson as from 25 January 2023)
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra

Committee Attendance

The Directors who served on the Procurement Committee and their attendance at committee meetings during FY 2022/23 are as follows:

Members	Board Status	Meeting Attendance
NICOLAS Jean Marie Cyril *(Chairperson up to 22 December 2022)*	Independent Director	3/4
MUNGAR Premchand	Executive Director	4/4
CODABUX Muhammad Javed *(Acting Chairperson as from 25 January 2023)*	Independent Director	4/4
VASSEUR-SONEEA Alexandra	Independent Director	4/4
SEMJEVEE Sivananda	Independent Director	4/4

2.2.4.8 Board Cybersecurity Committee

Mandate

The duties of the Committee are to assist the Bank in fulfilling its Cybersecurity risks management and control responsibilities. The Committee ensures Cybersecurity is managed in a manner consistent with the Bank's strategic objectives, regulatory requirements and its approved operational risk appetite. It oversees Senior Management's implementation of the cybersecurity and information security risk appetite framework and reporting on the state of cybersecurity and information security culture in the Bank. It also considers and approves recommendations in respect to cybersecurity and information security.

The Committee was constituted on 21 June 2022 and the current composition is as follows:

- Mr. Kokil Anil Kumar (Chairperson)
- Mr. Mungar Premchand
- Mrs. Vasseur-Soneea Alexandra
- Mr. Semjevee Sivananda

Committee Attendance

The Directors who served on the Board Cybersecurity Committee and their attendance at committee meetings during FY 2022/2023 is as follows:

Members	Board Status	Meeting Attendance
KOKIL Anil Kumar *(Chairperson)*	Independent Director	2/2
MUNGAR Premchand	Executive Director	2/2
VASSEUR-SONEEA Alexandra	Independent Director	2/2
SEMJEVEE Sivananda	Independent Director	2/2

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.5 Directors' Independence

With around 56% of independent directors on its Board, the Bank ensures that the decision taking processes are independent, in the best interest of the Bank. Moreover, by also taking into consideration the guidance put forth by the Code, the Board ensures that Directors form an independent view on any related matter presented at Board Level and any conflict, real or potential, is brought to the attention of the Board decision taking. This ensures that decisions taken are equitable for all concerned parties.

As guidance, the Code has provided for added criteria to determine the independence of a Director:

- Has the director been an employee of the Bank or Group within the past three years?
- Has the director had within the past three years, a material business relationship with the organisation either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the organisation?
- Has the director received additional remuneration from the organisation apart from a director's fee or as a member of the organisation's pension scheme?
- Is the director a nominated director representing a substantial shareholder?
- Has the director close family ties with any of the organisation's advisers, directors or senior employees?
- Has the director cross directorships or significant links with other directors through involvement in other companies or bodies?
- Has the director served on the Board as per term of office prescribed by the Bank of Mauritius guideline on Corporate Governance?

The Board considers that with the Government of Mauritius being a substantial shareholder of the Bank, nominated directors forms part of the prevailing norm in Mauritius. Also, being State-Owned, there is an implied duty towards the public and being answerable to decisions which are taken. As such, any nominated director further ensures that decisions taken at Board level are to the best interests of all concerned stakeholders.

2.2.6 Company Secretary

The Bank's Secretary to the Board is guided by its Constitution, the Companies Act 2001 as well as other Guidelines issued by the BOM and the Code. Directors may consult and liaise directly with the Secretary should the need arise, who acts as an 'Independent and Trusted Adviser' of the Directors. The Secretary ensures that all relevant Legislations, Guidelines and any such codes are adhered to by the Board and provide for advice on corporate governance matters as and when required.

In addition, the Board have access to independent professionals for further advice.

The details on the Company Secretary can be found in the Administration section on page 240.

2.3 PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The Search for Board candidates should be conducted and appointments made on merit against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key office holders." (The National Code of Corporate Governance for Mauritius).

2.3.1 Directors' appointment, election, induction and re-election of directors

Following its mandate, the Nomination and Remuneration Committee has set specific procedures, including a Directors' Onboarding Checklist, have been put in place for newly appointed directors to familiarize themselves with the Bank's overall structure as well as their expected roles and responsibilities as per the Mauritius Companies Act 2001, the Bank's Constitution, the Board and Committees' Terms of References as well as other Guidelines and the Code.

The Board is responsible for the induction of newly appointed Directors and it ensures that they are given a well thought out induction programme to help them acquaint with the proceedings of the Board. Accordingly, on appointment, directors are provided with a comprehensive 'Directors' Induction' pack comprising, amongst others, of the above-mentioned documents and receive appropriate induction and orientation process on their expected roles and responsibilities.

Additionally, regular training programs are arranged for all the Bank's directors to help them better discharge their responsibilities as members of the Board.

The directors adhere to the provision in the Guideline on Corporate Governance which allows a director to serve for a maximum term of six years. Recognising the need to have a formal succession plan at the Bank, a 'Succession Planning for Directors' has been drafted and implemented, based on the feedback provided by Directors in their evaluation exercise.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.3.2 Biographies of Directors

The directors' profile is described in the "Administrative Information" Section.

2.3.3 Website

As per the recommendations of the Code under principle, the following can be found on the Bank's website:

- Profile of individual directors

2.4 Principle 4: Director Duties, Remuneration and Performance

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, Committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives." (The National Code of Corporate Governance for Mauritius).

2.4.1 Legal Duties of Directors

Directors are apprised of their role when joining the Bank. A Directors' Induction Handbook ("Handbook") is provided to each and every director on onboarding and includes some key legal and regulatory requirements, inclusive of the Mauritius Companies Act 2001, the Banking Act 2004, Bank of Mauritius' Guideline on Corporate Governance as well as the National Code of Corporate Governance.

The Handbook outlines the roles, responsibilities and duties of the Directors as per below:

- to act in accordance with the Bank's constitution;
- to promote the success of the Bank;
- to exercise independent judgement;
- to use reasonable care, skill and diligence;
- to avoid conflicts of interest;
- not to accept benefits from third parties nor to gain advantage from the use of the position as a director;
- to act in good faith for the benefit for the Bank; and
- to use powers for a proper purpose for the benefit of members as a whole.

2.4.2 Evaluation of the Board, its Committees and individual directors

As part of their duties and commitment towards constructive decision making, directors carry out an evaluation exercise that helps assess the overall effectiveness of the Board and its Committees, as well as getting an overall view of the knowledge areas of the directors. The evaluation exercise was carried out during the financial year 2020/2021.

The evaluations will encompass the following:

- Composition of the Board – with reference to age and gender;
- Composition of Committees of the Board;
- Regulatory Environment;
- Technological Environment;
- Relationship between the Board and Management;
- Allocation of time during the Board and Committees;
- Quality of information provided; and
- Timeliness of information provided.

2.4.3 Directors' Interests and Dealings in Shares

The Company Secretary maintains an interest register and is available for consultation to shareholders upon request.

The Directors have no direct or indirect interest in the share capital of the Bank. The shares of the Bank are not quoted on the stock exchange and hence there were no dealings in shares by its Directors.

Pursuant to section 48 of the Banking Act 2004, the Bank has a rigorous procedure for the management of conflicts of interest. All directors are required to disclose any interest they may have in any activity of the Bank.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4.4 Related Party Transactions and Practices

The Guideline on Related Party Transactions (revised in May 2022) issued by the Bank of Mauritius, is made up of 5 sections:

- Governance Framework;
- Rules Governing Related Party Transactions;
- Monitoring of Related Party Transactions;
- Disclosure and Regulatory Reporting: and
- Transitional Provisions.

Related parties, whether body corporate or natural persons, fall into two main categories:

(a) Those that are related to a financial institution because of ownership interest; and
(b) Those that are related otherwise, such as directors and senior officers who may also have some ownership interest in the financial institution.

Related party transactions include:

(a) Credit exposure, that is credit, financial leasing, non-fund based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party to a related party, investment in equity or other debt instruments of a related party, and any other commitment to provide funds or substitute of funds to a related party;
(b) placements made by the financial institution with a related party;
(c) conditional sales agreements with a related party;
(d) consulting or professional service contracts with a related party;
(e) deposits placed with the financial institution by a related party
(f) acquisition, sale or lease of assets of a related party; and
(g) any pecuniary relationship or other transactions or arrangement with a related party (including by way of service arrangements or contracts).

The Guideline outlines 3 categories of credit exposures to related parties and prescribes the regulatory limits applicable.

In line with the Related Party Transactions, the Board of directors of the Bank has established a policy on related party transactions. The Policy sets out prudent rules and internal limits.

Related party reporting to the Bank of Mauritius is done on a quarterly basis. Ongoing monitoring and reporting related party transactions are also carried out in the Credit Risk Monitoring Committee, Risk Management and Corporate Governance Committees and at Board's level.

2.4.5 Access to information

As part of their obligations, directors are furnished with adequate information as and when required by various key members of managements. This information is provided in a timely manner and are inclusive of reports from various departments of the Bank. Additionally, the directors receive independent reports through the Bank's internal auditor, Compliance Department and the external auditor.

The directors have access to all required documentation and to the Company Secretary for any eventual queries and additional information.

2.4.6 Information Technology and Information Security ("IT")

The strategic projects and a high-level implementation plan are presented to the Board on regular basis. The Board is also apprised on the progress of these projects. These projects are reviewed at an operational level through the IT Steering Committee created for the purpose involving the Project Sponsors from business and the team members to review and take appropriate measures to achieve the milestones as expected.

For the IT policies, these are reviewed on a regular basis and presented to the Board for approval and ratification. Also, as part of governance, the performance of the IT systems project is reviewed through a monthly IT Steering Committee and submitted to EXCO for update together with Change Management governances that have been put in place for periodic review.

As part of the Business Continuity Plan (BCP), an annual Disaster Recovery drill is conducted involving the business unit to test the effectiveness of recovery and measured through Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) agreed with the business unit. A consolidated report as an outcome of the drill is usually presented to the Board for information. The Disaster Recovery drill activity was conducted in phases for financial year 2022/2023 and was completed successfully. Furthermore, the bank has put in place appropriate governance structure to separate activities of the IT division and the division responsible to monitor compliance with IT Security policies and standards.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4.6 Information Technology and Information Security ("IT") (Cont'd).

Independent regular monitoring and adherence checks to IT Security policies are carried out and reported to Management of the bank.

The new Board Cybersecurity Committee which was set up on 21 June 2022 assists the bank in fulfilling its Cybersecurity risks management and control responsibilities.

Information Security Policies are in place to define requirements for the protection of the information assets of the bank. Policies are regularly updated and ratified by the Executive Committee.

Significant IT expenditure is approved at the level of the Board.

2.4.7 Directors' Remuneration

The fees payable to the Chairperson of the Board of directors and the other directors of MauBank Ltd have been determined by the Ministry of Finance, Economic Planning & Development. The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 29,094,744** for the year ended 30 June 2023 compared to Rs 20,574,691 for the year ended 30 June 2022.

Directors' remuneration is in line with current market practice and is commensurate with their level of commitment towards their obligations as Directors of the Bank.

In line with the requirements of the Code, the Bank's Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with 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 Bank and the individual.

	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	**Rs**
Executive Director*	**25,024,494**	15,865,691
Non-Executive Directors	**4,070,250**	4,709,000
	29,094,744	20,574,691

* This figure comprises the salary of the Chief Executive and bonus paid in arrears. The Chief Executive does not derive any other remuneration.

2.4.8 Statement of Remuneration Philosophy

The Bank has a Nomination and Remuneration Committee which is a Committee of the Board, and it has the responsibility of approving the selection of competent and qualified personnel. The Committee aims to promote fair and competitive employee remuneration that incentivizes performance and helps in attracting and retaining talent. Qualifications, skills, scarcity, past performance, individual potential, market practices, responsibilities shouldered, and experience are among other factors which influence the remuneration package.

Employee Benefits:

- The Bank currently contributes a percentage of the employees' basic salaries to a pension scheme to provide for a retirement pension at the end of the employees' professional career;
- The Bank provides employees with loans under preferential interest rates and conditions;
- The Bank grants employees a monthly travelling allowance, with the amount varying according to their job grades and responsibilities; and
- The Bank provides medical coverage for all employees and their dependents.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.5 Principle 5: Risk Governance and Internal Control

"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management." (The National Code of Corporate Governance for Mauritius).

The Board should ensure the maintenance of a sound internal control system.

The Bank's internal controls help ensure it achieves its objectives in operational effectiveness and efficiency, reliable financial reporting, and in compliance with laws, regulations and policies. They also help ensure that the Bank's risk management activities operate as designed and that the management of risk is carried out appropriately.

During the year there were no significant or material deficiencies in the Bank's Internal Control systems that the management are not aware of. Management was not aware of any significant area not covered by Internal Control systems.

Please refer to the Management Discussion and Analysis section within this annual report for risk management disclosures.

2.5.1 Whistleblowing Policy

The Bank has a Whistleblowing Policy in place for employees to raise concerns internally and at a high level, and also disclose any information which the employee believes shows malpractice and impropriety.

These concerns could include:

- Failure to comply with a legal obligation or statutes.
- Criminal activity.
- Improper conduct or unethical behavior as quoted in the Bank's Code of Conduct and Ethics Policy and in contravention with generally acceptable standards of business practice in the banking industry.
- Conduct which is an offence or a breach of law.
- Disclosures related to lapses of justice and unfairness.
- The unauthorized use of the Bank's funds, assets and information.
- Possible cases of fraud, corruption and money laundering cases.
- Attempts to conceal any of the above.

The Board has considered the whistle blowing complaints in FY 2022/2023 and instituted internal inquiries to assess the same. The reports from the internal inquiries are delivered to the Board to make an informed decision.

This Policy aims to:

- Encourage employees to feel confident about raising their apprehensions and to question any act that may raise concerns about practices that may bring disrepute to the Bank and/or cause financial or other loss to the Bank and/or any malicious act that may adversely affect a staff member.
- Provide avenues for employees to raise those concerns and receive feedback on any action taken.
- Reassure employees that they will be protected from possible reprisals or victimization if they have reasonable belief that they have made any disclosure in good faith.
- Minimize the Bank's exposure to the damage that can occur when employees circumvent internal mechanisms.
- Ensure that employees understand the importance of adhering to the Bank's Code of Conduct and Ethics Policy, as well as other applicable policies.

2.6 Principle 6: Reporting with Integrity

"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report." (The National Code of Corporate Governance for Mauritius).

2.6.1 Directors' Responsibilities in respect of the Financial Statements

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, performance and cash flows of the Group. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, 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 Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

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

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.6.1 Directors' Responsibilities in respect of the Financial Statements

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, performance and cash flows of the Group. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, 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 Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

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

2.6.2 Corporate Social Responsibility ("CSR")

Year on year, the bank pursues its Corporate Social Responsibility programme with the partnership of Non-Government Organisations (NGOs) for the advancement of social projects. We are of the view that as an ethical organization, our goals should continuously reflect the interaction of profit-maximization behavior with non-economic concerns. By devoting a yearly budget to community initiatives, the bank endeavors to strengthen its role in contributing to the social and economic growth of society through poverty alleviation, community empowerment and social inclusion.

The Bank's CSR objectives have remained focused on the reduction of social vulnerabilities and inequalities, particularly among children, youth and women, and on access to education for a more sustainable and inclusive development.

In line with the eligibility criteria/sectors of the National Social Inclusion Foundation, the bank has focussed on four main axes of intervention, namely:

1. Medical Assistance
2. Integration of Children with Disabilities
3. Support to after-school care centers and learning corners
4. Substance Abuse
5. Protection and preservation of the environment

During the financial year 2022/2023, the Bank has partnered with six NGOs on their projects in the five above named areas:

Cleft Care Mauritius (CCM)

Cleft Care Mauritius (CCM) is an NGO which acts as a facilitator for children born with Cleft and who cannot afford expenses of surgical interventions, locally or abroad. Its main objective is to reach out to patients who need to undergo surgical interventions, with the mission of helping them access medical facilities, and bringing a smile to all children and adult born with cleft. MauBank has supported CCM towards:

1. The purchase of starter kits for babies born with cleft – the starter kit comprises special feeding material for babies, post-surgery gel and aspiration accessories. The purpose is to provide parents with appropriate equipment to give care to their new-born babies so that they can go through the first weeks after childbirth. The special feeding bottle helps babies get enough intra-oral pressure for sucking as the cleft causes an air leak.

2. The Surgery costs of patients born with cleft; after surgical intervention, the beneficiaries get substantially improved capacity to eat and talk properly, thus allowing them to lead a normal life.

3. Hiring the services of a Speech Therapist to accompany people with cleft towards establishing correct articulation (placement, manner, and voicing) using specific therapy techniques.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.6.2 Corporate Social Responsibility ("CSR") (Cont'd)

The Trevor Huddleston Association

The Trevor Huddleston Association also known as CareCo in Rodrigues was founded with the collaboration of Craft-Aid Mauritius, and is active in the field of education and training of children living with disabilities and coming from poor families. Its aim is to increase children's access to special care for optimal growth and development.

The NGO also provides service of audiology, tympanometry, ear-mould making, as well as fitting and programming of hearing aids. The Bank has been funding projects of the NGO since 2017 and recently funded the purchase of an audiometer and a tympanometer. These equipment will enable children in Rodrigues having hearing impairment to be diagnosed and prescribed the appropriate hearing aids so that they may hear and communicate more easily.

To further facilitate the integration of children with disabilities, the bank has supported the association in setting up of a computer lab. Computers and software have been purchased to be used for the Information Technology literacy and autonomy programme of children.

Association of Disability Service Providers (ADSP)

Association of Disability Service Providers (ADSP) was founded in 2003. ADSP is a specialized needs school for children and young adults having physical impairment and learning difficulties. Its mission is to provide academic and non-academic education to children and young adults with special education needs to promote social inclusion in the community. MauBank has been supporting ADSP for the last seven years and has been collaborating closely with the NGO for its infrastructural development, the purchase of a van and specialized equipment for the sensory room amongst others.

In 2022, the Bank has financed additional equipment for the sensory room to cater for new rehabilitation techniques for the students who need sensory stimulation therapies, kitchen equipment for a cookery programme to teach students how to cook and bake – with the aim of empowering the students to become autonomous and independent, whereby they can join workplaces within the cooking industry or start their own cooking business and earn a living. The services of a psychologist for therapy that will contribute towards improving the self-esteem of the students and help them cope with their daily struggles, alongside, provide guidance to the parents to better handle and understand their children have also been taken care of.

This year the bank has participated in the upgrade of ADSP's computer lab by adding more sets of computers so that a greater number of children may benefit from the IT literacy classes for employability and economic empowerment and inclusion.

Elles C Nous Association

Elles C Nous Association is an NGO which was established in June 2007. The association welcomes children from vulnerable families after school hours on a daily basis from Monday to Saturday. It has around 70 registered children aged between 5 to 17 years, coming from vulnerable families. The NGO takes care of children, residing mainly in the region of Beau-Bassin, suburbs of Rose-Hill, La Tour Koenig and Pointe aux Sables amongst others. The organization supports children in their studies, helps parents psychologically, organizes healthy leisure activities such as sports and music. The bank has supported it with:

1. Groceries for one-year so that the NGO may provide a nutritious meal to the beneficiaries every Saturday.
2. Basic school materials to ensure that the children do not lack any school items thus encouraging them to study hard and prevent drop-out.
3. The salary of a field worker on a full-time basis for outreach support and ongoing follow up of beneficiaries and their parents for hand-holding and community support.

Chrysalide

Chrysalide is a residential treatment and rehabilitation center for women who are dependent on substances like drugs and alcohol, and who may also be ex detainees, sex workers and/or HIV+. It is an NGO that operates within a residential therapy model, with treatment normally lasting for one and two years. The association has a comprehensive approach in addressing issues related to drug dependencies, reintegration of women addicted to drugs and alcohol, as well as supporting women living with HIV/AIDS.

MauBank has supported the NGO in setting up computer facilities so that the women may receive basic computer training. The purchase of eight computers and one printer is meant to give the opportunity to vulnerable women in expanding their skills in doing research, sending emails, writing curriculum vitae and application letters so that they may join the workforce and reach financial autonomy.

The programme aims at having the beneficiaries regain self-esteem, self-confidence, and become adherent to their rehabilitation programme, so that they may become more resilient and have better chances of social re-insertion with a stable lifestyle.

In a second phase, the bank has financed the refurbishment of Chrysalide's training room to offer a more conducive learning environment. The room underwent a full renovation and was uplifted with a new set of appropriate furniture.

Supporting Communities

Year on year, the bank pursues its Corporate Social Responsibility programme with the partnership of Non-Government Organisations (NGOs) for the advancement of social projects. The Bank's CSR objectives have remained focused on the reduction of social vulnerabilities and inequalities, particularly among children, youth and women, and on access to education for a more sustainable and inclusive development.

Chrysalide

- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES

Elles C Nous Association

- 1 NO POVERTY
- 2 ZERO HUNGER
- 4 QUALITY EDUCATION

Cleft Care Mauritius

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION

Trevor Huddlestone Association

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION

Association of Disability Service Providers

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION

Well-Being of Strays

- 11 SUSTAINABLE CITIES AND COMMUNITIES

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.6.2 Corporate Social Responsibility ("CSR") (Cont'd)

Well-Being of Strays

Founded in 2017, Well-Being of Strays is an NGO which takes care of stray dogs/cats and is committed to feeding them daily. They organize mass sterilization campaigns in different parts of the island each year to control the cat and dog population.

Its aim remains to educate the population about welfare of animals and decrease ill-treatment towards them, reduce the number of stray dogs and cats, and provide shelters to stray or abandoned animals until adoption.

To help Well-Being of Strays in its endeavor, the bank has partnered with it on its sterilization campaign to neuter 25 animals per month and 300 per year to cover the whole island.

2.7 Principle 7: Audit

"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's internal and external auditors." (The National Code of Corporate Governance For Mauritius).

2.7.1 Internal audit

The established Internal Audit function provides the Board of Directors (Governing Body) and senior management with the required level of assurance based on the highest level of independence and objectivity by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes which are designed to add value and improve the bank's operations.

This high level of independence and objectivity is achieved by the Head of Internal Audit reporting functionally to the Audit Committee and administratively to the Chief Executive in line with the Banking Act requirements and good governance practices. The internal audit function remains independent of the activities audited and objective in its work. Internal Audit has unrestricted access to the Bank's activities, properties, records, information and personnel.

An internal audit helps the Board and management maintain and improve the process by which risks are identified and managed and helps the Board discharge its responsibilities for maintaining and strengthening the internal control framework. The internal audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board and management. In addition to the objectives of providing assurance, the function also delivers consulting activities in a risk-based approach, aligned to laws, regulations, and the bank's strategic objectives.

The audit universe includes all business units and operations. Based on risk assessment carried out, resources are allocated and an annual risk-based audit plan, with a schedule of execution, is drawn up and approved by the Audit Committee. The Internal Audit Methodology adopted are in line with the Standards for the Professional Practice of Internal Auditing, as prescribed by the Institute of Internal Auditors (IIA).

The audit plan is executed by the Head of Internal Audit, who is adequately supported by a group of staff members, who have the requisite experience in banking, audit, finance and information technology. Progress reports on the execution of the plan are tabled at each Audit Committee meetings which are held at least on a quarterly basis.

After each assignment, an audit report is prepared and tabled in the Audit Committee. The report contains findings with their associated risks, recommendations to address control deficiencies and insights that will add value to the Bank. The recommendations are agreed with business owners and action plans with a time frame for execution are drawn in consultation with the Head of Business Units before audit reports are issued. Follow up is carried on a regular basis to obtain status on implementation of recommendations made and reported to the Audit Committee.

Each finding is rated according to the level of risk. Each unit is graded based on the model for evaluating internal controls developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), used internationally.

All high-risk units and the medium risk units were covered satisfactorily as part of the approved audit plan for the financial year 2022/2023.

The details on the Head of Internal Audit can be found in the Administration section on page 239.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.7.2 External auditors

Ernst & Young is in its first year as external auditor of the Group and the Bank for the year ended 30 June 2023.

Deloitte was in its seventh and last year as external auditor of the Group and the Bank for the year ended 30 June 2022.

The remuneration, inclusive of Value added Tax, for audit and other services payable, is as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**8,399,600**	5,488,375	5,229,625	**8,199,500**	5,341,750	5,088,750
Other service	**2,530,000**	231,150	-	**2,530,000**	231,150	-
Total	**10,929,600**	5,719,525	5,229,625	**10,729,500**	5,572,900	5,088,750

The non-audit related fees paid for the year ended 30 June 2023 to Ernst & Young relates to a special examination carried out as requested by the Bank of Mauritius.

As part of the additional services provided, the teams involved are not part of any decision-making process in the audit team of Ernst & Young. Moreover, with different teams involved, Ernst & Young retains its independence with regards to their statutory obligations.

The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), to discuss the external auditor's remit and any issues arising from the external audit. Meetings are also held with the external auditor by the Board / Board members, without the presence of Management, at least once a year, if required.

The members of Audit Committee have met with the external auditor without the presence of management in June 2023.

2.8 Principle 8: Relations with Shareholders and other Key Stakeholders

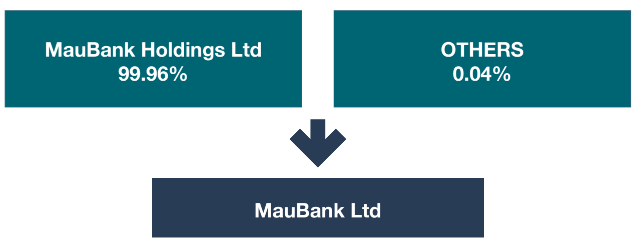
"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose." (The National Code of Corporate Governance For Mauritius).

2.8.1 Shareholding

As at 30 June 2023, the stated capital of the Bank stood at Rs 2,716,420,490 represented by 7,346,728,224 shares. The Bank has twelve (12) shareholders on its share register with MauBank Holdings Ltd ("Holdings") holding 99.96% interest in the Bank and the remaining shares are held by eleven (11) shareholders inclusive of public sector bodies and cooperative societies. The holding company is owned at 100% by the Government of Mauritius.

2.8.2 Group Structure

The Group Structure of the Bank as at 30 June 2023 is shown below:



The List of Directors of MauBank Holdings Ltd is as follows:

- Mr. Beejan Manickchand
- Mrs. Khuroona Ranmondhur-Ruggoo
- Mrs. Aubdoollah-Suhootoorah Bibi Naimadee
- Mr. Selloyee Ponoo Swami Moorthee Pillay

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.8.3 SHAREHOLDERS DIARY

The last annual meeting of shareholders was held on 22 December 2022.

2.8.4 Engaging With Key Stakeholders

The Bank endeavours to build trusted and sustainable relationships with key stakeholders through regular communication and engagement. The Bank communicates to its stakeholders in a transparent manner through various communication channels, including press announcements, events and the Bank's website and social media pages.

The Bank of Mauritius

The Bank is a highly regulated entity, under the supervision of the Bank of Mauritius. The Bank strives to comply with all regulatory provisions and guidelines in the conduct of its activities.

Employees

The Bank's ultimate aim is to provide its employees with a safe and conducive working environment, where they feel valued, empowered, and respected. The Bank has implemented numerous initiatives during the year to enhance its working environment.

Financial Partners

The Bank plays an important role within the wider banking community with active participation within the Mauritius Bankers Association, for which the CE, Mr. Mungar currently serves as the Deputy Chairperson.

Statement of Compliance

[IN ACCORDANCE WITH SECTION 75(3) OF THE FINANCIAL REPORTING ACT 2004]

Name of Public Interest Entity (“PIE”)	:	MauBank Ltd
Reporting Period	:	Year ended 30 June 2023

We, the Directors of **MauBank Ltd** confirm that to the best of our knowledge **MauBank Ltd** has complied with all of its obligations and requirements under the Code of Corporate Governance in all material aspects.

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 29 September 2023

Ebène 72201, Republic of Mauritius

Statement of Management's Responsibility for Financial Reporting

For the year ended 30 June 2023

The Group financial statements (consolidated) and the financial statements for the Bank's operations have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank 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 Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through its sub committees such as the Audit Committee, Board Risk Management Committee and Corporate Governance Committee, which comprise Independent and Non-Executive Directors who are not officers or employees of the Bank, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits in coordination with the Bank's external auditors. In addition, the Bank'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 Bank, as it deems necessary.

The Bank's external auditor, Ernst & Young, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as its observations on the fairness of financial reporting and the adequacy of internal controls.

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 29 September 2023

Ebène 72201, Republic of Mauritius

Report from the Secretary

I certify, to the best of my knowledge and belief, that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the year ended 30 June 2023.

Mr. Tranquille Jean Hugues Ivan
Company Secretary

Date: 29 September 2023

Ebène 72201, Republic of Mauritius

Independent Auditors' Report to the Members of MauBank Ltd

Report on the audit of the financial statements

Opinion

We have audited the consolidated and separate financial statements of MauBank Ltd (the "Bank") and its subsidiaries (the ''Group") set out on pages 69 to 209 which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Bank as at 30 June 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, Banking Act 2004 and Financial Report 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 Group and the Bank 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 other independence requirements applicable to performing audits of financial statements of the Group and the Bank in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and the Company in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Report on the audit of the financial statements (Cont'd)

The Key Audit Matters applies equally to the audit of the Group's and the Bank's financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit loss on financial assets **1. Loans and advances to customers** As disclosed in note 13, the Group and the Bank have a net loans and advances portfolio of MUR 20.3Bn (2022: MUR 17.1Bn; 2021: MUR 16.8Bn) and 20.4Bn (2022: MUR 17.3Bn, 2021: MUR 17.0 Bn) respectively as at 30 June 2023. As explained in the accounting policies, these loans and advances are carried at amortised cost, less allowance for credit losses which amounted to MUR 544m (2022: MUR 495M, 2021: MUR 430m) for the Group and the Bank. The ECL framework implemented by the Group and the Bank involves significant judgement and assumptions that relate to, amongst others: • the identification of Significant Increase in Credit Risk (SICR), and in particular the selection of criteria to identify a SICR. These criteria are highly judgemental and can materially impact the ECL recognised for certain portfolios where the life of the facilities is greater than 12 months; • the use of a number of critical assumptions in the determination of Probabilities of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD); • the use of forward-looking information to determine the likelihood of future losses being incurred; • Qualitative adjustments made to model driven ECL results raised to address model limitations, emerging risks and trends in underlying portfolios which are inherently judgemental.	With the assistance of the EY specialist team we performed the following: • Assess the model used for ECL which comprised of: For stage 1 and stage 2 loans, we assessed the appropriateness of the model used including the inputs and assumptions by performing the following procedures: 1. Reviewing the methodology adopted by the Bank for calculation of ECL and in particular the segmentation of loans in appropriate portfolios reflecting different risk factors. Our review also includes an assessment of the design of the models used for determination of PD, LGD and EAD for different types of loans including inter-alia term loans, overdraft facilities, credit cards, guarantees and other off-balance sheet exposures; 2. Checking the adequacy and quality of the data used for the calculation of PD, LGD and EAD; 3. Assessing the key assumptions used in PD, LGD and EAD models and ensure such assumptions reflect the actual behaviours of the credit facilities; 4. Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology; 5. Ensuring that the criteria for the various staging have been properly applied to each portfolio; 6. Reviewing the minutes of Board Investment Credit Committee and Management Investment Credit Committee and ensure proper classification to Stage 2 is made for all clients on watchlist; 7. Checking the accuracy of critical data elements input into the system used for credit grading and the approval of credit facilities; 8. Reviewing of the PD and LGD calculations including the incorporation of forecast macro-economic information by our data modelling specialists; Tested the accuracy and completeness of the ECL model by reperformance and focussing on exception reports.

Report on the audit of the financial statements (Cont'd)

The Key Audit Matters applies equally to the audit of the Group's and the Bank's financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The determination of ECL on loans and advances to customers therefore involves a very high level of management judgement, thus requiring greater audit attention and was considered a key audit matter in the current year.</td><td>
For impairment of loans in stage 3, judgement is required to determine when a loan is considered to be credit impaired and the determination of the impairment loss suffered. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers. We thus assessed the independence and the qualification of the appraisers. Areas of focus included the corporate and international banking lending portfolios which represent high value exposures.
We ensured that all credit impaired loans have been properly identified by management by:

Reviewing the minutes of the Special Assets Management impairment exercise, Management Investment Credit Committee, Board Investment Credit Committee;
Obtaining and testing loan arrears reports and ensuring that all arrears exceeding 90 days are included in the stage 3 impairment list of the ECL model;
Identifying loan facilities meeting certain criteria such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline and ensuring these are included in the list of credit impaired facilities.

For loans that are credit impaired, we independently assessed the appropriateness of provisioning methodologies and policies and formed an independent view on the levels of provisions booked based on the detailed loan and counterparty information in the credit files. We re-performed calculations within a sample of discounted cash flow models and assessed the reasonableness of assumptions used to support the timing and extent of the cash flows.
Where the borrowers' cash flow forecasts are used to determine recoverable amounts, we ensured that these are supported by objective and unbiased evidence.
The disclosures relating to allowances for expected credit loss has been provided in note 33.
</td></tr>
</table>

Report on the audit of the financial statements (Cont'd)

The Key Audit Matters applies equally to the audit of the Group's and the Bank's financial statements.

Key audit matter	How our audit addressed the key audit matter
2. Financial assets at fair value through other comprehensive income As disclosed in note 11, the Group and the Bank holds sovereign bonds issued by the Bank of Ghana amounting to MUR 147.4m (2022: Mur 248m; 2021: MUR 292.7). As explained in the accounting policies these bonds are measured at fair value through other comprehensive income and an allowance for expected loss (''ECL") is made on these financial assets in accordance with IFRS 9. Following the financial and economic difficulties faced by the Government of Ghana, several bonds issued by the latter either defaulted or were restructured. Management assessed the defaults and financial restructuring as a significant increase in credit risk. An allowance for expected credit losses amounting to MUR 134m was made to reflect the SICR The estimation of the ECL in such circumstances requires significant judgment to determine the PD and LGD. For this reason, the determination of the ECL on these bonds was deemed to be a key audit matter.	**Financial assets at fair value through other comprehensive income** The following procedures were performed: • With the assistance of our internal technical specialist, we analysed the recovery rates of recently restructured sovereign bonds in Ghana and benchmarked these to the LGD used by management; • We benchmarked the LGD used by management to the most recent Moody's sovereign report to assess the reasonableness of the LGD used by management; • We consulted with the technical team and country managing partner of EY Ghana to obtain insight on the current situation and in respect of the position of the local audit profession in respect of LGD and PD. We then benchmarked these insights with the PD and LGD utilised by management; • We ensured that impairment losses were properly recycled from Other Comprehensive Income to profit or loss; • We reviewed the disclosures made by management.
Revaluation of Properties The Group and the Bank revalue its properties every 3 years in the case of Land and Buildings classified under property, plant and equipment and annually in the case of properties classified under investment properties. As disclosed in note 14(a), revalued land and buildings included in property, plant and equipment to the Group and the Bank amounted to MUR 952m (2022: MUR 954m; 2021:MUR 971m) and MUR 664m as at June 30, 2023 (2022: MUR 670m; 2021 MUR.680m) and as disclosed in note 15 investment properties amounted to MUR.391m as at the same date (2022: MUR.381m; 2021 MUR.381m). The valuation exercise for all properties has been undertaken in the financial year 2023 by an independent professional qualified valuer.	**Our procedures in relation to the revaluation of land included the following:** We obtained, read and reviewed the valuation report prepared by the management's independent professional qualified valuer; We understood and assessed the relevance of the methodologies used by the external valuer to estimate fair value of the properties; We evaluated management's independent professional qualified valuer's competence, capabilities and objectivity; We agreed all data used by the management's independent valuer such as surface area, rental income per square meter and location to the title deeds; We held discussions with the management's property valuer, and challenged the key assumptions and methodology used benchmarking these to our own expectations based on market knowledge gathered by our internal valuation team;

Report on the audit of the financial statements (Cont'd)

The Key Audit Matters applies equally to the audit of the Group's and the Bank's financial statements.

Key audit matter	How our audit addressed the key audit matter
The valuation of properties involves significant judgment. As the carrying values of properties in property, plant and equipment and in investment properties are significant, we have identified it as a key audit matter.	We engaged a property valuation specialist who performed an independent corroboration of the values of the properties detailed in the valuation report provided by the valuer engaged by management. We evaluated our appointed independent professional qualified valuer's competence, capabilities and objectivity We held discussions with the our appointed property valuer and benchmarked the key assumptions (rental income per sqm, rental yield) and methodology used. We assessed the appropriateness and completeness of the disclosures with respect to the correction of error made by the management under IAS 8 and IAS 1 and in respect of valuation of properties under IAS 16 Property, Plant and Equipment and IAS 40 Investment Properties.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled " Financial Statements for the year 30 June 2023", which includes the Corporate information, the Directors' Report, Statement of Management's Responsibility for Financial Reporting, Report from the Secretary, Management Discussion and Analysis and Administrative Information as required by the Companies Act 2001. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 the Directors for the Financial Statements

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

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

Report on the audit of the financial statements (Cont’d)

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Bank’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and Bank audit. We remain solely responsible for our audit opinion.

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

Use of our report

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

Independent Auditors' Report to the Members of MauBank Ltd

Report on the audit of the financial statements (Cont'd)

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

Other matter

The financial statements of Maubank Ltd (the "Bank") and its subsidiaries (the "Group") for the year ended 30 June 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 September 2022.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

Financial Reporting Act 2004

Corporate Governance Report

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

Banking Act 2004

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

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

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

29 September 2023

THIERRY LEUNG HING WAH F.C.C.A.
Licensed by FRC

Statements of Financial Position

as at

	Notes	The Group			The Bank		
			Restated			Restated	
		30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Cash and cash equivalents	9(a)	**4,566,250,861**	4,251,247,756	3,486,404,504	**4,566,250,861**	4,251,247,756	3,486,404,504
Derivative assets	28(i)	**10,883,632**	3,366,270	34,680,427	**10,883,632**	3,366,270	34,680,427
Trading assets	10	**479,676,718**	687,904,980	1,798,297,228	**479,676,718**	687,904,980	1,798,297,228
Investment securities	11	**5,059,706,303**	6,714,208,205	5,383,284,842	**5,059,706,303**	6,714,208,205	5,383,284,842
Loans and advances to banks	12	**938,342,148**	456,317,785	863,031,847	**938,342,148**	456,317,785	863,031,847
Loans and advances to customers	13	**20,297,328,616**	17,186,153,643	16,839,341,532	**20,445,036,472**	17,342,460,401	17,010,456,691
Property, plant and equipment	14(a)	**1,071,980,600**	1,041,237,447	1,086,554,248	**784,559,430**	756,247,186	793,402,106
Intangible assets	14(b)	**105,673,352**	138,327,935	169,649,217	**105,673,352**	138,327,935	169,649,217
Right-of-use assets	14(c)	**46,932,965**	61,953,710	91,387,106	**43,140,219**	98,947,164	160,298,340
Investment properties	15	**390,500,000**	380,500,000	380,500,000	**390,500,000**	380,500,000	380,500,000
Investment in subsidiary	16	**-**	-	-	**100,000**	100,000	100,000
Current tax assets	36(c)	**6,525,969**	6,515,111	6,146,240	**5,104,282**	6,047,358	5,905,506
Deferred tax assets	36(d)	**31,752,759**	37,939,163	41,607,453	**43,163,019**	47,715,855	51,512,755
Other assets	17	**2,531,516,940**	2,312,148,538	2,408,452,498	**2,570,457,291**	2,351,088,889	2,446,494,368
Total assets		**35,537,070,863**	33,277,820,543	32,589,337,142	**35,442,593,727**	33,234,479,784	32,584,017,831
LIABILITIES							
Deposits from customers	18(a)	**30,423,045,218**	28,787,422,901	28,378,179,745	**30,434,892,362**	28,791,972,474	28,378,198,595
Derivative liabilities	28(i)	**868,250,541**	804,853,718	541,620,944	**868,250,541**	804,853,718	541,620,944
Lease liabilities	19	**17,740,050**	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681
Payable to fellow subsidiary	39	**13,649,767**	16,617,253	40,059,363	**13,649,767**	16,617,253	40,059,363
Other liabilities	20	**539,877,625**	583,245,420	643,617,900	**539,192,491**	582,560,289	643,062,372
Retirement benefit obligations	21	**114,984,217**	139,602,373	117,305,558	**114,984,217**	139,602,373	117,305,558
Total liabilities		**31,977,547,418**	30,368,343,604	29,781,208,045	**32,017,089,529**	30,434,923,683	29,876,835,513
SHAREHOLDERS' EQUITY							
Stated capital	22	**2,716,420,490**	2,466,420,956	2,466,420,956	**2,716,420,490**	2,466,420,956	2,466,420,956
Statutory reserve	23	**115,694,092**	58,574,633	18,880,341	**115,694,092**	58,574,633	18,880,341
Retained earnings/(Accumulated losses)		**537,496,351**	227,552,224	(3,352)	**496,293,448**	194,109,309	(24,472,208)
Fair value reserve	11(c)	**(307,836,617)**	(190,935,141)	(32,051,990)	**(307,836,617)**	(190,935,141)	(32,051,990)
Other reserve	25(b)	**148,720,529**	20,280,711	27,299,586	**148,720,529**	20,280,711	27,299,586
Revaluation reserve	25(a)	**349,028,600**	327,583,556	327,583,556	**256,212,256**	251,105,633	251,105,633
Total equity		**3,559,523,445**	2,909,476,939	2,808,129,097	**3,425,504,198**	2,799,556,101	2,707,182,318
Total liabilities and equity		**35,537,070,863**	33,277,820,543	32,589,337,142	**35,442,593,727**	33,234,479,784	32,584,017,831

Approved by the Board of Directors and authorised for issue on 29 September 2023 and signed on its behalf by

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 29 September 2023

Ebène 72201, Republic of Mauritius

The notes on pages 80 to 209 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended

		The Group			The Bank		
			Restated			Restated	
	Notes	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
Interest income		**1,616,605,696**	1,052,904,548	922,278,312	**1,626,737,412**	1,060,946,862	931,170,812
Interest expense		**(489,375,124)**	(163,929,142)	(203,718,292)	**(490,616,114)**	(166,057,158)	(206,710,419)
Net interest income	29	**1,127,230,572**	888,975,406	718,560,020	**1,136,121,298**	894,889,704	724,460,393
Fee and commission income		**292,122,893**	262,787,207	254,172,826	**292,122,893**	262,787,207	254,172,826
Fee and commission expense		**(51,608,608)**	(40,639,242)	(48,120,471)	**(51,608,608)**	(40,639,242)	(48,120,471)
Net fee and commission income	30	**240,514,285**	222,147,965	206,052,355	**240,514,285**	222,147,965	206,052,355
Net trading income	31	**168,550,278**	142,288,576	164,439,542	**168,550,278**	142,288,576	164,439,542
Net gain from derecognition of financial assets measured at FVTOCI		**30,941**	12,389,795	20,561,607	**30,941**	12,389,795	20,561,607
Other income	32	**55,149,324**	27,419,215	27,023,378	**55,149,324**	27,419,215	27,023,378
		223,730,543	182,097,586	212,024,527	**223,730,543**	182,097,586	212,024,527
Net operating income		**1,591,475,400**	1,293,220,957	1,136,636,902	**1,600,366,126**	1,299,135,255	1,142,537,275
Personnel expenses	34	**(517,238,561)**	(517,442,863)	(513,900,757)	**(517,238,561)**	(517,442,863)	(513,900,757)
Operating lease expenses	42 (b) (i)	**(24,815,016)**	(19,051,699)	(13,386,550)	**(24,815,016)**	(19,051,699)	(13,386,550)
Depreciation and amortisation	14	**(108,307,862)**	(131,436,339)	(153,251,430)	**(133,656,550)**	(155,192,238)	(174,932,240)
Other expenses	35	**(369,321,626)**	(283,070,694)	(273,940,707)	**(364,091,629)**	(277,671,066)	(268,589,287)
Profit before impairment and income tax		**571,792,335**	342,219,362	182,157,458	**560,564,370**	329,777,389	171,728,441
Net impairment loss on financial assets	33	**(176,184,292)**	(56,862,079)	(40,769,430)	**(176,184,292)**	(56,862,079)	(40,769,430)
Profit before income tax		**395,608,043**	285,357,283	141,388,028	**384,380,078**	272,915,310	130,959,011
Income tax expense	36(b)	**(7,051,664)**	(7,806,944)	(14,873,173)	**(3,583,687)**	(4,339,030)	(11,942,373)
Profit for the year	37	**388,556,379**	277,550,339	126,514,855	**380,796,391**	268,576,280	119,016,638
Earnings per share	38	**0.05**	0.04	0.02	**0.05**	0.04	0.02

The notes on pages 80 to 209 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended

		The Group			The Bank		
			Restated			Restated	
	Notes	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year		**388,556,379**	277,550,339	126,514,855	**380,796,391**	268,576,280	119,016,638
Other comprehensive income:							
Items that will not be reclassified subsequently to profit or loss:							
Gain on revaluation of property, plant and equipment	25(a)	**14,101,709**	-	-	**5,101,709**	-	-
Deferred tax on revaluation of property, plant and equipment	36(d)	**(1,525,086)**	-	-	**4,914**	-	-
Gain on revaluation of Right-of-use assets	25(a)	**8,868,421**	-	-	**-**	-	-
Actuarial gain/(loss) for the year	21(iv)	**19,481,270**	(10,842,601)	12,678,660	**19,481,270**	(10,842,601)	12,678,660
Deferred tax (charge)/credit on actuarial gain/(loss)	36(d)	**(974,063)**	542,130	(633,933)	**(974,063)**	542,130	(633,933)
Items that may be classified subsequently to profit or loss:							
Change in fair value of assets at FVTOCI	11(c)	**(116,901,476)**	(158,883,151)	(10,884,899)	**(116,901,476)**	(158,883,151)	(10,884,899)
Credit impairment charge/(reversal) on financial assets at FVTOCI	25(b)	**128,439,818**	(7,018,875)	14,490,339	**128,439,818**	(7,018,875)	14,490,339
Other comprehensive income for the year, net of tax		**51,490,593**	(176,202,497)	15,650,167	**35,152,172**	(176,202,497)	15,650,167
Total comprehensive income for the year attributable to equity holders of the parent		**440,046,972**	101,347,842	142,165,022	**415,948,563**	92,373,783	134,666,805

Approved by the Board of Directors and authorised for issue on 29 September 2023 and signed on its behalf by

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 29 September 2023

Ebène 72201, Republic of Mauritius

The notes on pages 80 to 209 form an integral part of these financial statements.

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained Earnings	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
At 01 July 2022 (Restated)	**2,466,420,956**	**58,574,633**	**227,552,224**	**(190,935,141)**	**20,280,711**	**327,583,556**	**2,909,476,939**
Total comprehensive income							
Profit for the year	**-**	**-**	**388,556,379**	**-**	**-**	**-**	**388,556,379**
Gain on revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**14,101,709**	**14,101,709**
Deferred tax on revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**(1,525,086)**	**(1,525,086)**
Gain on revaluation of Right-of-use assets	**-**	**-**	**-**	**-**	**-**	**8,868,421**	**8,868,421**
Change in fair value of financial assets held at FVTOCI (Note 11 (c))	**-**	**-**	**-**	**(116,901,476)**	**-**	**-**	**(116,901,476)**
Credit impairment charge on financial assets at FVTOCI	**-**	**-**	**-**	**-**	**128,439,818**	**-**	**128,439,818**
Actuarial gain for the year (Note 21)	**-**	**-**	**19,481,270**	**-**	**-**	**-**	**19,481,270**
Deferred tax charge on actuarial gain	**-**	**-**	**(974,063)**	**-**	**-**	**-**	**(974,063)**
Total comprehensive income	**-**	**-**	**407,063,586**	**(116,901,476)**	**128,439,818**	**21,445,044**	**440,046,972**
Issue of shares	**249,999,534**	**-**	**-**	**-**	**-**	**-**	**249,999,534**
Dividend paid	**-**	**-**	**(40,000,000)**	**-**	**-**	**-**	**(40,000,000)**
Transfer to statutory reserve (Note 23)	**-**	**57,119,459**	**(57,119,459)**	**-**	**-**	**-**	**-**
At 30 June 2023	**2,716,420,490**	**115,694,092**	**537,496,351**	**(307,836,617)**	**148,720,529**	**349,028,600**	**3,559,523,445**

	Stated Capital	Statutory Reserve	Retained Earnings	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
At 01 July 2021 (Restated)	2,466,420,956	18,880,341	(3,352)	(32,051,990)	27,299,586	327,583,556	2,808,129,097
Total comprehensive income							
Profit for the year	-	-	277,550,339	-	-	-	277,550,339
Change in fair value of financial assets held at FVTOCI (Note 11 (c))	-	-	-	(158,883,151)	-	-	(158,883,151)
Credit impairment reversal on financial assets at FVTOCI	-	-	-	-	(7,018,875)	-	(7,018,875)
Actuarial loss for the year (Note 21)	-	-	(10,842,601)	-	-	-	(10,842,601)
Deferred tax credit on actuarial loss	-	-	542,130	-	-	-	542,130
Total comprehensive income	-	-	267,249,868	(158,883,151)	(7,018,875)	-	101,347,842
Transfer to statutory reserve (Note 23)	-	39,694,292	(39,694,292)	-	-	-	-
At 30 June 2022 (Restated)	2,466,420,956	58,574,633	227,552,224	(190,935,141)	20,280,711	327,583,556	2,909,476,939

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained Earnings/ (Accumulated Losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group								
At 01 July 2020	2,466,420,956	1,619,995	(158,302,462)	90,709,840	(21,167,091)	12,809,247	602,793,226	2,994,883,711
Prior year adjustments	-	-	(53,709,966)	-	-	-	(275,209,670)	(328,919,636)
Restated at 01 July 2020	2,466,420,956	1,619,995	(212,012,428)	90,709,840	(21,167,091)	12,809,247	327,583,556	2,665,964,075
Total comprehensive income								
Profit for the year	-	-	126,514,855	-	-	-	-	126,514,855
Transfer to statutory reserve (Note 23)	-	17,260,346	(17,260,346)	-	-	-	-	-
Change in fair value of financial assets held at FVTOCI (Note 11 (c))	-	-	-	-	(10,884,899)	-	-	(10,884,899)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	14,490,339	-	14,490,339
Actuarial gain for the year (Note 21)	-	-	12,678,660	-	-	-	-	12,678,660
Deferred tax charge on actuarial gain	-	-	(633,933)	-	-	-	-	(633,933)
Total comprehensive income	-	17,260,346	121,299,236	-	(10,884,899)	14,490,339	-	142,165,022
Transfer of general banking reserve to retained earnings	-	-	90,709,840	(90,709,840)	-	-	-	-
At 30 June 2021 (Restated)	2,466,420,956	18,880,341	(3,352)	-	(32,051,990)	27,299,586	327,583,556	2,808,129,097

	Stated Capital	**Statutory Reserve**	**Retained Earnings**	**Fair Value Reserve**	**Other Reserve**	**Revaluation Reserve**	**Total Equity**
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank							
At 01 July 2022 (Restated)	**2,466,420,956**	**58,574,633**	**194,109,309**	**(190,935,141)**	**20,280,711**	**251,105,633**	**2,799,556,101**
Total comprehensive income							
Profit for the year	**-**	**-**	**380,796,391**	**-**	**-**	**-**	**380,796,391**
Gain on revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**5,101,709**	**5,101,709**
Deferred tax on revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**4,914**	**4,914**
Gain on revaluation of Right-of-use assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in fair value of financial assets held at FVTOCI (Note 11 (c))	**-**	**-**	**-**	**(116,901,476)**	**-**	**-**	**(116,901,476)**
Credit impairment charge on financial assets at FVTOCI	**-**	**-**	**-**	**-**	**128,439,818**	**-**	**128,439,818**
Actuarial gain for the year (Note 21)	**-**	**-**	**19,481,270**	**-**	**-**	**-**	**19,481,270**
Deferred tax credit on actuarial gain	**-**	**-**	**(974,063)**	**-**	**-**	**-**	**(974,063)**
Total comprehensive income	**-**	**-**	**399,303,598**	**(116,901,476)**	**128,439,818**	**5,106,623**	**415,948,563**
Issue of shares	**249,999,534**	**-**	**-**	**-**	**-**	**-**	**249,999,534**
Dividend paid	**-**	**-**	**(40,000,000)**	**-**	**-**	**-**	**(40,000,000)**
Transfer to statutory reserve (Note 23)	**-**	**57,119,459**	**(57,119,459)**	**-**	**-**	**-**	**-**
At 30 June 2023	**2,716,420,490**	**115,694,092**	**496,293,448**	**(307,836,617)**	**148,720,529**	**256,212,256**	**3,425,504,198**

The notes on pages 80 to 209 form an integral part of these financial statements.

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained Earnings	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank							
At 01 July 2021 (Restated)	2,466,420,956	18,880,341	(24,472,208)	(32,051,990)	27,299,586	251,105,633	2,707,182,318
Total comprehensive income							
Profit for the year	-	-	268,576,280	-	-	-	268,576,280
Change in fair value of financial assets held at FVTOCI (Note 11 (c))	-	-	-	(158,883,151)	-	-	(158,883,151)
Credit impairment reversal on financial assets at FVTOCI	-	-	-	-	(7,018,875)	-	(7,018,875)
Actuarial loss for the year (Note 21)	-	-	(10,842,601)	-	-	-	(10,842,601)
Deferred tax credit on actuarial loss	-	-	542,130	-	-	-	542,130
Total comprehensive income	-	-	258,275,809	(158,883,151)	(7,018,875)	-	92,373,783
Transfer to statutory reserve (Note 23)	-	39,694,292	(39,694,292)	-	-	-	-
At 30 June 2022 (Restated)	2,466,420,956	58,574,633	194,109,309	(190,935,141)	20,280,711	251,105,633	2,799,556,101

	Stated Capital	Statutory Reserve	Retained Earnings/ (Accumulated Losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank								
At 01 July 2020	2,466,420,956	1,619,995	(175,273,101)	90,709,840	(21,167,091)	12,809,247	526,315,303	2,901,435,149
Prior year adjustments	-	-	(53,709,966)	-	-	-	(275,209,670)	(328,919,636)
Restated at 01 July 2020	2,466,420,956	1,619,995	(228,983,067)	90,709,840	(21,167,091)	12,809,247	251,105,633	2,572,515,513
Total comprehensive income								
Profit for the year	-	-	119,016,638	-	-	-	-	119,016,638
Transfer of general banking reserve to retained earnings	-	-	90,709,840	(90,709,840)	-	-	-	-
Change in fair value of financial assets held at FVTOCI (Note 11 (c))	-	-	-	-	(10,884,899)	-	-	(10,884,899)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	14,490,339	-	14,490,339
Actuarial loss for the year (Note 21)	-	-	12,678,660	-	-	-	-	12,678,660
Deferred tax credit on actuarial loss	-	-	(633,933)	-	-	-	-	(633,933)
Total comprehensive income	-	-	221,771,205	(90,709,840)	(10,884,899)	14,490,339	-	134,666,805
Transfer to statutory reserve (Note 23)	-	17,260,346	(17,260,346)	-	-	-	-	-
At 30 June 2021 (Restated)	2,466,420,956	18,880,341	(24,472,208)	-	(32,051,990)	27,299,586	251,105,633	2,707,182,318

The notes on pages 80 to 209 form an integral part of these financial statements.

Statements of Cash Flows

for year ended

		The Group			The Bank		
			Restated			Restated	
	Notes	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
Cash from operating activities							
Profit before income tax		**395,608,043**	285,357,283	141,388,028	**384,380,078**	272,915,310	130,959,011
Adjustments for:							
Finance charge on lease liabilities	19	**782,131**	1,285,778	1,830,575	**2,023,121**	3,413,794	4,822,702
Impairment losses on financial assets (excluding bad debts recovered)	33	**185,292,494**	60,319,348	43,952,231	**185,292,494**	60,319,348	43,952,231
Depreciation of property, plant and equipment	14(a)	**44,166,881**	56,838,352	75,502,006	**37,597,790**	48,676,471	65,265,037
Amortisation of intangible assets	14(b)	**40,251,815**	45,164,591	46,224,988	**40,251,815**	45,164,591	46,224,988
Depreciation of right-of-use assets	14(c)	**23,889,166**	29,433,396	31,524,436	**55,806,945**	61,351,176	63,442,215
Gain on disposal of property, plant and equipment	32	**2,354**	(270,777)	(192,340)	**2,354**	(270,777)	(192,340)
(Gain)/Loss on revaluation of investment securities at FVTPL and trading assets	31	**(19,793,152)**	(5,192,015)	6,893,246	**(19,793,152)**	(5,192,015)	6,893,246
Gain on revaluation of investment properties	15	**(10,000,000)**	-	-	**(10,000,000)**	-	-
Retirement benefit obligations		**(5,136,886)**	11,454,214	2,949,091	**(5,136,886)**	11,454,214	2,949,091
		655,062,846	484,390,170	350,072,261	**670,424,559**	497,832,112	364,316,181
Changes in operating assets and liabilities							
Decrease/(increase) in trading assets		**(24,445,128)**	1,115,612,330	1,834,628,400	**(24,445,128)**	1,115,612,330	1,834,628,400
Decrease/(increase) in loans and advances to banks		**(487,302,660)**	404,643,625	(863,869,801)	**(487,302,660)**	404,643,625	(863,869,801)
Increase in loans and advances to customers		**(3,161,313,207)**	(412,119,245)	(1,461,140,943)	**(3,152,714,303)**	(397,310,844)	(1,441,480,451)
Net placements with correspondent banks *		**-**	-	2,448,174	**-**	-	2,448,174
Increase in Investment securities		**1,883,517,175**	(1,489,834,581)	(1,827,528,999)	**1,883,517,175**	(1,489,834,581)	(1,827,528,999)
(Decrease)/Increase in payable to fellow subsidiary		**(2,967,485)**	(23,442,111)	29,917,997	**(2,967,485)**	(23,442,111)	29,917,997
Decrease in deposits from customers		**1,635,622,317**	409,243,154	2,065,070,343	**1,642,919,887**	413,773,879	2,063,679,721
Decrease/(increase) in other assets		**(219,368,403)**	96,303,959	(122,823,128)	**(219,368,403)**	95,405,478	(122,841,827)
Increase in net derivative liabilities		**55,879,463**	294,546,929	263,160,796	**55,879,463**	294,546,929	263,160,796
(Decrease)/Increase in other liabilities		**(44,803,941)**	(60,333,125)	78,527,015	**(44,803,945)**	(60,462,730)	78,576,661
Cash generated from operations		**289,880,977**	819,011,105	348,462,115	**321,139,160**	850,764,087	381,006,852
Tax paid	36(c)	**(9,875,046)**	(10,121,690)	(9,544,959)	**(5,088,950)**	(6,057,413)	(5,946,447)
Tax refund received	36(c)	**6,499,779**	6,156,295	5,654,182	**6,032,026**	5,915,561	5,122,424
Net cash from operating activities		**286,505,710**	815,045,710	344,571,338	**322,082,236**	850,622,235	380,182,829
Cash from investing activities							
Purchase of equity investments	7.1	**(93,450,207)**	-	-	**(93,450,207)**	-	-
Acquisition of property, plant and equipment	14(a)	**(55,693,083)**	(11,581,318)	(17,115,723)	**(55,693,083)**	(11,581,318)	(17,115,723)
Acquisition of intangibles	14(b)	**(12,730,525)**	(13,843,309)	(12,614,768)	**(12,730,525)**	(13,843,309)	(12,614,768)
Proceeds from disposal of property, plant and equipment		**15,696**	330,543	310,036	**15,696**	330,543	310,036
Net cash used in investing activities		**(161,858,119)**	(25,094,084)	(29,420,455)	**(161,858,119)**	(25,094,084)	(29,420,455)
Cash from financing activities							
Proceeeds from share capital		**249,999,534**	-	-	**249,999,534**	-	-
Dividend paid		**(40,000,000)**	-	-	**(40,000,000)**	-	-
Net (decrease)/increase in other borrowed funds	9(c)	**-**	-	(1,089,390,019)	**-**	-	(1,089,390,019)
Lease repayment capital	19	**(18,861,889)**	(23,822,596)	(24,922,792)	**(53,197,425)**	(57,271,105)	(57,542,156)
Lease repayment interest	19	**(782,131)**	(1,285,778)	(1,830,575)	**(2,023,121)**	(3,413,794)	(4,822,702)
Net cash (used in)/from financing activities		**190,355,514**	(25,108,374)	(1,116,143,386)	**154,778,988**	(60,684,899)	(1,151,754,877)
Net increase in cash and cash equivalents		**315,003,105**	764,843,252	(800,992,503)	**315,003,105**	764,843,252	(800,992,503)
Cash and cash equivalents, at start of the year		**4,251,247,756**	3,486,404,504	4,287,397,007	**4,251,247,756**	3,486,404,504	4,287,397,007
Cash and cash equivalents, at end of the year	9(a)	**4,566,250,861**	4,251,247,756	3,486,404,504	**4,566,250,861**	4,251,247,756	3,486,404,504

Statements of Cash Flows (Cont'd)

for year ended

		The Group			The Bank		
	Notes	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
Additional information on operational cash flows from interest and dividends							
Additional information on operational cash flows from interest and dividends							
Interest paid		**(400,775,607)**	(236,745,883)	(241,820,289)	**(402,016,597)**	(238,873,899)	(244,812,416)
Interest received		**1,545,185,341**	1,061,526,415	947,655,907	**1,555,301,326**	1,069,569,392	956,553,532
Dividend received		**20,292,428**	2,650,574	1,156,486	**20,292,428**	2,650,574	1,156,486

* Net placements with correspondent banks have been classified under operating activities in Financial 2023. The comparatives have been amended accordingly to align with the presentation.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1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

1.1 General information

MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank Ltd "MPCB") or the "Bank" has on the 04 January 2016, acquired the assets and liabilities of the National Commercial Bank Ltd ("NCB") from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32A of the Banking Act 2004. Subsequently following the transfer, MPCB changed its name to MauBank Ltd ("MauBank"). Its registered office is 25 Bank Street, Cybercity, Ebene, Republic of Mauritius.

The Bank and its subsidiary, MauBank Investment Ltd (formerly known as "MPCB Investment Ltd"), are together referred as the "Group".

The Bank is engaged in the provision of commercial banking services.

The principal activity of MauBank Investment Ltd is to act as land promoter and property developer.

The financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Group and the Bank.

The directors have authorised the issue of the financial statements on 29 September 2023 and they do not have the power to amend the financial statements after issue.

1.2 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004 and the regulations and guidelines issued by the Bank of Mauritius.

These financial statements have further been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments which are measured at their revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. 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 Group and the Bank take 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.

1.3 Going concern

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

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group and the Bank have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2021.

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

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment did not have an impact on the financial statements.
IFRS 3	Reference to the Conceptual Framework (effective date 1 January 2022) and applied prospectively. In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendment did not have an impact on the financial statements.
IAS 37	Costs of Fulfilling a Contract (effective 1 January 2022) and applied prospectively. In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments did not have a material impact on the Group and the Bank .
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022) As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments did not have a material impact on the Group and the Bank .

2.2 New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, a number of Standards were in issue but effective on annual periods beginning on or after the respective dates as indicate, where the Group and the Bank considered there could be an impact, this was disclosed accordingly:

IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group and the Bank are still assessing the impact the amendments on the financial position.
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group and the Bank are currently assessing the impact of the amendments to determine the impact they will have on the Group's and Bank's accounting policy disclosures.
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective date 1 January 2023) In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group and the Bank are still assessing the impact the amendments on the financial statements.
IAS 12	Income Taxes – Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023) In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

2.2 New and revised Standards and Interpretations in issue but not yet effective (Cont'd)

IAS 12	Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. The amendments are not expected to have a material impact on the Group and the Bank.
IAS 16	Property, plant and equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)
IAS 7	Disclosures: Supplier Finance Arrangements In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The group is currently assessing the impact of these amendments. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before December 31, 2023. The amendments are not expected to have a material impact on the Group and the Bank.
IAS 12	In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively. The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments. The amendments are not expected to have a material impact on the Group and the Bank.

2.2 New and revised Standards and Interpretations in issue but not yet effective (Cont'd)

The directors anticipate that these standards and interpretation will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

3. Summary of Significant Accounting Policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Basis of consolidation

The financial statements include the results of the Bank and of its subsidiary. The results of the subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements incorporate the financial statements of the Bank and its subsidiary. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's shareholding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Bank loses control of a subsidiary, the profit or loss on disposal is recognised in statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Summary of Significant Accounting Policies (Cont'd)

3.3 Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4 Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Bank commit to purchase or sell the asset.

At initial recognition, the Group and the Bank measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), as described in note 6.1.3, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(1) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(2) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Recognition and Initial Measurement (Cont'd)

Financial Assets

(i) Classification and subsequent measurement

The Group and the Bank have applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVTOCI"); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's and the Bank's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Business model: the business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group's and the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include the following:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group and the Bank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

(i) Classification and subsequent measurement (Cont'd)

Financial Assets (Cont'd)

Based on these factors, the Group and the Bank classify their debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6.1.3. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

- Fair value through other comprehensive income ("FVTOCI"): Financial assets that are held both for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net gain from derecognition of financial assets at FVTOCI'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. For financial assets measured at fair value through other comprehensive income, the ECL do not reduce the carrying amount of the financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as ECL amount.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss within 'Net trading income ' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Other operating income' . Interest income from these financial assets is included in 'Net trading income'.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Bank subsequently measure all equity investments at fair value through profit or loss, except where the Group's and the Bank's management have elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Group's and the Bank's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in profit or loss.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(ii) Impairment

The Group and the Bank assess on a forward-looking basis the expected credit losses on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments (e.g. loans and advances, investment securities);
- Lease receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 6.1.3 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate or change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 6.1.7.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where they retain the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:

(a) Have no obligation to make payments unless it collects equivalent amounts from the assets;
(b) Are prohibited from selling or pledging the assets; and
(c) Have an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest.

(v) Reclassifications

If the business model under which the entity 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 financial assets. During the current financial year there was no change in the business model under which the Group and the Bank hold financial assets and therefore no reclassifications were made.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's and the Bank's trading activity.

(vii) Fair value Measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group and the Bank measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Bank use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Bank determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group and the Bank measure assets and long positions at a bid price and liabilities and short positions at an ask price.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(vii) Fair value Measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There have been no transfers between levels of the fair value hierarchy during the current and prior financial years.

Financial liabilities

(i) Classification and subsequent measurement

In the current period, financial liabilities are classified as subsequently measured at amortised cost:

The Group's and the Bank's financial liabilities include deposits from customers, other borrowed funds and other liabilities.

All interest-related charges on financial liabilities are included within interest expense.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or it expires).

The exchange between the Group and the Bank and their original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 6.1.3.3); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

3. Summary of Significant Accounting Policies (Cont'd)

3.5 Cash and Cash Equivalents

Cash and cash equivalents consist of notes and coins on hand, balances with banks in Mauritius and abroad, unrestricted balances with the Central Bank, short term loans and placements with banks maturing within 90 days from date of origination, and highly liquid financial assets with original maturities of 90 days or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group and the Bank in the management of their short-term liquidity commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.6 Loans and Advances

The 'loans and advances to customers' and 'loans to and placements with banks' caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method'. The 'loans to advances to customers' also include lease receivables. See note 3.13.

3.7 Derivative Financial Instruments

The Group and the Bank enter into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate and foreign exchange risk. Derivative held include forward contracts, spot position and cross currency swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Net interest from derivative contracts are recorded in profit or loss under trading income.

3.8 Trading Assets

Trading assets are those assets that the Group and the Bank acquire or incur principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

3.9 Investment Securities

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss; and
- debt securities measured at FVTOCI

For debt securities measured at FVTOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2023

3. Summary of Significant Accounting Policies (Cont'd)

3.10 Property, Plant and Equipment

Freehold land and buildings

Freehold land and buildings are shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Market value is fair value based on appraisals prepared by external professional valuers if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the assets is transferred to accumulated losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation for freehold buildings is recognised on a straight-line basis to write down the revalued amount less estimated residual values. Depreciation is calculated at the rate of 2% p.a.

Computer equipment, furniture and fittings, office equipment and motor vehicles

Computer equipment, furniture and fittings, office equipment and motor vehicles are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Equipment which is acquired and not yet installed at the reporting date is treated as capital work in progress.

Depreciation is recognised on a straight-line basis over the estimated useful lives at the following rates:

Computer and office equipment	14% - 33%
Furniture and fittings	14% - 25%
Motor vehicles	20%

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

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

Material residual value estimates and estimates of useful life are updated as required. Repairs and maintenance costs are expensed as incurred.

Gains or losses arising on the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income within "other income" or "other expenses".

3.11 Intangibles

Computer software is stated at cost less accumulated amortisation. Computer software is amortised on a straight-line basis over its estimated useful life of 5 to 10 years. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. Summary of Significant Accounting Policies (Cont'd)

3.12 Investment property

Investment properties are properties held to earn rental and/or for capital appreciation, and are accounted for using the fair value model. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property rented to the Bank by the subsidiary is not classified as investment property in these financial statements as it includes both the lessor and the lessee. Such property is included within property, plant and equipment and is measured in accordance with Note 3.10 above.

Rental income and operating expenses from investment properties are reported within “Other income” and “Other expenses” respectively.

3.13 Leases

(a) The Group and the Bank as lessee

The Group and the Bank assess whether a contract is or contains a lease, at inception of the contract. The Group and the Bank recognise 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 Group and the Bank recognise 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 Group and the Bank use its incremental borrowing rate.

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.

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.

3. Summary of Significant Accounting Policies (Cont'd)

3.13 Leases (Cont'd)

(a) The Group and the Bank as lessee (Cont'd)

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

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

The Group and the Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease 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.

Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The Bank follows the revaluation model for right-of-use assets relating to land (Refer to note 3.10)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Bank expect 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 consolidated statement of financial position.

The Group and the Bank apply IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 Leases permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank have not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Depreciation rate on right-of-use assets ranges from 5% to 80% per annum.

3. Summary of Significant Accounting Policies (Cont'd)

3.13 Leases (Cont'd)

(b) The Group and the Bank as lessor

The Group and the Bank enter into lease agreements as a lessor with respect to some of its properties.

Leases for which the Group and the Bank are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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.

The Group and the Bank are also engaged in the provision of leases to both individuals and corporates. The Group's and the Bank's portfolio is made up of principally motor vehicles and equipment. As part of the wider risk management principles of the Group and the Bank, the risks associated with the lease portfolio are monitored through rigorous credit assessment, determining the financed amount as part of the cost of the asset based on the customers' credit risk profile, amongst others.

(i) 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 Group and the Bank, and thus the lease payment receivable is treated by the Group and the Bank as repayment of principal and interest income to reimburse and reward the lessor for its investment and services.

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

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Group and the Bank aim 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 Group's and the Bank's finance lease receivable.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the Group's and the Bank'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.

The Group and the Bank apply the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. Impairment of lease receivables have been disclosed in Note 5 (c) (iii) and will follow the same principles as impairment for loans and advances.

When a contract includes both lease and non-lease components, the Group and the Bank apply IFRS 15 to allocate the consideration under the contract to each component.

3. Summary of Significant Accounting Policies (Cont'd)

3.14 Investment in subsidiary

A subsidiary is an entity over which the Bank has control. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss and other comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of profit or loss and other comprehensive income.

3.15 Income Taxes

Tax expense recognised in the statements of profit or loss and other comprehensive income comprises the sum of current tax, deferred tax, Corporate Social Responsibility Fund ("CSRF") and Special Levy.

(a) Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred taxation

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's and the Bank's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent 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 assets and liabilities are offset only when the Group and the Bank have a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the consolidated statement of profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Income Taxes (Cont'd)

(c) Corporate Social Responsibility Fund ("CSRF")

The Group and the Bank are subject to CSRF and the contribution is at a rate of 2% on the chargeable income of the preceding financial year.

(d) Special Levy

Special levy on banks is governed under the VAT Act. Every bank shall in every year be liable to pay the taxation authorities a special levy calculated at 5.5% where leviable income is less than or equal to MUR 1.2bn or at 4.5% where leviable income is greater than MUR 1.2bn. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT Act.

3.16 Deposits and other Borrowed Funds

Deposits and other borrowed funds are the Group's and the Bank's main sources of debt funding.

Deposits and other borrowed funds are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

3.17 Retirement and other Post-retirement Benefits

(a) Defined contribution plan

The Group and the Bank contribute to a defined contribution plan for its employees, whereby it pays contributions to a privately administered pension insurance plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and are included in administrative expenses.

(b) Defined benefit plan

The Bank operate two Defined Benefit Schemes, which are fully funded. The assets of the funds are held independent and administered by the Swan Life Ltd and National Insurance Company Limited. Pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statements of profit or loss and other comprehensive income under the heading "other comprehensive income". Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. The Bank carries out an actuarial valuation every year.

Remeasurement recognised in other comprehensive income is accumulated under the heading of employee benefit reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

For employees who are not covered by a pension plan, the net present value of retirement gratuity payable under the Workers' Rights Act is calculated and provided for, where material. The obligation arising under this item is not funded.

(c) State plan

Contributions to the Contribution Sociale Generalisée ("CSG") are expensed to the consolidated statement of profit or loss and other comprehensive income in the period in which they fall due.

3. Summary of Significant Accounting Policies (Cont'd)

3.17 Retirement and other post-retirement benefits (Cont'd)

(d) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(e) Termination benefits

Termination benefits are recognised when the Bank is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. A liability is recognised for the termination benefit representing the best estimate of the amount payable and the termination benefits are recognised as an expense

3.18 Provisions and Contingent Liabilities

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at the reporting date are reviewed in detail and provision is made where necessary after seeking legal advice. Contingent liabilities are disclosed in these financial statements for possible obligations that arise from past events whose existence will be confirmed by uncertain future events not wholly within the control of the Group and the Bank.

3.19 Equity

Stated capital is determined using the value of shares that have been issued. Accumulated losses/retained earnings include all current and prior periods results as disclosed in the statement of profit or loss and other comprehensive income.

Fair value reserve comprise gain on fair value of financial assets held at fair value through other comprehensive income. Revaluation reserves comprise the unrealised gains arising out of the revaluation of property, plant and equipment.

Other reserves represent statutory and non-statutory reserves.

3.20 Acceptances

Acceptances comprise the commitment of the Group and the Bank to pay bills of exchange drawn on customers. The Group and the Bank expect most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are accounted for as off-balance sheet items and are disclosed as contingent liabilities.

3.21 Guarantees

In the normal course of business, the Group and the Bank issue various forms of guarantees to support their customers. These guarantees are kept off-balance sheet unless a provision is needed to cover probable losses. These guarantees are disclosed as contingent liabilities.

3.22 Off-balance sheet arrangements

In the normal course of business, the Group and the Bank enter into arrangements that, under IFRS, are not recognised on the statement of the financial position and do not affect the statement of profit or loss and other comprehensive income. These types of arrangements are kept off balance sheet as long as the Group and the Bank do not incur an obligation from them or become entitled to an asset itself. As soon as an obligation is incurred, it is recognised on the statement of financial position, with the resulting loss recorded in the statement of profit or loss and other comprehensive income. Contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

3. Summary of Significant Accounting Policies (Cont'd)

3.23 Net Interest Income

Interest income and expense for all financial instruments except for those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, see 'Net trading income'.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). The interest is suspended and recognised only upon receipt. For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVTOCI;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cashflow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense;
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk; and

Interest income and expense on all trading assets and derivatives are considered to be incidental to the Group's and the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.24 Net Fee and Commission Income

The Bank provides banking services to retail, corporate and global banking customers, including account management, provision of overdraft and other credit facilities, credit cards, foreign currency transactions, trade finance facilities and servicing fees.

Fee and commission income and expense include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Group's statement of profit or loss include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed, i.e. at a point in time.

Fees for ongoing account management are charged to the customers' account on a monthly basis (or any other pre-determined frequency). The Bank sets the rates separately for retail, corporate and global business customers and reviews them annually. Revenue from account services and servicing fees is recognised over time as the services are provided.

Transaction-based fees for interchange, foreign-currency transactions, overdrafts and trade finance facilities are charged to the customer's account when the transaction takes place. Revenue related to transactions is recognised at a point in time when the transactions take place.

Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank

The Bank recognises revenue from management services over time because the customer simultaneously receives and consumes the benefits provided to them.

The Group and the Bank do not offer services will multiple non-distinct/ distinct performance obligations.

Fee and commission expenses with regards to services are accounted for as the services are received.

3.25 Net Trading Income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Group and the Bank have elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense.

3. Summary of Significant Accounting Policies (Cont'd)

3.26 Foreign Currency

(a) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group and the Bank, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(b) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. Other exchange differences are recognised in OCI in the investment's revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income'; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment's revaluation reserve.

3.27 Segment Reporting

In accordance with the Bank of Mauritius Guideline on Segmental Reporting under a Single Banking Licence Regime, the Group's and the Bank's business is organised under two segments, namely Segment A and Segment B.

- Segment B is essentially directed to the provision of international financial services that give rise to foreign source income. Such services may be fund based or non-fund based.
- Segment A relates to banking business other than Segment B business.

Information on Segment B for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 is disclosed in note 5.

Neither the above guideline nor IFRS mandate the application of IFRS 8 to the financial statements of the Group and the Bank.

3.28 Repossessed Property

Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets' as inventory as they are held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the bank. The corresponding loans are derecognised when the Bank becomes the holder of the title deed. The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value. No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in 'other operating income'. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in 'other operating income'. Gains or losses on disposal of repossessed properties are reported in 'other operating income'.

3.29 Impairment of Non-financial Assets

At each reporting date, the Group and the Bank review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.30 Related Parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

The Group and the Bank consider related parties as key management personnel, directors, shareholders and its subsidiary's undertaking. Interest rate, unless the hedged item has been derecognised, in which case it is released to the statement of profit and loss immediately.

3. Summary of Significant Accounting Policies (Cont'd)

3.31 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 adjusted 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. Use of estimates and judgements in applying accounting policies and estimation uncertainty

In the application of the Group's and the Bank's accounting policies, which are described in note 3, the directors are required to make judgements, 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.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and the Bank that have the most significant effect on the financial statements.

(i) *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group and the Bank determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Bank monitor financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(ii) *Significant increase of credit risk*

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group and the Bank take into account qualitative and quantitative reasonable and supportable forward-looking information.

(iii) *Establishing groups of assets with similar credit risk characteristics*

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group and the Bank monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

(iv) *Models and assumptions used*

The Group and the Bank use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

(v) *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of future taxable income against which the deductible temporary differences can be utilised.

4. Use of estimates and judgements in applying accounting policies and estimation uncertainty (Cont'd)

Estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's and the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) *Estimation in respect of ECL*

(a) *Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario.*

The calculation of specific allowance for credit impairment requires management to estimate the recoverable amount of each impaired asset, being the present value of expected cash flows, including amount recoverable from guarantees and collaterals, discounted at the prevailing effective interest rate of the loans. Where loans are secured against immoveable property, the value of such collateral is based on the opinion of independent and qualified appraisers.

(b) *Probability of default*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(c) *Loss Given Default*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Note 6.1.8 gives more details about the assumptions used regarding ECL.

At 30 June 2023, the Bank assessed that there is a significant increase in credit risk with respect to its financial securities held in Ghana. The financial instability in the economy of Ghana led to the country defaulting on its coupon payment and principal at maturity. The Bank has assessed the probability of default to be 100% on these securities whilst LGD has been based on recovery rates of recently restructured sovereign bonds in Ghana as well as on the most recent Moodys sovereign report which discloses the most probable LGD. Refer to note 11.

(ii) *Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(iii) *Pension benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions are based on current market conditions. Additional information is disclosed in Note 21.

(iv) *Revaluation of property, plant and equipment and investment properties*

The Group and the Bank carries its investment properties and land buildings within property, plant and equipment at fair value. For revaluation purposes, the valuation methodology was based on the income approach with corroborative test using the sales comparison approach. The Group and the Bank engaged an independent valuation specialist to assess fair values as at 30 June 2023, estimating the fair value of properties require assumptions such as rental yield and future rental income to be made.

5 Operating Segments

In compliance with the Banking Act 2004, the banking business of a licensed bank is divided into two segments. Segment B relates to the banking business that gives rise to "foreign source income". All other banking business is classified under segment A.

The Bank deals mainly in Segment A business with less operations in segment B. The table below provides a summary of the main operations of the Bank with Segment B.

	At 30 June 2023	At 30 June 2022	At 30 June 2021
	Rs	Rs	Rs
Assets			
Cash and cash equivalents	**1,100,730,570**	1,065,305,727	967,072,059
Loans and advances to banks	**938,342,148**	456,317,786	863,031,847
Loans and advances to customers	**545,280,272**	492,957,680	599,701,499
Trading assets	**479,676,718**	687,904,980	407,713,953
Investment securities	**1,758,139,128**	2,243,798,665	1,595,055,572
Other assets	**21,682,443**	36,064,083	34,043,727
Total assets	**4,843,851,279**	4,982,348,921	4,466,618,657
Liabilities			
Deposits from customers	**5,184,603,442**	3,457,952,566	2,767,427,620
Total liabilities	**5,184,603,442**	3,457,952,566	2,767,427,620

	For year ended 30 June 2023	For year ended 30 June 2022	For year ended 30 June 2021
	Rs	Rs	Rs
Interest income	**143,816,111**	103,762,776	69,236,350
Interest expense	**(2,486,169)**	(584,462)	(1,143,271)
Net interest income	**141,329,942**	103,178,314	68,093,079
Other operating income	**86,110,245**	37,041,279	33,552,279
Total operating income	**227,440,187**	140,219,593	101,645,358

Property Development - Commercial

Elevating the Mall Experience

Hermes Group

6 Financial Instrument Risk

Risk management objectives and policies

The Group's and the Bank's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's and the Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's and the Bank's financial performance.

The Group and the Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group and the Bank regularly review their risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board Conduct Review and Risk Management Committee under policies approved by the Board of Directors. The Risk Management Forum identifies, evaluates and hedges financial risks in close co-operation with the Group and the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk.

6.1 Credit risk analysis

The Group and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group and the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Group and the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and guarantees.

6.1.1 Credit risk measurement

Credit risk is the possibility of losses associated with changes in the credit profile of borrowers or counterparties. These losses, associated with changes in portfolio value, could arise due to default or due to deterioration in credit quality.

- Default risk : obligor fails to service debt obligations
- Recovery risk : recovery post default is uncertain
- Spread risk : credit quality of obligor changes leading to a fall in the value of the loan
- Concentration risk : over exposure to an individual obligor, group or industry
- Correlation risk : concentration based on common risk factors between different borrowers, industries or sectors which may lead to simultaneous default

The Group and the Bank's revised credit policy deals with credit concentration limits, exposure limits, diversification strategy, and the Group and the Bank's risk based pricing of loans and advances based on its credit risk appetite and the size of its capital.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group and the Bank measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring ECL under IFRS 9. Refer to note 6.1.3.3 for more details.

The Group and the Bank use internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Bank uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A-rating grade is lower than the difference in the PD between a B and B-rating grade.

In line with the Bank of Mauritius guidelines on credit risk, the Group and the Bank have adopted the standardised measurement of credit risk. In this regard, the tasks under the credit risk unit are as under, amongst others:

- Segmentation of the credit portfolio (in terms of risk but not size);
- Model Requirements (for risk assessments);
- Data requirements;
- Credit risk reporting requirements for regulatory/control and decision-making purposes at various levels;
- Policy requirements for credit risk (credit process & practices, monitoring & portfolio management etc.); and
- Align risk strategy & business strategy.

6 Financial Instrument Risk (Cont'd)

6.1 Credit risk analysis (Cont'd)

Risk management objectives and policies (Cont'd)

6.1.2 Risk limit, control and mitigation policies

The Group and the Bank manage, limit and control concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

The Group and the Bank structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group and the Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Fixed charges over land and buildings; and
- Floating charges over business assets such as premises, inventories and accounts receivable.

Loans and advances amounting to **Rs 164,013,821** (2022: Rs 161,101,665; 2021 Rs 437,390,548) were fully covered by collaterals provided to the Bank as part of the arrangement, hence no ECL was adjusted for these facilities.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group and the Bank on behalf of a customer authorising a third party to draw drafts on the Group and the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and the Bank are potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.1.3 Expected credit loss measurement

The Group and the Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section, all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses 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 losses.

The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 6.1.3.1.

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

6 **Financial Instrument Risk** (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 **Credit risk analysis** (Cont'd)

6.1.3 Expected credit loss measurement

Collectively assessed impairment allowances are provided for:

(i) Portfolios of homogenous assets that are individually below materiality thresholds; and

(ii) Losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

The Group and the Bank has established a policy 'Credit Impairment and Income Recognition Policy' to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group and the Bank categorise its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in Note 6.1.3.) The Bank records an allowance for the LTECL.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The mechanics of the ECL calculation has been included in Note 6.1.3.4.

For loan commitments and letters of credit, when estimating LTECL for undrawn loan commitments, the Group and the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

The Group and the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group and the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognised within Provisions.

Post model Adjustments

Following management's assessment with respect covid 19, clients which may encounter financial difficulties were reclassified from stage 1 to stage 2 amounting Rs 64Mn in 2022 and Rs 233Mn in 2021. There were no post model adjustments in financial year 2023.

The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be significant increase in credit risk, and these criteria will differ from the different types of lending, particularly between retail and corporate.

6.1.3.1 Significant increase in credit risk (SICR)

To determine whether credit risk has significantly increased since initial recognition, the Group and the Bank will compare the risk of default at the assessment date with the risk of default at initial recognition. This assessment is to be carried out at each assessment date.

SICR criteria

The Group and the Bank evaluate certain indicators when assessing for SICR by considering all reasonable and supportable information available at the time of assessment. This include both quantitative and qualitative information analysis.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.3.1 Significant increase in credit risk (SICR)

Qualitative criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- If the borrower is on the Watchlist
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The Group and the Bank uses two criteria for determining whether there has been a significant increase in credit risk:

- Qualitative indicators as disclosed above
- A backstop of 30 days past due for all financial assets (regardless of the change in internal grades)

The assessment of SICR is performed on a quarterly basis at a portfolio level for all Retail and Corporate financial instruments held by the Group and the Bank. In relation to Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team. In 2020, the criteria were adapted accordingly to reflect the Covid-19 circumstances.

Low credit risk expedient

IFRS 9 offers a low credit risk (LCR) expedient for the purpose of allocating exposures into stages based on SICR assessment. On application of this expedient, the Group and the Bank may assume that the credit risk of a financial instrument has not increased significantly since initial recognition if it is determined that the financial instrument has low credit risk at the assessment date.

According to IFRS 9,the credit risk on a financial instrument is considered low if:

(a) The financial instrument has a low risk of default;
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group and the Bank has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2023 (30 June 2022 and 2021: None)

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

30+DPD rebuttal

Regardless of the indicators used by the Group and the Bank to determine SICR, there is a rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group and the Bank shall rebut the 30+ DPD presumptions in the case of any technical delinquencies (i.e. accounts marked as 30+DPD owing to administrative reasons and non-credit related concerns) and cases of delinquencies where payment is linked to government payments with approved invoices which have caused such delinquency. Approval for such instances will be obtained from the Board.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3.2 Definition of default and credit-impaired assets

The Group and the Bank's definition of default is aligned with both IFRS 9 and regulatory requirements and internal credit risk management practices. Defaulted assets will fall under the Stage 3 category and a specific provision is recognized against all such assets.

Impaired Asset

A loan can be classified as impaired asset when installments of principal and/or interest are due and remain unpaid for 90 days or more, or such unpaid amount has been capitalized, refinanced or rolled-over.

"Past due" loans are loans where payment of principal or interest is contractually due but remains unpaid.

Overdraft

An overdraft facility can be classified as impaired asset when one or more conditions as mentioned below are satisfied:

- the advance exceeds the customer's approved limit continuously for 90 days or more;
- the customer's approved limit has expired for 90 days or more;
- interest on the advance is due and remains unpaid for 90 days or more; or
- the account has been dormant for 90 days or more and deposits are insufficient to cover the interest capitalized during the period. For this purpose, dormant accounts include accounts, which have only a few transactions of insignificant amounts.

Bills Purchased and Discounted:

- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.

Investments:

- Interest/ instalment (including maturity proceeds) for investments is due and remains unpaid for more than 90 days.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.3 (b) Expected credit loss measurement (Cont'd)
6.1.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired assets' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

- The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

- The 12-month and lifetime LGDs are determined using a combination of regulatory and historical vintage analysis. These vary by product type.

- LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

- Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 6.1.3.4 for an explanation of forward-looking information and its inclusion in ECL calculations.

- The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc are monitored and reviewed on an annual basis.

- There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.3 (b) Expected credit loss measurement (Cont'd)
6.1.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Cont'd)

Loan commitments and letters of credit:

- When estimating LTECL for undrawn loan commitments, the Group and the Bank estimate the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

- For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

Financial guarantee contracts:

The Group and the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group and the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognised within other liabilities.

6.1.3.4 Forward-looking information incorporated in the ECL models

(i) The calculation of ECL incorporate forward-looking information. The Group and the Bank have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

(ii) These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are sourced from Bank of Mauritius, IMF and WEO Forecast Database depending upon the type of portfolio. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

(iii) ECL is computed as a probability weighted average of three scenarios; baseline (20%), adverse (20%) and good (20%). For computation of the same, PD is computed for each of the scenario by giving a shock to baseline PD curve in upward and downward direction. Final ECL is computed by giving the weightages to each of the scenario to arrive at weighted average ECL.

(iv) As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group and the Bank consider these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group and the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios and economic variable assumptions.

Some of the economic variables considered in the ECL models are as follows:

1 Unemployment rate given its impact on secured and unsecured borrowers ability to meet their contractual repayments.

2 GDP and core inflation given the significant impact on individual and company's performance and collateral valuations.

3 World inflation forecast for significant impact on the company's performance.

4 Real GDP growth rate, current accounts balance and CPI inflation.

5 SEMDEX given its correlation with the general economic conditions.

6 Bank of Mauritius key Repo Rate given how interest rates would be expected to affect borrower's capability to repay.

Sensitivity analysis

The stage 1 and stage 2 expected credit loss rate on the loans and advances portfolio at 30 June 2023 stand at 1% (30 June 2022: 1%). If the loss rate increases or decreases by 5%, the impact on the income statement would be as follows:

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Increase in loss rate by 5%	**(9,234,708)**	(8,387,309)	(8,740,169)
Decrease in loss rate by 5%	**9,234,708**	8,387,309	8,740,169

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.4 Exposure to Credit Risk
6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Performing	Special Mention	Impaired	
	Rs	Rs	Rs	Rs
Retail				
Gross carrying amount	7,276,591,831	383,557,509	249,863,511	7,910,012,851
Loss allowance	(19,978,496)	(28,788,179)	(73,134,471)	(121,901,146)
Carrying amount	7,256,613,335	354,769,330	176,729,040	7,788,111,705
Corporate and amount due from bank				
Gross carrying amount	13,018,873,070	245,929,545	760,795,372	14,025,597,987
Loss allowance	(109,503,402)	(26,936,282)	(293,891,389)	(430,331,073)
Carrying amount	12,909,369,668	218,993,263	466,903,983	13,595,266,914
Investment securities				
Gross carrying amount	4,685,552,333	-	318,161,624	5,003,713,957
Loss allowance	(14,873,472)	-	(133,847,058)	(148,720,530)
Carrying amount	4,670,678,861	-	184,314,566	4,854,993,427
Off balance sheet				
Maximum exposure	2,119,139,142	-	-	2,119,139,142
Loss allowance	(2,170,009)	-	-	(2,170,009)
Gross Carrying amount	2,116,969,133	-	-	2,116,969,133

ECL on off balance sheet exposures have been recorded in other liabilities.

Cash and cash equivalents and placements				
Gross carrying amount	2,277,713,143	-	-	2,277,713,143
Loss allowance	(189,276)	-	-	(189,276)
Carrying amount	2,277,523,867	-	-	2,277,523,867

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6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.4 Exposure to Credit Risk (Cont'd)
6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment (Cont'd)

	2022			
	Stage 1	Stage 2	Stage 3	Total
	Performing	Special Mention	Impaired	
	Rs	Rs	Rs	Rs
	Retail			
Gross carrying amount	6,420,330,005	379,825,334	240,378,956	7,040,534,295
Loss allowance	(35,177,118)	(59,885,092)	(53,478,111)	(148,540,321)
Carrying amount	6,385,152,887	319,940,242	186,900,845	6,891,993,974
	Corporate and amount due from bank			
Gross carrying amount	10,430,911,880	101,140,474	724,327,393	11,256,379,747
Loss allowance	(55,827,272)	(16,856,689)	(276,399,380)	(349,083,341)
Carrying amount	10,375,084,608	84,283,785	447,928,013	10,907,296,406
	Investment securities			
Gross carrying amount	6,887,231,134	-	-	6,887,231,134
Loss allowance	(20,280,711)	-	-	(20,280,711)
Carrying amount	6,866,950,423	-	-	6,866,950,423
	Off balance sheet			
Maximum exposure	1,388,448,331	-	-	1,388,448,331
Loss allowance	(733,864)	-	-	(733,864)
Gross carrying amount	1,387,714,467	-	-	1,387,714,467

ECL on off balance sheet exposures have been recorded in other liabilities.

	Cash and cash equivalents and placements			
Gross carrying amount	883,368,209	-	-	883,368,209
Loss allowance	-	-	-	-
Carrying amount	883,368,209	-	-	883,368,209

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.4 Exposure to Credit Risk (Cont'd)
6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment (Cont'd)

	2021			
	Stage 1	Stage 2	Stage 3	Total
	Performing	Special Mention	Impaired	
	Rs	Rs	Rs	Rs
	Retail			
Gross carrying amount	4,739,174,198	281,473,456	64,234,546	5,084,882,200
Loss allowance	(32,756,070)	(44,027,702)	(25,714,132)	(102,497,904)
Carrying amount	4,706,418,128	237,445,754	38,520,414	4,982,384,296
	Corporate and amount due from bank			
Gross carrying amount	11,929,826,389	523,358,593	766,347,912	13,219,532,894
Loss allowance	(38,452,472)	(59,567,138)	(229,896,851)	(327,916,461)
Carrying amount	11,891,373,917	463,791,455	536,451,061	12,891,616,433
	Investment securities			
Gross carrying amount	5,397,396,552	-	-	5,397,396,552
Loss allowance	(27,299,586)	-	-	(27,299,586)
Carrying amount	5,370,096,966	-	-	5,370,096,966
	Off balance sheet			
Maximum exposure	1,268,065,494	-	-	1,268,065,494
Loss allowance	(773,212)	-	-	(773,212)
Carrying amount	1,267,292,282	-	-	1,267,292,282

ECL on off balance sheet exposures have been recorded in other liabilities.

	Cash and cash equivalents and placements			
Gross carrying amount	853,985,750	-	-	853,985,750
Loss allowance	-	-	-	-
Gross carrying amount	853,985,750	-	-	853,985,750

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.4 Exposure to Credit Risk (Cont'd)
6.1.4.2 Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	The Group and the Bank		
	2023	**2022**	**2021**
	Maximum exposure to credit risk	**Maximum exposure to credit risk**	**Maximum exposure to credit risk**
	Rs	**Rs**	**Rs**
Financial assets designated at fair value*:			
Trading assets	**479,676,718**	687,904,980	1,798,297,228
Derivative assets	**10,883,632**	3,366,270	34,680,427

* The disclosure has been restated to amend incorrect disclosure of equity instrument as part of credit risks.

6.1.4.3 Risk Limit Control and Mitigation Policies

The Group and the Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counter parties and groups and to industries.

The Group and the Bank structure the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrower to meet interest and capital repayment obligation and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

Collaterals and other credit enhancements

The Group and the Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	The Group and the Bank			
2023	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
	Rs	**Rs**	**Rs**	**Rs**
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	**5,847,433**	**5,687,421**	**160,013**	**3,100,000**
- Term loans	**67,441,793**	**34,709,298**	**32,732,495**	**124,927,115**
- Mortgages	**59,787,879**	**14,997,977**	**44,789,902**	**169,027,086**
Loans to corporate entities:				
- Large corporate customers	**541,221,042**	**183,586,036**	**357,635,006**	**662,404,614**
- Small and medium-sized enterprises (SMEs)	**218,500,399**	**110,168,927**	**108,331,471**	**335,145,000**
- Other	**117,860,337**	**17,876,201**	**99,984,136**	**167,564,587**
Total credit-impaired assets	**1,010,658,883**	**367,025,860**	**643,633,023**	**1,462,168,402**

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.4 Exposure to Credit Risk (Cont'd)
6.1.4.2 Maximum exposure to credit risk - Financial instruments not subject to impairment

2022	The Group and the Bank			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	5,057,952	4,832,789	225,163	2,950,000
- Term loans	55,263,129	27,958,376	27,304,753	90,290,190
- Mortgages	54,579,765	10,385,217	44,194,548	137,088,013
Loans to corporate entities:				
- Large corporate customers	549,599,825	180,205,455	369,394,370	617,945,063
- Small and medium-sized enterprises (SMEs)	188,376,057	95,659,332	92,716,725	325,823,275
- Other	111,829,622	10,836,322	100,993,300	149,453,600
Total credit-impaired assets	964,706,350	329,877,491	634,828,859	1,323,550,141

2021	The Group and the Bank			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	14,396,776	4,611,876	9,784,900	14,792,304
- Term loans	118,365,747	21,045,433	97,320,314	216,527,491
- Mortgages	29,711,572	4,553,674	25,157,898	83,926,498
Loans to corporate entities:				
- Large corporate customers	500,092,893	137,975,157	362,117,736	624,437,538
- Small and medium-sized enterprises (SMEs)	168,015,471	87,424,842	80,590,629	232,105,787
Total credit-impaired assets	**830,582,459**	**255,610,982**	**574,971,477**	**1,171,789,618**

No ECL was charged on loans and advances amounting to **Rs 644m** (2022: Rs 635m, 2021:Rs 575m) due to exposure being fully covered by its collateral.

The following table shows the distribution of Loan-to-Value (LTV) ratios for the Bank's mortgage credit-impaired portfolio:

Mortgage portfolio – LTV distribution	The Group and the Bank		
	2023	2022	2021
	Credit-impaired (Gross carrying amount)	Credit-impaired (Gross carrying amount)	Credit-impaired (Gross carrying amount)
	Rs	Rs	Rs
Lower than 50%	**36,793,442**	34,919,770	19,031,764
50 to 60%	**1,690,411**	3,731,301	883,780
60 to 70%	**2,871,530**	2,843,560	7,867,591
70 to 80%	**15,110,959**	13,085,133	-
80 to 90%	**-**	-	1,001,521
90 to 100%	**3,321,537**	-	926,915
Total	**59,787,879**	**54,579,764**	**29,711,571**

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impact on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.
- The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Loss allowance as at 01 July 2020	51,440,252	30,557,108	20,960,127	102,957,487
Transfers:				
Transfer from stage 1 to stage 2	(7,473,801)	7,473,801	-	-
Transfer from stage 1 to stage 3	(554,851)	-	554,851	-
Transfer from stage 2 to stage 1	13,999,129	(13,999,129)	-	-
Transfer from stage 2 to stage 3	-	(1,604,213)	1,604,213	-
Transfer from stage 3 to stage 1	683,985	-	(683,985)	-
Transfer from stage 3 to stage 2	-	3,225	(3,225)	-
Financial assets derecognized during the period other than write-offs	(3,878,396)	(1,590,714)	(5,561,210)	(11,030,320)
New financial assets originated or purchased	10,684,920	-	-	10,684,920
Changes in existing	(18,346,962)	(3,622,698)	(380,492)	(22,350,152)
Impact on ECL of transfers	(13,798,206)	26,810,322	9,223,853	22,235,969
Write-offs	-	-	-	-
Loss allowance as at 30 June 2021	32,756,070	44,027,702	25,714,132	102,497,904

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Loss allowance as at 01 July 2021	32,756,070	44,027,702	25,714,132	102,497,904
Transfers:				
Transfer from stage 1 to stage 2	(9,957,927)	9,957,927	-	-
Transfer from stage 1 to stage 3	(5,764,993)	-	5,764,993	-
Transfer from stage 2 to stage 1	30,866,692	(30,866,692)	-	-
Transfer from stage 2 to stage 3	-	(5,777,242)	5,777,242	-
Transfer from stage 3 to stage 1	1,455,567	-	(1,455,567)	-
Transfer from stage 3 to stage 2	-	617,434	(617,434)	-
				-
Financial assets derecognized during the period other than write-offs	(602,319)	(7)	(3,482)	(605,808)
New financial assets originated or purchased	22,405,771	-	-	22,405,771
Changes in existing	(5,347,795)	17,073,091	4,506,916	16,232,212
Impact on ECL of transfers	(30,663,948)	24,852,879	13,791,311	7,980,242
Write-offs	-	-	-	-
Loss allowance as at 30 June 2022	35,147,118	59,885,092	53,478,111	148,510,321
Loss allowance as at 01 July 2022	**35,177,118**	**59,885,092**	**53,478,111**	**148,540,321**
Transfers:				
Transfer from stage 1 to stage 2	**(6,632,896)**	**6,632,896**	**-**	**-**
Transfer from stage 1 to stage 3	**(607,676)**	**-**	**607,676**	**-**
Transfer from stage 2 to stage 1	**31,082,969**	**(31,082,969)**	**-**	**-**
Transfer from stage 2 to stage 3	**-**	**(4,659,759)**	**4,659,759**	**-**
Transfer from stage 3 to stage 1	**1,514,419**	**-**	**(1,514,419)**	**-**
Transfer from stage 3 to stage 2	**-**	**468,458**	**(468,458)**	**-**
Financial assets derecognized during the period other than write-offs	**(3,259,626)**	**(3,891,307)**	**(1,448,967)**	**(8,599,900)**
New financial assets originated or purchased	**8,577,051**	**-**	**-**	**8,577,051**
Changes in existing	**(14,640,150)**	**(10,274,216)**	**7,339,721**	**(17,574,645)**
Impact on ECL of transfers	**(31,232,713)**	**11,709,984**	**11,189,080**	**(8,333,649)**
Write-offs	**-**	**-**	**(708,032)**	**(708,032)**
Loss allowance as at 30 June 2023	**19,978,496**	**28,788,179**	**73,134,471**	**121,901,146**

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

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For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Loss Allowance as at 01 July 2020	72,079,160	32,398,008	196,987,951	301,465,119
Transfers:				
Transfer from stage 1 to stage 2	(11,335,479)	11,335,479	-	-
Transfer from stage 1 to stage 3	(890,658)	-	890,658	-
Transfer from stage 2 to stage 1	23,281,533	(23,281,533)	-	-
Transfer from stage 2 to stage 3	-	(290,115)	290,115	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	446,530	(446,530)	-
Financial assets derecognized during the period other than write-offs	(7,782,434)	(1,666,523)	(303,321)	(9,752,278)
New financial assets originated or purchased	17,636,754	-	-	17,636,754
Changes in existing	7,544,137	(20,778,609)	22,053,439	8,818,967
Impact on ECL of transfers	(62,080,541)	61,403,901	10,424,539	9,747,899
Write-offs	-	-	-	-
				-
Loss allowance as at 30 June 2021	38,452,472	59,567,138	229,896,851	327,916,461
Loss Allowance as at 01 July 2021	38,452,472	59,567,138	229,896,851	327,916,461
Transfers:				-
Transfer from stage 1 to stage 2	(3,194,070)	3,194,070	-	-
Transfer from stage 1 to stage 3	(6,181,081)	-	6,181,081	-
Transfer from stage 2 to stage 1	28,075,800	(28,075,800)	-	-
Transfer from stage 2 to stage 3	-	(733,857)	733,857	-
Transfer from stage 3 to stage 1	173,400	-	(173,400)	-
Transfer from stage 3 to stage 2	-	118,647	(118,647)	-
				-
Financial assets derecognized during the period other than write-offs	(2,768,435)	(645,514)	(12,703)	(3,426,652)
New financial assets originated or purchased	19,471,628	-	-	19,471,628
Changes in existing	7,544,137	(20,778,609)	22,053,439	8,818,967
Impact on ECL of transfers	(25,746,578)	4,210,614	17,838,901	(3,697,063)
Write-offs	-	-	-	-
Loss allowance as at 30 June 2022	55,827,273	16,856,689	276,399,379	349,083,341

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Loss allowance as at 01 July 2022	55,827,273	16,856,689	276,399,379	349,083,341
Transfers:				-
Transfer from stage 1 to stage 2	(5,348,957)	5,348,957	-	-
Transfer from stage 1 to stage 3	(793,569)	-	793,569	-
Transfer from stage 2 to stage 1	9,408,224	(9,408,224)	-	-
Transfer from stage 2 to stage 3	-	(2,523,632)	2,523,632	-
Transfer from stage 3 to stage 1	854,338	-	(854,338)	-
Transfer from stage 3 to stage 2	-	-	-	-
				-
Financial assets derecognized during the period other than write-offs	(10,391,646)	(1,080,928)	(1,758,796)	(13,231,370)
New financial assets originated or purchased	35,752,755	-	-	35,752,755
Changes in existing	32,999,929	(1,276,212)	5,410,051	37,133,768
Impact on ECL of transfers	(8,804,945)	19,019,632	11,534,782	21,749,469
Write-offs	-	-	(156,890)	(156,890)
Loss allowance as at 30 June 2023	109,503,402	26,936,282	293,891,389	430,331,073

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Loss allowance as at 01 July 2020	12,809,248	-	-	12,809,248
Transfers:				
New financial assets originated or purchased	21,497,501	-	-	21,497,501
Financial assets derecognized during the period	(4,201,005)			(4,201,005)
Change in existing	(2,806,158)	-	-	(2,806,158)
Loss allowance as at 30 June 2021	27,299,586	-	-	27,299,586
Loss allowance as at 01 July 2021	27,299,586	-	-	27,299,586
Transfers:				
New financial assets originated or purchased	2,686,770	-	-	2,686,770
Financial assets derecognized during the period	(506,732)			(506,732)
Change in existing	(9,198,912)	-	-	(9,198,912)
Loss allowance as at 30 June 2022	20,280,712	-	-	20,280,712
Loss allowance as at 01 July 2022	**20,280,712**	**-**	**-**	**20,280,712**
Transfers:				
Transfer from Stage 1 to Stage 3	**(1,689,361)**	**-**	**1,689,361**	**-**
Financial assets derecognized during the period other than write-offs	**(1,608,305)**	**-**	**-**	**(1,608,305)**
New financial assets originated or purchased	**109,575**	**-**	**-**	**109,575**
Changes in existing	**(2,219,148)**	**-**	**-**	**(2,219,148)**
Impact on ECL of transfers	**-**	**-**	**132,157,697**	**132,157,697**
Loss allowance as at 30 June 2023	**14,873,473**	**-**	**133,847,058**	**148,720,531**

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Gross carrying amount as at 01 July 2020	4,587,929,701	180,064,237	45,554,387	4,813,548,325
Transfers:				
Transfer from stage 1 to stage 2	(234,719,609)	234,719,609	-	-
Transfer from stage 1 to stage 3	(24,065,325)	-	24,065,325	-
Transfer from stage 2 to stage 1	82,949,468	(82,949,468)	-	-
Transfer from stage 2 to stage 3	-	(7,872,779)	7,872,779	-
Transfer from stage 3 to stage 1	1,427,011	-	(1,427,011)	-
Transfer from stage 3 to stage 2	-	232,595	(232,595)	-
Financial assets derecognized during the period other than write-offs	(410,598,626)	(11,726,958)	(9,172,534)	(431,498,118)
New financial assets originated or purchased	1,315,725,533	-	-	1,315,725,533
Changes in existing	(579,473,955)	(30,993,780)	(2,425,805)	(612,893,540)
Other movements	-	-	-	-
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2021	4,739,174,198	281,473,456	64,234,546	5,084,882,200
Gross carrying amount as at 01 July 2021	4,739,174,198	281,473,456	64,234,546	5,084,882,200
Transfers:				
Transfer from stage 1 to stage 2	(317,861,742)	317,861,742	-	-
Transfer from stage 1 to stage 3	(58,021,891)	-	58,021,891	-
Transfer from stage 2 to stage 1	197,146,982	(197,146,982)	-	-
Transfer from stage 2 to stage 3	-	(45,932,077)	45,932,077	-
Transfer from stage 3 to stage 1	7,329,324	-	(7,329,324)	-
Transfer from stage 3 to stage 2	-	2,384,680	(2,384,680)	-
				-
Financial assets derecognized during the period other than write-offs	(130,173,604)	(969,452)	(275,404)	(131,418,460)
New financial assets originated or purchased	2,220,059,103	-	-	2,220,059,103
Changes in existing	(237,322,366)	22,153,968	82,179,850	(132,988,548)
Other movements	-	-	-	-
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2022	6,420,330,004	379,825,335	240,378,956	7,040,534,295

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Gross carrying amount as at 01 July 2022	**6,420,330,004**	**379,825,335**	**240,378,956**	**7,040,534,295**
Transfers:				
Transfer from stage 1 to stage 2	**(311,839,253)**	**311,839,253**	**-**	**-**
Transfer from stage 1 to stage 3	**(22,526,969)**	**-**	**22,526,969**	**-**
Transfer from stage 2 to stage 1	**181,411,418**	**(181,411,418)**	**-**	**-**
Transfer from stage 2 to stage 3	**-**	**(36,050,782)**	**36,050,782**	**-**
Transfer from stage 3 to stage 1	**5,849,806**	**-**	**(5,849,806)**	**-**
Transfer from stage 3 to stage 2	**-**	**1,041,776**	**(1,041,776)**	**-**
Financial assets derecognized during the period other than write-offs	**(521,578,727)**	**(68,850,002)**	**(28,495,324)**	**(618,924,053)**
New financial assets originated or purchased	**1,849,232,591**	**-**	**-**	**1,849,232,591**
Changes in existing	**(324,287,040)**	**(22,836,653)**	**1,275,069**	**(345,848,623)**
Other movements	**-**	**-**	**(13,837,689)**	**(13,837,689)**
Write-offs	**-**	**-**	**(1,143,669)**	**(1,143,669)**
Gross carrying amount as at 30 June 2023	**7,276,591,831**	**383,557,509**	**249,863,511**	**7,910,012,851**

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 01 July 2020	10,401,640,174	221,581,775	565,547,706	11,188,769,655
Transfers:				
Transfer from stage 1 to stage 2	(488,598,116)	488,598,116	-	-
Transfer from stage 1 to stage 3	(155,274,386)	-	155,274,386	-
Transfer from stage 2 to stage 1	143,625,484	(143,625,484)	-	-
Transfer from stage 2 to stage 3	-	(3,554,833)	3,554,833	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2,327,421	(2,327,421)	-
Financial assets derecognized during the period other than write-offs	(1,994,825,962)	(24,910,787)	(10,098,822)	(2,029,835,571)
New financial assets originated or purchased	3,954,551,061	-	-	3,954,551,061
Changes in existing	86,644,482	(17,057,615)	111,778,294	181,365,161
Other movements	(17,936,346)	-	(57,381,066)	(75,317,412)
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2021	11,929,826,391	523,358,593	766,347,910	13,219,532,894

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 01 July 2021	11,929,826,391	523,358,593	766,347,910	13,219,532,894
Transfers:				
Transfer from stage 1 to stage 2	(58,599,291)	58,599,291	-	-
Transfer from stage 1 to stage 3	(16,885,229)	-	16,885,229	-
Transfer from stage 2 to stage 1	327,470,049	(327,470,049)	-	-
Transfer from stage 2 to stage 3	-	(6,445,635)	6,445,635	-
Transfer from stage 3 to stage 1	859,040	-	(859,040)	-
Transfer from stage 3 to stage 2	-	307,424	(307,424)	-
				-
Financial assets derecognized during the period other than write-offs	(2,742,033,304)	(136,128,450)	(285,696)	(2,878,447,450)
New financial assets originated or purchased	1,135,429,731	-	-	1,135,429,731
Changes in existing	(140,313,072)	(11,080,700)	5,077,491	(146,316,281)
Other movements	(4,842,435)	-	(68,976,712)	(73,819,147)
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2022	10,430,911,880	101,140,474	724,327,393	11,256,379,747
Gross carrying amount as at 01 July 2022	**10,430,911,880**	**101,140,474**	**724,327,393**	**11,256,379,747**
Transfers:				
Transfer from stage 1 to stage 2	**(454,303,344)**	**454,303,344**	**-**	**-**
Transfer from stage 1 to stage 3	**(19,561,486)**	**-**	**19,561,486**	**-**
Transfer from stage 2 to stage 1	**51,332,211**	**(51,332,211)**	**-**	**-**
Transfer from stage 2 to stage 3	**-**	**(17,710,350)**	**17,710,350**	**-**
Transfer from stage 3 to stage 1	**8,970,247**	**-**	**(8,970,247)**	**-**
Transfer from stage 3 to stage 2	**-**	**-**	**-**	**-**
Financial assets derecognized during the period other than write-offs	**(8,967,942,966)**	**(248,493,813)**	**(379,288)**	**(9,216,816,067)**
New financial assets originated or purchased	**11,745,548,429**	**-**	**-**	**11,745,548,429**
Changes in existing	**223,993,635**	**8,022,101**	**73,542,835**	**305,558,571**
Other movements	**(75,534)**	**-**	**(64,690,430)**	**(64,765,964)**
Write-offs	**-**	**-**	**(306,728)**	**(306,728)**
Gross carrying amount as at 30 June 2023	**13,018,873,071**	**245,929,545**	**760,795,372**	**14,025,597,988**

The movement in staging for financial year 2022 and financial year 2021 have been amended to conform with the current year presentation.

6 **Financial Instrument Risk** (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 **Credit risk analysis** (Cont'd)
6.1.5 **Loss Allowance** (Cont'd)

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Gross carrying amount as at 01 July 2020	3,572,367,555	-	-	3,572,367,555
Financial assets derecognized during the period other than write-offs	(1,319,702,022)	-	-	(1,319,702,022)
New financial assets originated or purchased	3,286,160,734	-	-	3,286,160,734
Changes in existing	(141,429,715)	-	-	(141,429,715)
Gross carrying amount as at 30 June 2021	5,397,396,552	-	-	5,397,396,552
Gross carrying amount as at 01 July 2021	5,397,396,552	-	-	5,397,396,552
Financial assets derecognized during the period other than write-offs	(2,759,803,938)	-	-	(2,759,803,938)
New financial assets originated or purchased	4,457,414,957	-	-	4,457,414,957
Changes in existing	(207,776,437)	-	-	(207,776,437)
Gross carrying amount as at 30 June 2022	6,887,231,134	-	-	6,887,231,134
Gross carrying amount as at 01 July 2022	**6,887,231,134**	**-**	**-**	**6,887,231,134**
Transfers:				
Transfer from stage 1 to stage 3	**(307,058,703)**	**-**	**307,058,703**	**-**
Financial assets derecognized during the period other than write-offs	**(4,762,413,096)**	**-**	**-**	**(4,762,413,096)**
New financial assets originated or purchased	**2,694,959,662**	**-**	**-**	**2,694,959,662**
Changes in existing	**172,833,336**	**-**	**37,086,429**	**209,919,765**
Other movements	**-**	**-**	**(25,983,508)**	**(25,983,508)**
Write-offs	**-**	**-**	**-**	**-**
Gross carrying amount as at 30 June 2023	**4,685,552,333**	**-**	**318,161,624**	**5,003,713,957**

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit Risk Analysis (Cont'd)
6.1.6 Write-off Policy

The Group and the Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's and the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

6.1.7 Modification of Financial Assets

The Group and the Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group and the Bank monitors the subsequent performance of modified assets. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

The Group and the Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Group's and Bank's restructuring activities and their respective effect on the Group's and the Bank's financial performance:

	Loans and advances to customers	Loans and advances to customers	Loans and advances to customers
	2023	**2022**	**2021**
Retail	**Rs**	**Rs**	**Rs**
Amortised cost before modification	**1,149,083,224**	8,219,819	368,883,841
Net modification loss	**-**	-	-

6.1.8 Use of Estimates and Judgements

Management discussed the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 6.1.3.3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 6.1.3.1 to 6.1.3.4.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.9 Maximum Exposure to Credit Risk before Collateral held and other Credit Risk Enhancement

Credit risk exposures are as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cash and cash equivalents	**4,273,915,533**	4,010,449,944	3,282,315,703	**4,273,915,533**	4,010,449,944	3,282,315,703
Derivative assets	**10,883,632**	3,366,270	34,680,427	**10,883,632**	3,366,270	34,680,427
Trading assets	**479,676,718**	687,904,980	1,798,297,228	**479,676,718**	687,904,980	1,798,297,228
Investment securities	**4,695,877,340**	6,696,295,991	5,365,344,562	**4,695,877,340**	6,696,295,991	5,365,344,562
Loans and advances to banks	**940,648,460**	456,317,785	863,031,847.00	**940,648,460**	456,317,785	863,031,847.00
Loans and advances to customers	**20,322,693,887**	17,186,153,643	16,839,341,532	**20,470,401,743**	17,342,460,401	17,010,456,691
Other assets*	**192,596,649**	132,540,356	190,209,679	**231,537,000**	171,480,707	228,251,550
	30,916,292,219	29,173,028,969	28,373,220,978	**31,102,940,426**	29,368,276,078	28,582,378,008

* *Other assets include amount due from the subsidiary (in the Bank 's separate financial statements), balances due in clearing and receivables at the Group and at the Bank.*

Credit risk exposures relating to off-balance sheet items are as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**2,119,139,142**	1,388,448,331	1,268,065,494	**2,119,139,142**	1,388,448,331	1,268,065,494
Credit commitments	**1,300,476,500**	1,600,018,622	1,717,380,639	**1,300,476,500**	1,600,018,622	1,717,380,639

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2023, 30 June 2022 and 30 June 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans and advances portfolio as:

- 89.32% (2022:93.37%; 2021: 90.48%) of the loans and advances portfolio is backed by collaterals:
- 83.68% (2022:87.22%; 2021: 85.07%) of the loans and advances portfolio is considered to be neither past due nor impaired; and
- Rs 3,581Mn (2022: Rs 2,338Mn; 2021: Rs 2,733Mn) of the loans and advances have been assessed on an individual basis and Rs 1,010Mn (2022:Rs 965Mn; 2021: Rs 831Mn) is considered impaired.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit risk Analysis (Cont'd)
6.1.10 Loans and Advances

Total Loans and advances to banks and to customers are summarised as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**18,206,941,587**	15,802,338,513	15,400,425,756	**18,354,649,443**	15,958,645,271	15,571,540,915
Past due but not impaired	**2,570,302,513**	1,373,562,420	1,902,291,722	**2,570,302,513**	1,373,562,420	1,902,291,722
Individually impaired	**1,010,658,883**	964,706,350	830,582,458	**1,010,658,883**	964,706,350	830,582,458
Gross amount	**21,787,902,983**	18,140,607,283	18,133,299,936	**21,935,610,839**	18,296,914,041	18,304,415,095
Less allowance for credit impairment	**(552,232,220)**	(498,135,855)	(430,926,557)	**(552,232,220)**	(498,135,855)	(430,926,557)
Net amount	**21,235,670,763**	17,642,471,428	17,702,373,379	**21,383,378,619**	17,798,778,186	17,873,488,538

At 30 June 2023, the total impairment provision for loans and advances was **Rs 552,232,220** (2022: Rs 498,135,855 and 2021: Rs 430,926,557) of which Rs 367,025,860 (2022: Rs 329,877,491 and 2021: Rs 255,610,982) represented the expected credit losses for stage 3 on impaired loans and the remaining amount of **Rs 185,206,359** (2022: Rs 168,258,364 and 2021: Rs 175,315,575) represented the expected credit allowance for stage 1 and 2. Further information on the allowance for credit impairment on loans and advances are provided in Note 12 and 13.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired is assessed by reference to the internal rating system adopted by the Group.

Loans and Advances renegotiated

The Group and the Bank

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached). The Group and the Bank renegotiate loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan 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 loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Bank has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group and the Bank assess whether this modification results in derecognition. In accordance with the Group's and the Bank'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 Group and the Bank consider the following:

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

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Group 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 Group and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit risk Analysis (Cont'd)
6.1.10 Loans and Advances (Cont'd)

Loans and Advances renegotiated

The Group and the Bank

- 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 entity 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. In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group and the Bank monitor credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms with the remaining lifetime PD at the reporting date based on the modified terms. For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group and the Bank perform an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Group and the Bank calculate the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group and the Bank measure ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

  These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired totalled **Rs 118,612,623** (30 June 2022: Rs 1,840,669 and 30 June 2021: Rs 7,897,232) for the period under review.

6.1.11 Repossessed Collaterals

The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value.

No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in 'other operating income'. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in 'other income'. Gains or losses on disposal of repossessed properties are reported in 'other income'.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit risk Analysis (Cont'd)

6.1.12 Country Risk Management

Cross-border exposures subject banks to country risk, that is the possibility that sovereign borrowers of a particular country may be unable or unwilling, and borrowers unable to fulfill their foreign obligations for reasons beyond the usual credit risk which arises in relation to all lending.

In April 2010, the Bank of Mauritius issued its first guideline on Country Risk Management. In the same year, the Bank put in place its policy on Country Risk Management policy which is a comprehensive document approved by the Board of Directors and which contains the risk appetite of the Group together with a set of techniques on the measurement and monitoring of the Group's country risk exposures.

In September 2020, the Bank of Mauritius issued its first guideline on Cross Border Exposure which was revised in March 2021. Prior to issuance of this guideline by the Central Bank, the Bank already has in place a Cross-Border Investment & Lending Risk Management Policy since October 2019 which is a comprehensive policy dealing with cross border exposures.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this context, MauBank Ltd monitors its country risk exposures at the level of the Asset and Liability Management Committee on a monthly basis.

At 30 June 2023, 25.21 % of the risk weighted exposures were in AA+u countries and the remaining 74.79 % spread between A+ to BBB-u. The highest exposures were in Africa represented by 51.69 %, 25.61 % in North America, 18.51 % in Europe, and 4.14% in East Asia.

At 30 June 2022, 29.67% of the risk weighted exposures were in AA+u countries and the remaining 70.33% spread between A+ to BBB-u. The highest exposures were in Africa represented by 43.95%, 30.00% in North America, 13.53% in Europe, and 12.52% in East Asia.

At 30 June 2021, 25.96% of the risk weighted exposures were in AA+u countries, 18.60% were in B countries and the remaining 55.44% spread between A+ to BBB-u. The highest exposures were in Africa represented by 56.79%, 26.35% in North America, 11.14 % in Europe, and 5.72% in East Asia.

6.2 Market risk analysis

Market risk is the risk of loss resulting from adverse movements in the value of financial instruments. It encompasses exposure to interest rates, foreign exchange rates, equity prices and commodity prices. Sound market risk management practices include the measurement and monitoring of market risk as well as the communication and enforcement of risk limits throughout the Group's trading businesses.

Market risk is monitored consistently and reported to the Group's Asset and Liability Committee (ALCO). Movements of major currencies, trends and forecasts are analysed in the ALCO. Matching of Group's Assets and Liabilities is closely monitored by using gap analysis. Limits and authorisation/approval levels are set in the Bank's Liquidity, Interest Rate and Foreign Exchange Risk Policy. Procedures are strictly followed and adhered to.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity

Foreign exchange risk is the risk that the Group's earnings and economic value will be adversely affected with the movements in the foreign exchange rate. The Group is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales.

The Group monitors its foreign exchange risk exposure based on limits set in the Group's Foreign Exchange Risk Policy. Authorisation limits are clearly indicated in this policy. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. ALCO is the main forum in which foreign exchange and treasury matters are discussed and analysed.

The Subsidiary is not exposed to any foreign currency risk since it did not have any financial assets or financial liabilities denominated in foreign currencies as at 30 June 2023.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies. The tables on the following summarise the Group's exposure to the foreign exchange rate risk at 30 June 2023, 30 June 2022 and 30 June 2021.

At 30 June 2023 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	345,268	327,375	3,539,154	257,196	97,447	4,566,440
Derivative assets	10,884	-	-	-	-	10,884
Trading assets	-	-	479,677	-	-	479,677
Investment securities	3,301,567	-	1,758,139	-	-	5,059,706
Loans and advances to banks and customers	19,042,574	474,430	2,219,585	51,227	88	21,787,904
Other assets	168,451	-	21,682	-	-	190,133
Total assets	22,868,744	801,805	8,018,237	308,423	97,535	32,094,744
Less allowance for credit impairment	(488,227)	(3,034)	(60,216)	(755)	-	(552,232)
	22,380,517	798,771	7,958,021	307,668	97,535	31,542,512
Liabilities						
Deposits from customers	24,130,247	805,310	5,066,549	348,836	72,103	30,423,045
Derivative liabilities	868,251	-	-	-	-	868,251
Lease liabilities	17,740	-	-	-	-	17,740
Payable to fellow subsidiary	6,575	-	7,075	-	-	13,650
Other liabilities	512,073	-	193	195	17	512,478
Total liabilities	25,534,886	805,310	5,073,817	349,031	72,120	31,835,164
Net on-balance sheet position	(3,154,369)	(6,539)	2,884,204	(41,363)	25,415	(292,652)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	2,015,224	4,309	99,606	-	-	2,119,139
Credit commitments	1,300,477	-	-	-	-	1,300,477
Total off-balance sheet amount	3,315,701	4,309	99,606	-	-	3,419,616

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2022 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	1,008,487	70,563	2,538,376	260,300	373,522	4,251,248
Derivative assets	3,366	-	-	-	-	3,366
Trading assets	-	-	687,905	-	-	687,905
Investment securities	4,470,135	-	2,244,073	-	-	6,714,208
Loans and advances to banks and customers	15,723,805	805,841	1,548,769	62,110	82	18,140,607
Other assets	96,476	-	36,064	-	-	132,540
Total assets	21,302,269	876,404	7,055,187	322,410	373,604	29,929,874
Less allowance for credit impairment	(469,298)	(8,881)	(13,441)	(6,516)	-	(498,136)
	20,832,971	867,523	7,041,746	315,894	373,604	29,431,738
Liabilities						
Deposits from customers	24,314,698	764,152	2,973,751	337,872	396,950	28,787,423
Derivative liabilities	804,854	-	-	-	-	804,854
Lease liabilities	36,602	-	-	-	-	36,602
Payable to fellow subsidiary	14,091	-	2,526	-	-	16,617
Other liabilities	566,789	143	202	208	17	567,359
Total liabilities	25,737,034	764,295	2,976,479	338,080	396,967	30,212,855
Net on-balance sheet position	(4,904,063)	103,228	4,065,267	(22,186)	(23,363)	(781,117)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,267,232	5,633	104,179	-	11,404	1,388,448
Credit commitments	1,600,019	-	-	-	-	1,600,019
Total off-balance sheet amount	2,867,251	5,633	104,179	-	11,404	2,988,467

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2021 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	843,557	41,144	2,439,317	79,315	83,071	3,486,404
Derivative assets	34,680	-	-	-	-	34,680
Trading assets	1,390,583	-	407,714	-	-	1,798,297
Investment securities	3,787,680	-	1,595,605	-	-	5,383,285
Loans and advances to customers	15,373,016	1,017,175	1,499,159	243,869	81	18,133,300
Other assets	147,943	-	42,267	-	-	190,210
Total assets	21,577,459	1,058,319	5,984,062	323,184	83,152	29,026,176
Less allowance for credit impairment	(407,880)	(2,178)	(15,802)	(5,067)	-	(430,927)
	21,169,579	1,056,141	5,968,260	318,117	83,152	28,595,249
Liabilities						
Deposits from customers	24,541,940	707,451	2,704,078	338,956	85,756	28,378,181
Derivative liabilities	541,621	-	-	-	-	541,621
Lease liabilities	60,425	-	-	-	-	60,425
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,291	25	213	228	97	622,854
Total liabilities	25,805,599	707,476	2,705,028	339,184	85,853	29,643,140
Net on-balance sheet position	(4,636,020)	348,665	3,263,232	(21,067)	(2,701)	(1,047,891)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,215,018	9,187	30,395	-	13,465	1,268,065
Credit commitments	1,717,381					1,717,381
Total off-balance sheet amount	2,932,399	9,187	30,395	-	13,465	2,985,446

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2023 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	345,268	327,375	3,539,154	257,196	97,447	4,566,440
Derivative assets	10,884	-	-	-	-	10,884
Trading assets	-	-	479,677	-	-	479,677
Investment securities	3,301,567	-	1,758,139	-	-	5,059,706
Loans and advances to banks and customers	19,190,281	474,430	2,219,585	51,227	88	21,935,611
Other assets	207,391	-	21,682	-	-	229,073
Total assets	23,055,391	801,805	8,018,237	308,423	97,535	32,281,391
Less allowance for credit impairment	(488,227)	(3,034)	(60,216)	(755)	-	(552,232)
	22,567,164	798,771	7,958,021	307,668	97,535	31,729,159
Liabilities						
Deposits from customers	24,142,095	805,310	5,066,549	348,836	72,103	30,434,893
Derivative liabilities	868,251	-	-	-	-	868,251
Lease liabilities	46,120	-	-	-	-	46,120
Payable to fellow subsidiary	6,575	-	7,075	-	-	13,650
Other liabilities	511,783	-	193	195	17	512,188
Total liabilities	25,574,824	805,310	5,073,817	349,031	72,120	31,875,102
Net on-balance sheet position	(3,007,660)	(6,539)	2,884,204	(41,363)	25,415	(145,943)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	2,015,224	4,309	99,606	-	-	2,119,139
Credit commitments	1,300,477	-	-	-	-	1,300,477
Total off-balance sheet amount	3,315,701	4,309	99,606	-	-	3,419,616

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2022 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	1,008,487	70,563	2,538,376	260,300	373,522	4,251,248
Derivative assets	3,366	-	-	-	-	3,366
Trading assets	-	-	687,905	-	-	687,905
Investment securities	4,470,135	-	2,244,073	-	-	6,714,208
Loans and advances to banks and customers	15,880,112	805,841	1,548,769	62,110	82	18,296,914
Other assets	135,417	-	36,064	-	-	171,481
Total assets	21,497,517	876,404	7,055,187	322,410	373,604	30,125,122
Less allowance for credit impairment	(469,298)	(8,881)	(13,441)	(6,516)	-	(498,136)
	21,028,219	867,523	7,041,746	315,894	373,604	29,626,986
Liabilities						
Deposits from customers	24,319,247	764,152	2,973,751	337,872	396,950	28,791,972
Derivative liabilities	804,854	-	-	-	-	804,854
Lease liabilities	99,318	-	-	-	-	99,318
Payable to fellow subsidiary	14,091	-	2,526	-	-	16,617
Other liabilities	566,499	143	202	208	17	567,069
Total liabilities	25,804,009	764,295	2,976,479	338,080	396,967	30,279,830
Net on-balance sheet position	(4,775,790)	103,228	4,065,267	(22,186)	(23,363)	(652,844)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,267,232	5,633	104,179	-	11,404	1,388,448
Credit commitments	1,600,019	-	-	-	-	1,600,019
Total off-balance sheet amount	2,867,251	5,633	104,179	-	11,404	2,988,467

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2021 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	843,557	41,144	2,439,317	79,315	83,071	3,486,404
Derivative assets	34,680	-	-	-	-	34,680
Trading assets	1,390,583	-	407,714	-	-	1,798,297
Investment securities	3,787,680	-	1,595,605	-	-	5,383,285
Loans and advances to customers	15,544,131	1,017,175	1,499,159	243,869	81	18,304,415
Other assets	185,985	-	42,267	-	-	228,252
Total assets	21,786,616	1,058,319	5,984,062	323,184	83,152	29,235,333
Less allowance for credit impairment	(407,880)	(2,178)	(15,802)	(5,067)	-	(430,927)
	21,378,736	1,056,141	5,968,260	318,117	83,152	28,804,406
Liabilities						
Deposits from customers	24,541,958	707,451	2,704,078	338,956	85,756	28,378,199
Derivative liabilities	541,621	-	-	-	-	541,621
Other borrowed funds	156,589	-	-	-	-	156,589
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,130	25	213	228	97	622,693
Total liabilities	25,901,620	707,476	2,705,028	339,184	85,853	29,739,161
Net on-balance sheet position	(4,522,884)	348,665	3,263,232	(21,067)	(2,701)	(934,755)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,215,018	9,187	30,395	-	13,465	1,268,065
Credit commitments	1,717,381	-	-	-	-	1,717,381
Total off-balance sheet amount	2,932,399	9,187	30,395	-	13,465	2,985,446

The Group and the Bank perform a sensitivity analysis to estimate the potential foreign exchange impact arising from movements in an ordinary market environment. The percentage change was based on the exchange rates prevailing between the start and the end of the financial year.

The sensitivity of profit and equity in regards to the Group's and the Bank's financial instruments is subject to changes in the USD/MUR, EURO/MUR, GBP/MUR, AUD/MUR, CAD/MUR, HKD/MUR, INR/MUR, JPY/MUR, NZD/MUR, NOK/MUR, SGD/MUR, ZAR/MUR, SEK/MUR, CHF/MUR, SAR/MUR, UAE/MUR and CNY/MUR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates for the year ended 30 June 2023:

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

	30 June 2023	30 June 2022	30 June 2021
	% change	% change	% change
The Group and the Bank			
United States Dollar	**6.00%**	6.00%	6.00%
EURO	**7.00%**	7.00%	13.00%
Great Britain Pound	**8.00%**	8.00%	20.00%
Australian Dollar	**3.00%**	3.00%	16.00%
Canadian Dollar	**1.00%**	1.00%	17.00%
Hong Kong Dollar	**5.00%**	5.00%	6.00%
Indian Rupee	**1.00%**	1.00%	8.00%
Japanese Yen	**14.00%**	14.00%	4.00%
New Zealand Dollar	**6.00%**	6.00%	16.00%
Singapore Dollar	**2.00%**	2.00%	10.00%
South African Rand	**7.00%**	7.00%	29.00%
Swiss Franc	**2.00%**	2.00%	9.00%
Saudi Arabian Riyal	**6.00%**	6.00%	6.00%
United Arab Emirates Dirham	**6.00%**	6.00%	6.00%
Chinese Yuan	**2.00%**	16.00%	16.00%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Bank's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened/weakened by the above percentages, then this would have had the following impact on profit and equity for the year ended 30 June 2023.

	30 June 2023		30 June 2022		30 June 2021	
	Impact on profit for the year and on equity		Impact on profit for the year and on equity		Impact on profit for the year and on equity	
The Group and the Bank	Strengthened	Weakened	Strengthened	Weakened	Strengthened	Weakened
	Rs	Rs	Rs	Rs	Rs	Rs
United States Dollar	**188,386**	**(188,386)**	206,221	(206,221)	(263,049)	263,049
Euro	**1,010,808**	**(1,010,808)**	1,337,013	(1,337,013)	12,561	(12,561)
Great Britain Pound	**(21,453)**	**21,453**	(123,507)	123,507	(3,259,348)	3,259,348
Australian Dollar	**(2,653)**	**2,653**	(31,615)	31,615	(63,806)	63,806
Canadian Dollar	**(39,351)**	**39,351**	422	(422)	(10,572)	10,572
Hong Kong Dollar	**2**	**(2)**	2,780	(2,780)	(38)	38
Indian Rupee	**854**	**(854)**	4,107	(4,107)	(685)	685
Japanese Yen	**(472,031)**	**472,031**	(492,721)	492,721	(491)	491
New Zealand Dollar	**39**	**(39)**	236	(236)	32,284	(32,284)
Singapore Dollar	**6,090**	**(6,090)**	(26,691)	26,691	280	(280)
South African Rand	**(418,408)**	**418,408**	(138)	138	(168,359)	168,359.00
Swiss Franc	**227,767**	**(227,767)**	8,589	(8,589)	306,255	(306,255)
Saudi Arabian Riyal	**62**	**(62)**	5,205	(5,205)	2,735	(2,735)
United Arab Emirates Dirham	**-**	**-**	-	-	-	-
Chinese Yuan	**18,682**	**(18,682)**	2,513	(2,513)	6,237	(6,237)
Total	**498,794**	**(498,794)**	892,414	(892,414)	(3,405,996)	3,405,996

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity

Interest rate risk results from mismatches between asset and liability positions which are subject to unfavourable movements in interest rates with potentially adverse impact on margins, net interest income and economic value of a group's assets, liabilities and shareholders' value. Interest rate risk may be measured using methods which include sensitivity analysis and simulation modelling. The Group has its Interest Rate Risk Policy in which risks limits are laid down. Scenario analysis is worked out based on possible changes in interest rates and their impact on net interest income and margin is analysed and discussed in Group's Asset and Liability Management Committee.

The table below summarises the Group's exposure to interest rate risk at 30 June 2023:

At 30 June 2023 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non– interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	933,895	2,277,713	-	-	-	-	-	1,354,832	4,566,440
Derivative assets	-	-	-	-	-	-	-	10,884	10,884
Trading assets	479,677	-	-	-	-	-	-	-	479,677
Investment securities	456,734	2,325,281	868,384	-	200,598	456,102	734,829	17,778	5,059,706
Loans and advances to banks and customers	20,115,273	548,578	250,886	5,899	25,494	210,452	631,321	-	21,787,903
Other assets	-	-	-	-	-	-	-	190,133	190,133
Total Assets	21,985,579	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,573,627	32,094,743
Less allowance for credit impairment	-	-	-	-	-	-	-	(552,232)	(552,232)
Total assets	21,985,579	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,021,395	31,542,511

At 30 June 2023 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non– interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	13,945,801	472,890	570,216	614,956	3,455,370	2,065,701	329,277	8,968,834	30,423,045
Derivative liabilities	-	-	-	-	-	-	868,251	-	868,251
Lease liabilities	-	1,424	2,007	2,884	2,900	2,255	6,270	-	17,740
Payable to fellow subsidiary	-	-	-	-	-	-	-	13,650	13,650
Other liabilities	-	-	-	-	-	-	-	512,478	512,478
Total liabilities	13,945,801	474,314	572,223	617,840	3,458,270	2,067,956	1,203,798	9,494,962	31,835,164
Net on-balance sheet interest sensitivity gap	8,039,778	4,677,258	547,047	(611,941)	(3,232,178)	(1,401,402)	162,352	(8,473,567)	(292,653)

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2022:

At 30 June 2022 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	349,883	883,368	-	-	-	-	-	3,017,997	4,251,248
Derivative assets	-	-	-	-	-	-	-	3,366	3,366
Trading assets	687,905	-	-	-	-	-	-	-	687,905
Investment securities	138,867	1,667,265	1,219,968	711,939	926,818	944,970	1,086,469	17,912	6,714,208
Loans and advances to banks and customers	16,182,981	62,219	30,405	347,862	91,934	305,026	1,120,179	-	18,140,606
Other assets	-	-	-	-	-	-	-	132,540	132,540
Total Assets	17,359,636	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	3,171,815	29,929,873
Less allowance for credit impairment	-	-	-	-	-	-	-	(498,136)	(498,136)
Total assets	17,359,636	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	2,673,679	29,431,737

At 30 June 2022	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,403,495	688,090	924,843	815,655	1,067,006	897,861	134,279	8,856,194	28,787,423
Derivative liabilities	-	-	-	-	-	-	804,138	715	804,853
Lease liabilities	-	2,883	3,762	4,908	7,309	11,168	6,572	-	36,602
Payable to fellow subsidiary	-	-	-	-	-	-	-	16,617	16,617
Other liabilities	-	-	-	-	-	-	-	567,359	567,359
Total liabilities	15,403,495	690,973	928,605	820,563	1,074,315	909,029	944,989	9,440,885	30,212,854
Net on-balance sheet interest sensitivity gap	1,956,141	1,921,879	321,768	239,238	(55,563)	340,967	1,261,659	(6,767,206)	(781,117)

6 Financial Instrument Risk (Cont'd)

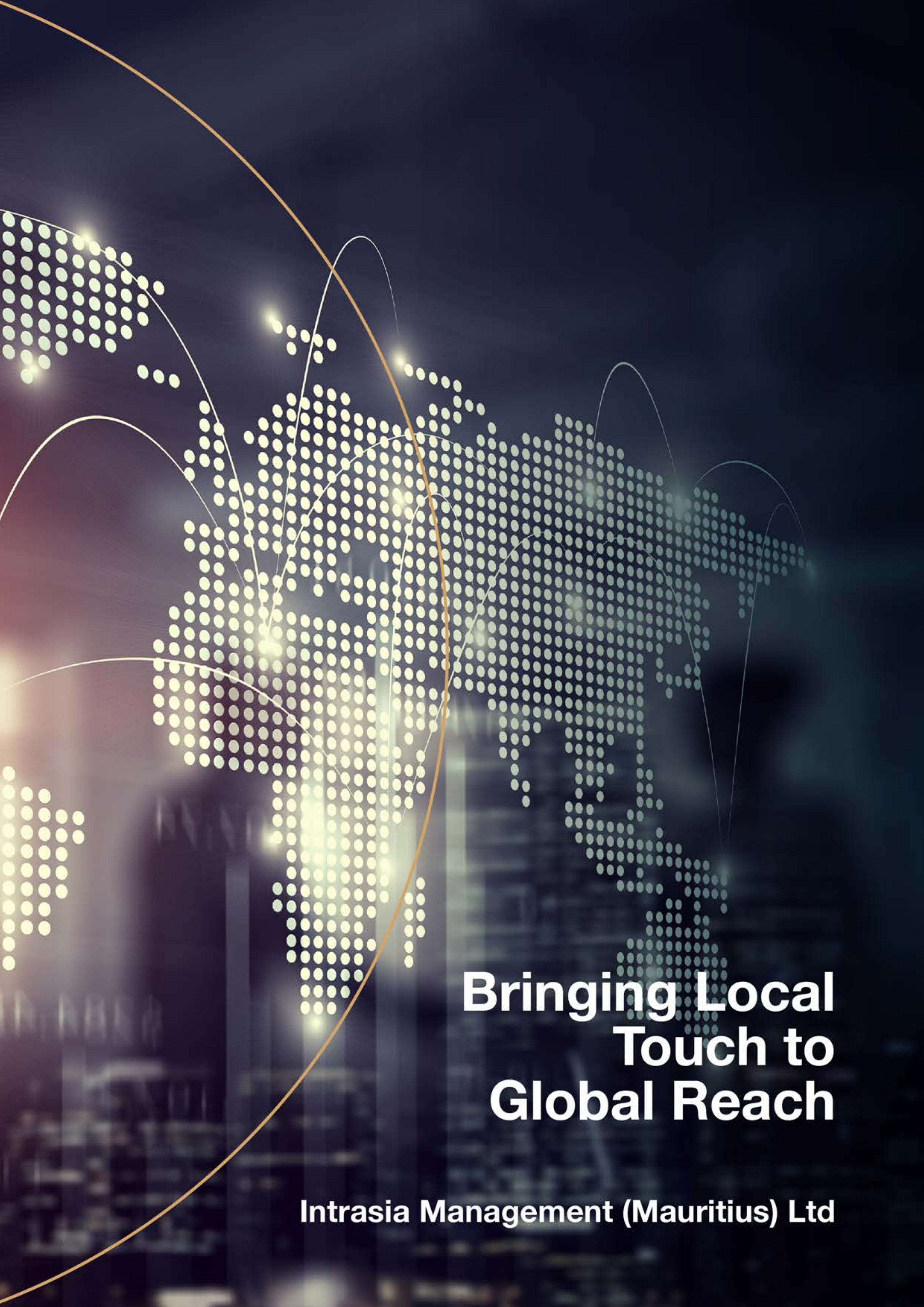
Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2021:

At 30 June 2021 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	741,075	853,986	-	-	-	-	-	1,891,343	3,486,404
Derivative assets	-	-	-	-	-	-	-	34,680	34,680
Trading assets	407,714	-	1,390,583	-	-	-	-	-	1,798,297
Investment securities	138,445	992,525	620,786	258,726	425,361	1,333,658	1,595,843	17,941	5,383,285
Loans and advances to customers	16,644,385	61,866	51,855	252,124	42,790	239,790	840,490	-	18,133,300
Other assets	-	-	-	-	-	-	-	190,210	190,210
Total Assets	17,931,619	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	2,134,174	29,026,176
Less allowance for credit impairment	-	-	-	-	-	-	-	(430,927)	(430,927)
Total assets	17,931,619	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	1,703,247	28,595,249

At 30 June 2021	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,773,204	274,658	724,929	485,514	1,217,861	1,461,547	465,535	7,974,933	28,378,181
Derivative liabilities	-	-	-	-	-	-	541,088	533	541,621
Lease liabilities	-	3,032	4,060	5,608	11,122	28,077	8,526	-	60,425
Payable to fellow subsidiary	-	-	-	-	-	-	-	40,059	40,059
Other liabilities	-	-	-	-	-	-	-	622,854	622,854
Total liabilities	15,773,204	277,690	728,989	491,122	1,228,983	1,489,624	1,015,149	8,638,379	29,643,140
Net on-balance sheet interest sensitivity gap	2,158,415	1,630,687	1,334,235	19,728	(760,832)	83,824	1,421,184	(6,935,132)	(1,047,891)

Global Business Management Company


Bringing Local
Touch to
Global Reach
Intrasia Management (Mauritius) Ltd

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2023:

At 30 June 2023 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	933,895	2,277,713	-	-	-	-	-	1,354,832	4,566,440
Derivative assets	-	-	-	-	-	-	-	10,884	10,884
Trading assets	479,677	-	-	-	-	-	-	-	479,677
Investment securities	456,734	2,325,281	868,384	-	200,598	456,102	734,829	17,778	5,059,706
Loans and advances to banks and customers	20,262,981	548,578	250,886	5,899	25,494	210,452	631,321	-	21,935,611
Other assets	-	-	-	-	-	-	-	229,073	229,073
Total Assets	22,133,287	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,612,567	32,281,391
Less allowance for credit impairment	-	-	-	-	-	-	-	(552,232)	(552,232)
Total assets	22,133,287	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,060,335	31,729,159

At 30 June 2023	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	13,945,801	472,890	570,216	614,956	3,455,370	2,065,701	329,277	8,980,682	30,434,893
Derivative liabilities	-	-	-	-	-	-	868,251	-	868,251
Lease liabilities	-	3,937	7,900	11,772	20,851	1,660	-	-	46,120
Payable to fellow subsidiary	-	-	-	-	-	-	-	13,650	13,650
Other liabilities	-	-	-	-	-	-	-	512,188	512,188
Total liabilities	13,945,801	476,827	578,116	626,728	3,476,221	2,067,361	1,197,528	9,506,520	31,875,102
Net on-balance sheet interest sensitivity gap	8,187,486	4,674,745	541,154	(620,829)	(3,250,129)	(1,400,807)	168,622	(8,446,185)	(145,943)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2022:

At 30 June 2022 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	349,883	883,368	-	-	-	-	-	3,017,997	4,251,248
Derivative assets	-	-	-	-	-	-	-	3,366	3,366
Trading assets	687,905	-	-	-	-	-	-	-	687,905
Investment securities	138,867	1,667,265	1,219,968	711,939	926,818	944,970	1,086,469	17,912	6,714,208
Loans and advances to banks and customers	16,339,289	62,219	30,405	347,862	91,934	305,026	1,120,179	-	18,296,914
Other assets	-	-	-	-	-	-	-	171,481	171,481
Total Assets	17,515,944	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	3,210,756	30,125,122
Less allowance for credit impairment	-	-	-	-	-	-	-	(498,136)	(498,136)
Total assets	17,515,944	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	2,712,620	29,626,986

At 30 June 2022	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,403,494	688,090	924,843	815,655	1,067,006	897,861	134,279	8,860,744	28,791,972
Derivative liabilities	-	-	-	-	-	-	804,138	715	804,853
Lease liabilities	-	5,322	9,504	13,569	24,802	46,121	-	-	99,318
Payable to fellow subsidiary	-	-	-	-	-	-	-	16,617	16,617
Other liabilities	-	-	-	-	-	-	-	567,069	567,069
Total liabilities	15,403,494	693,412	934,347	829,224	1,091,808	943,982	938,417	9,445,145	30,279,829
Net on-balance sheet interest sensitivity gap	2,112,450	1,919,440	316,026	230,577	(73,056)	306,014	1,268,231	(6,732,525)	(652,843)

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2021:

At 30 June 2021 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	741,075	853,986	-	-	-	-	-	1,891,343	3,486,404
Derivative assets	-	-	-	-	-	-	-	34,680	34,680
Trading assets	407,714	-	1,390,583	-	-	-	-	-	1,798,297
Investment securities	138,445	992,525	620,786	258,726	425,361	1,333,658	1,595,843	17,941	5,383,285
Loans and advances to customers	16,815,500	61,866	51,855	252,124	42,790	239,790	840,490	-	18,304,415
Other assets	-	-	-	-	-	-	-	228,252	228,252
Total Assets	18,102,734	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	2,172,216	29,235,333
Less allowance for credit impairment	-	-	-	-	-	-	-	(430,927)	(430,927)
Total assets	18,102,734	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	1,741,289	28,804,406

At 30 June 2021	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,773,222	274,658	724,929	485,514	1,217,861	1,461,547	465,535	7,974,933	28,378,199
Derivative liabilities	-	-	-	-	-	-	541,088	533	541,621
Lease liabilities	-	5,398	9,657	14,048	28,168	97,658	1,660	-	156,589
Payable to fellow subsidiary	-	-	-	-	-	-	-	40,059	40,059
Other liabilities	-	-	-	-	-	-	-	622,693	622,693
Total liabilities	15,773,222	280,056	734,586	499,562	1,246,029	1,559,205	1,008,283	8,638,218	29,739,161
Net on-balance sheet interest sensitivity gap	2,329,512	1,628,321	1,328,638	11,288	(777,878)	14,243	1,428,050	(6,896,929)	(934,755)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity (Cont'd)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of 2%. A 2% basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rate.

The calculations are based on the financial instruments held at the reporting date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in profit and equity at 30 June 2023 given an increase or a decrease of 2% in interest rates.

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 J une 2022	30 June 2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Increase	**134,202**	26,967	86,862	**134,202**	26,967	86,862

A decrease of 2% in the interest rates would have the corresponding negative impact.

Average interest by major **currencies** for monetary financial instruments is:

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2023				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	2.29	N/A	N/A
Interbank placements	N/A	4.95	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	N/A	N/A	N/A
- FVTPL	N/A	4.33	N/A	4.49
Loans and advances to customers	8.27	8.50	8.26	7.47
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.11	0.14	0.84	2.75
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity (Cont'd)

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2022				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Interbank placements	N/A	1.50	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	6.19	N/A	1.99
- FVTPL	N/A	N/A	N/A	1.01
Loans and advances to customers	4.31	4.84	4.67	6.52
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.006	0.077	0.20	0.85
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2021				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	3.85	N/A	2.21
- FVTPL	N/A	N/A	N/A	1.01
Loans and advances to customers	4.25	3.68	3.70	4.79
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.001	0.002	0.21	0.72
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.3 Interest Rate Benchmark Reform

All of the bank's LIBOR-linked exposures were transitioned to RFR namely Secured Overnight Financing Rate (SOFR), Term SOFR, SOFR Averages and other RFRs in major currencies .The Bank has made use of the practical expedient allowed under The Phase 2 Amendments where contractual changes, or changes to cash flows that are directly required by the reform, are to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Consequently, the effective interest rate (EIR) has been updated to reflect the change in an interest rate benchmark from LIBOR to a Risk Free Rate (RFR) without adjusting the carrying amount as at 30 June 2023.

6.3 Liquidity analysis

Liquidity risk is defined within the Group's and Bank's policy framework as 'the risk that, at any time, the Group and Bank does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Group and Bank is undertaken under the guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The liquidity policy of the Group is to ensure that it:

- can meet its financial obligations as they fall due in the normal course of business; and
- maintains an adequate stock of highly liquid assets to enable it to meet unexpected funding needs at short notice.

The Group's liquidity policy requires establishment and maintenance of three lines of defence:

- Cashflow management where the Group creates a continuously maturing stream of assets and liabilities;
- Maintenance of a liquid assets portfolio; and
- Maintenance of a diversified liability base.

The Treasury Unit manages the day-to-day cash flow management and the overall liquidity is under the close supervision of the Group's Asset and Liability Committee.

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6 **Financial Instrument Risk** (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

At 30 June 2023 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non– interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,566,440	-	-	-	-	-	-	-	4,566,440
Derivative assets	-	538,395	821,206	539,833	107,912	1,040,250	2,600,625	-	5,648,221
Trading assets	-	479,677	-	-	-	-	-	-	479,677
Investment securities	-	2,335,070	1,004,706	126,511	244,243	1,007,265	903,938	-	5,621,733
Loans and advances to banks and customers	361,173	1,249,439	1,001,507	1,213,862	1,412,521	7,327,936	15,758,962	-	28,325,400
Other assets	-	-	-	-	-	-	-	190,133	190,133
Total assets	4,927,613	4,602,581	2,827,419	1,880,206	1,764,676	9,375,451	19,263,525	190,133	44,831,604
Liabilities									
Deposits from customers	596,165	3,139,886	1,549,629	2,054,793	5,147,861	6,740,536	11,774,654	-	31,003,524
Derivative liabilities	-	534,084	821,226	543,372	108,182	1,292,677	3,206,046	-	6,505,587
Lease liabilities	-	1,461	2,076	2,971	3,030	2,592	7,364	-	19,494
Payable to fellow subsidiary	-	13,650	-	-	-	-	-	-	13,650
Other liabilities	-	-	-	-	-	-	-	512,478	512,478
Total liabilities	596,165	3,689,081	2,372,931	2,601,136	5,259,073	8,035,805	14,988,064	512,478	38,054,733
	-								
Net on-balance sheet liquidity gap	4,331,448	913,500	454,488	(720,930)	(3,494,397)	1,339,646	4,275,461	(322,345)	6,776,871
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements a nd other obligations on account of customers	-	84,431	193,129	322,976	268,517	1,145,951	104,135	-	2,119,139
Credit commitments	26,010	310,173	252,137	260,095	130,048	92,004	230,010	-	1,300,477
	26,010	394,604	445,266	583,071	398,565	1,237,955	334,145	-	3,419,616

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2022 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non– interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,251,248	-	-	-	-	-	-	-	4,251,248
Derivative assets	15,021	159,739	95,549	30,513	-	3,640,875	-	-	3,941,697
Trading assets	-	455,232	-	-	232,673	-	-	-	687,905
Investment securities	-	1,358,985	1,565,546	766,300	999,080	1,264,294	1,294,939	-	7,249,144
Loans and advances to banks and customers	215,281	503,167	621,762	1,527,007	1,324,232	4,563,967	12,486,004	-	21,241,420
Other assets	-	-	-	-	-	-	-	132,540	132,540
Total assets	4,481,550	2,477,123	2,282,857	2,323,820	2,555,985	9,469,136	13,780,943	132,540	37,503,954
Liabilities									
Deposits from customers	551,154	3,090,589	1,866,166	2,014,708	3,347,656	5,648,431	12,567,019	-	29,085,723
Derivative liabilities	14,945	158,830	94,364	30,031	-	4,445,013	-	-	4,743,183
Lease liabilities	-	2,961	3,905	5,427	8,597	12,339	7,826	-	41,055
Payable to fellow subsidiary	-	16,617	-	-	-	-	-	-	16,617
Other liabilities	-	-	-	-	-	-	-	567,359	567,359
Total liabilities	566,099	3,268,997	1,964,435	2,050,166	3,356,253	10,105,783	12,574,845	567,359	34,453,937
Net on-balance sheet liquidity gap	3,915,451	(791,874)	318,422	273,654	(800,268)	(636,647)	1,206,098	(434,819)	3,050,017
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	80,994	338,920	227,831	205,592	512,149	22,962	-	1,388,448
Credit commitments	32,000	405,738	328,304	320,004	160,002	101,134	252,837	-	1,600,019
	32,000	486,732	667,224	547,835	365,594	613,283	275,799	-	2,988,467

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6 **Financial Instrument Risk** (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 **Liquidity analysis** (Cont'd)

At 30 June 2021 (The Group)	**Sight**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	3,486,404	-	-	-	-	-	-	-	3,486,404
Derivative assets	21,164	355,162	645,431	-	-	-	3,640,875	-	4,662,632
Trading assets	-	321,201	1,393,100	-	86,513	-	-	-	1,800,814
Investment securities	-	1,000,151	338,122	286,363	513,547	1,945,303	1,945,031	-	6,028,517
Loans and advances to customers	229,603	572,315	614,636	1,206,588	2,298,768	3,976,427	10,873,559	-	19,771,896
Other assets	-	-	-	-	-	-	-	190,210	190,210
Total assets	3,737,171	2,248,829	2,991,289	1,492,951	2,898,828	5,921,730	16,459,465	190,210	35,940,473
Liabilities									
Deposits from customers	463,677	2,635,455	2,276,129	2,346,037	3,199,202	6,211,634	11,657,304	-	28,789,438
Derivative liabilities	20,776	355,052	611,781	-	-	-	4,181,963	-	5,169,572
Lease liabilities	-	3,162	4,306	5,945	11,685	29,088	9,956	-	64,142
Payable to fellow subsidiary	-	40,059	-	-	-	-	-	-	40,059
Other liabilities	-	-	-	-	-	-	-	622,854	622,854
Total liabilities	484,453	3,033,728	2,892,216	2,351,982	3,210,887	6,240,722	15,849,223	622,854	34,686,065
	-								
Net on-balance sheet liquidity gap	3,252,718	(784,899)	99,073	(859,031)	(312,059)	(318,992)	610,242	(432,644)	1,254,408
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	79,434	223,836	138,358	288,086	495,360	42,990	-	1,268,064
Credit commitments	34,348	472,859	380,405	343,476	171,738	89,873	224,682	-	1,717,381
	34,348	552,293	604,241	481,834	459,824	585,233	267,672	-	2,985,445

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

At 30 June 2023 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,566,440	-	-	-	-	-	-	-	4,566,440
Derivative assets	-	538,395	821,206	539,833	107,912	1,040,250	2,600,625	-	5,648,221
Trading assets	-	479,677	-	-	-	-	-	-	479,677
Investment securities	-	2,335,070	1,004,706	126,511	244,243	1,007,265	903,938	-	5,621,733
Loans and advances to banks and customers	361,173	1,249,439	1,001,507	1,213,862	1,412,521	7,327,936	15,906,670	-	28,473,108
Other assets	-	-	-	-	-	-	-	229,074	229,074
Total assets	4,927,613	4,602,581	2,827,419	1,880,206	1,764,676	9,375,451	19,411,233	229,074	45,018,253
Liabilities									
Deposits from customers	596,521	3,141,544	1,550,103	2,055,267	5,149,875	6,742,550	11,779,511	-	31,015,371
Derivative liabilities	-	534,084	821,226	543,372	108,182	1,292,677	3,206,046	-	6,505,587
Payable to fellow subsidiary	-	13,650	-	-	-	-	-	-	13,650
Other liabilities	-	-	-	-	-	-	-	512,188	512,188
Lease liabilities	-	4,038	8,076	11,971	21,030	1,669	-	-	46,784
Total liabilities	596,521	3,693,316	2,379,405	2,610,610	5,279,087	8,036,896	14,985,557	512,188	38,093,580
Net on-balance sheet liquidity gap	4,331,092	909,265	448,014	(730,404)	(3,514,411)	1,338,555	4,425,676	(283,114)	6,924,673
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	84,431	193,129	322,976	268,517	1,145,951	104,135	-	2,119,139
Credit commitments	26,010	310,173	252,137	260,095	130,048	92,004	230,010	-	1,300,477
	26,010	394,604	445,266	583,071	398,565	1,237,955	334,145	-	3,419,616

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2022 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,251,248	-	-	-	-	-	-	-	4,251,248
Derivative assets	15,021	159,739	95,549	30,513	-	3,640,875	-	-	3,941,697
Trading assets	-	455,232	-	-	232,673	-	-	-	687,905
Investment securities	-	1,358,985	1,565,546	766,300	999,080	1,264,294	1,294,939	-	7,249,144
Loans and advances to banks and customers	215,281	503,167	621,762	1,527,007	1,324,232	4,563,967	12,642,312	-	21,397,728
Other assets	-	-	-	-	-	-	-	171,481	171,481
Total assets	4,481,550	2,477,123	2,282,857	2,323,820	2,555,985	9,469,136	13,937,251	171,481	37,699,203
Liabilities									
Deposits from customers	551,336	3,091,271	1,866,530	2,015,163	3,348,339	5,649,114	12,568,520	-	29,090,273
Derivative liabilities	14,945	158,830	94,364	30,031	-	4,445,013	-	-	4,743,183
Payable to fellow sub-sidiary	-	16,617	-	-	-	-	-	-	16,617
Other liabilities	-	-	-	-	-	-	-	567,069	567,069
Lease liabilities	-	5,537	9,905	14,427	26,597	47,454	-	-	103,920
Total liabilities	566,281	3,272,255	1,970,799	2,059,621	3,374,936	10,141,581	12,568,520	567,069	34,521,062
Net on-balance sheet liquidity gap	3,915,269	(795,132)	312,058	264,199	(818,951)	(672,445)	1,368,731	(395,588)	3,178,141
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	80,994	338,920	227,831	205,592	512,149	22,962		1,388,448
Credit commitments	32,000	405,738	328,304	320,004	160,002	101,134	252,837		1,600,019
	32,000	486,732	667,224	547,835	365,594	613,283	275,799	-	2,988,467

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.3 Liquidity analysis (Cont'd)

At 30 June 2021 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	3,486,404	-	-	-	-	-	-	-	3,486,404
Derivative assets	21,164	355,162	645,431	-	-	-	3,640,875	-	4,662,632
Trading assets	-	321,201	1,393,100	-	86,513	-	-	-	1,800,814
Investment securities	-	1,000,151	338,122	286,363	513,547	1,945,303	1,945,031	-	6,028,517
Loans and advances to customers	229,603	572,315	614,636	1,212,249	2,298,768	3,976,427	11,039,013	-	19,943,011
Other assets	-	-	-	-	-	-	-	228,252	228,252
Total assets	3,737,171	2,248,829	2,991,289	1,498,612	2,898,828	5,921,730	16,624,919	228,252	36,149,630
Liabilities									
Deposits from customers	463,678	2,635,458	2,276,131	2,346,039	3,199,205	6,211,637	11,657,310	-	28,789,458
Derivative liabilities	20,776	355,052	611,781	-	-	-	4,181,963	-	5,169,572
Payable to fellow subsidiary	-	40,059	-	-	-	-	-	-	40,059
Other liabilities	-	-	-	-	-	-	-	622,693	622,693
Lease liabilities	-	5,738	10,306	14,945	29,685	100,241	1,669	-	162,584
Total liabilities	484,454	3,036,307	2,898,218	2,360,984	3,228,890	6,311,878	15,840,942	622,693	34,784,366
Net on-balance sheet liquidity gap	3,252,717	(787,478)	93,071	(862,372)	(330,062)	(390,148)	783,977	(394,441)	1,365,264
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	79,434	223,836	138,358	288,086	495,360	42,990		1,268,064
Credit commitments	34,348	472,859	380,405	343,476	171,738	89,873	224,682		1,717,381
	34,348	552,293	604,241	481,834	459,824	585,233	267,672	-	2,985,445

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.4 Financial assets and liabilities classification

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Financial assets						
Financial assets at fair value through profit or loss:						
Derivative assets	**10,883,632**	3,366,270	34,680,427	**10,883,632**	3,366,270	34,680,427
Trading assets	**479,676,718**	687,904,980	1,798,297,228	**479,676,718**	687,904,980	1,798,297,228
Equity investments	**363,828,963**	17,912,214	17,940,280	**363,828,963**	17,912,214	17,940,280
	854,389,313	709,183,464	1,850,917,935	**854,389,313**	709,183,464	1,850,917,935
Financial assets at fair value through OCI:						
Government securities	**2,403,783,840**	3,507,620,833	2,576,025,466	**2,403,783,840**	3,507,620,833	2,576,025,466
Other securities	**2,292,093,500**	3,188,675,158	2,789,319,096	**2,292,093,500**	3,188,675,158	2,789,319,096
	4,695,877,340	6,696,295,991	5,365,344,562	**4,695,877,340**	6,696,295,991	5,365,344,562
Financial assets at amortised cost:						
Cash and cash equivalents	**4,566,250,861**	4,251,247,756	3,486,404,504	**4,566,250,861**	4,251,247,756	3,486,404,504
Placements with banks	**-**	-	-	**-**	-	-
Loans and advances to banks	**938,342,148**	456,317,785	863,031,847	**938,342,148**	456,317,785	863,031,847
Loans and advances to customers	**20,297,328,616**	17,186,153,643	16,839,341,532	**20,445,036,472**	17,342,460,401	17,010,456,691
Other assets*	**190,133,536**	132,540,356	190,209,679	**229,073,892**	171,480,707	228,251,550
	25,992,055,161	22,026,259,540	21,378,987,562	**26,178,703,373**	22,221,506,649	21,588,144,592
Total financial assets	**31,542,321,814**	29,431,738,995	28,595,250,059	**31,728,970,026**	29,626,986,104	28,804,407,089
Financial liabilities						
Financial liabilities at fair value through profit or loss:						
Derivative liabilities	**868,250,541**	804,853,718	541,620,944	**868,250,541**	804,853,718	541,620,944
Financial liabilities measured at amortised cost:						
Deposits from customers	**30,423,045,218**	28,787,422,901	28,378,179,745	**30,434,892,362**	28,791,972,474	28,378,198,595
Other borrowed funds	**-**	-	-	**-**	-	-
Lease liabilities	**17,740,050**	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681
Payable to fellow subsidiary	**13,649,767**	16,617,253	40,059,363	**13,649,767**	16,617,253	40,059,363
Other liabilities*	**512,478,478**	567,359,552	622,853,451	**512,187,978**	567,069,052	622,692,551
	30,966,913,513	29,408,001,645	29,101,517,094	**31,006,850,258**	29,474,976,355	29,197,539,190
Total financial liabilities	**31,835,164,054**	30,212,855,363	29,643,138,038	**31,875,100,799**	30,279,830,073	29,739,160,134

* Non financial assets and liabilities have been excluded.

7 Fair Value Measurement

7.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

The Group and the Bank

30 June 2023	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	**-**	**479,676,718**	**363,828,963**	**843,505,681**
Financial assets at FVTOCI	11(a)	**-**	**4,695,877,340**	**-**	**4,695,877,340**
Derivative financial assets	28	**-**	**10,883,632**	**-**	**10,883,632**
Derivative financial liabilities	28	**-**	**(868,250,541)**	**-**	**(868,250,541)**
Fair value		**-**	**4,318,187,149**	**363,828,963**	**4,682,016,112**

30 June 2022 (Restated)*	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	-	455,231,590	250,585,604	705,817,194
Financial assets at FVTOCI	11(a)	-	6,696,295,991	-	6,696,295,991
Derivative financial assets	28	-	3,366,270	-	3,366,270
Derivative financial liabilities	28	-	(804,853,718)	-	(804,853,718)
Fair value		-	6,350,040,133	250,585,604	6,600,625,737

30 June 2021 (Restated)*	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	-	1,711,784,281	104,453,227	1,816,237,508
Financial assets at FVTOCI	11(a)	-	5,365,344,562	-	5,365,344,562
Derivative financial assets	28	-	34,680,427	-	34,680,427
Derivative financial liabilities	28	-	(541,620,944)	-	(541,620,944)
Fair value		-	6,570,188,326	104,453,227	6,674,641,553

Level 3 reconciliation is as follows:	**30 June 2023**	**30 June 2022**	**30 June 2021**
Balance at start	**250,585,603**	104,453,227	17,283,415
Additions	**93,450,206**	140,379,253	85,417,948
Fair value movement	**19,793,153**	5,753,123	1,751,864
Balance at end	**363,828,962**	250,585,60	104,453,227

* The categorisation of financial assets/(liabilities) at FVTPL have been changed from level 2 to level 3 for an equity instrument to reflect the significant unobservable input used in the valuation.

Financial assets at FVTPL comprise of equity instruments. These equity instruments have been valued using Net Assets Value ('NAV") as the Directors believe its NAV represents its fair. An illiquidity discount within the range of 5% to 15% has been applied. A change of 5% in the illiquidity discounts will lead to a change of **Rs 1,034,438** (2022: Rs 994,014 and 2021 Rs 997,366). There has been no change in the fair value hierarchy.

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7 Fair Value Measurement (Cont'd)

7.1 Fair value measurement of financial instruments (Cont'd)

There has been no transfer between Levels 1 and 2 in the reporting period and the two preceding years.

(i) Measurement of fair value of financial instruments

Derivative products valued using a valuation technique with market observable inputs include forward foreign exchange contracts and option contracts across several asset classes, including but not limited to Funds, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves, volatility curves and/or feeds from appointed valuation/ calculation agents.

(ii) FVTPL and FVOCI financial assets

The fair values of the Group's investments in Treasury Bills, Treasury Bonds and Treasury Notes have been determined by reference to the mark to market prices at the reporting date. These are classified as level 2 and there has been no transfers in level for the past two years.

Apart from the above financial assets, the other financial instruments are measured as described in the accounting policies associated to them.

7.2 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months), the carrying amount is assumed to approximate fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements.

The table does not include the fair values of non-financial assets ((Note 7.3 below) and non-financial liabilities . The financial assets and financial liabilities are measured at level 3 on the fair value hierarchy.

	30 June 2023			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	4,566,250,861	4,566,250,861	4,566,250,861	4,566,250,861
Placement with banks	-	-	-	-
Loans and advances to banks	938,342,148	938,342,148	938,342,148	938,342,148
Loans and advances to customers	20,297,328,616	20,174,356,593	20,445,036,472	20,322,064,449
Other assets	190,133,536	190,133,536	229,073,892	229,073,892
Total financial assets	**25,992,055,161**	**25,869,083,138**	**26,178,703,373**	**26,055,731,350**
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	30,423,045,218	30,448,321,232	30,434,892,362	30,460,168,376
Other borrowed funds	-	-	-	-
Lease liabilities	17,740,050	17,740,050	46,120,151	46,120,151
Payable to fellow subsidiary	13,649,767	13,649,767	13,649,767	13,649,767
Other liabilities	512,478,478	512,478,478	512,187,978	512,187,978
Total financial liabilities	**30,966,913,513**	**30,992,189,527**	**31,006,850,258**	**31,032,126,272**

7 Fair Value Measurement (Cont'd)

7.2 Fair value of financial assets and liabilities not carried at fair value (Cont'd)

	30 June 2022			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	4,251,247,756	4,251,247,756	4,251,247,756	4,251,247,756
Placement with banks	-	-	-	-
Loans and advances to banks	456,317,785	456,317,785	456,317,785	456,317,785
Loans and advances to customers	17,186,153,643	17,219,862,762	17,342,460,401	17,211,207,472
Other assets	132,540,356	132,540,356	171,480,707	171,480,707
Total financial assets	22,026,259,540	22,059,968,659	22,221,506,649	22,090,253,720
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	28,787,422,901	28,977,021,566	28,791,972,474	28,857,240,483
Other borrowed funds	-	-	-	-
Lease liabilities	36,601,939	36,601,939	99,317,576	99,317,576
Payable to fellow subsidiary	16,617,253	16,617,253	16,617,253	16,617,253
Other liabilities	567,359,552	567,359,552	567,069,052	567,069,052
Total financial liabilities	29,408,001,645	29,597,600,310	29,474,976,355	29,540,244,364

	30 June 2021			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	3,486,404,504	3,486,404,504	3,486,404,504	3,486,404,504
Placement with banks	-	-	-	-
Loans and advances to banks	863,031,847	863,031,847	863,031,847	863,031,847
Loans and advances to customers	16,839,341,532	16,873,050,651	17,010,456,691	17,044,165,810
Other assets	190,209,679	190,209,679	228,251,550	228,251,550
Total financial assets	21,378,987,562	21,412,696,681	21,588,144,592	21,621,853,711
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	28,378,179,745	28,567,778,410	28,378,198,595	28,494,009,598
Other borrowed funds	-	-	-	-
Lease liabilities	60,424,535	60,424,535	156,588,681	156,588,681
Payable to fellow subsidiary	40,059,363	40,059,363	40,059,363	40,059,363
Other liabilities	622,853,451	622,853,451	622,692,551	622,692,551
Total financial liabilities	29,101,517,094	29,291,115,759	29,197,539,190	29,313,350,193

Notes to the Financial Statements

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7 Fair Value Measurement (Cont'd)

7.3 Fair value measurement of non-financial assets

30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**951,804,913**	**951,804,913**
Right of use assets	**-**	**-**	**37,500,000**	**37,500,000**
Investment properties	**-**	**-**	**390,500,000**	**390,500,000**

30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**664,383,743**	**664,383,743**
Investment properties	**-**	**-**	**390,500,000**	**390,500,000**

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	954,715,191	954,715,191
Right of use asset	-	-	35,254,386	35,254,386
Investment properties	-	-	380,500,000	380,500,000

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	669,774,021	669,774,021
Right of use asset	-	-	4,833,333	4,833,333
Investment properties	-	-	380,500,000	380,500,000

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	971,727,173	971,727,173
Right of use asset	-	-	41,877,193	41,877,193
Investment properties	-	-	380,500,000	380,500,000

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	680,266,008	680,266,008
Right of use asset	-	-	9,666,667	9,666,667
Investment properties	-	-	380,500,000	380,500,000

7 Fair Value Measurement (Cont'd)

7.3 Fair value measurement of non-financial assets (Cont'd)

Freehold land and buildings (Level 3)

Freehold land and buildings under property, plant and equipment and right-of-use assets and investment properties are revalued as indicated in note 3.10, 3.13 and 3.12 respectively. The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The last valuation was performed in the year ended 30 June 2023.

The appraisal are carried out using income approach.

The significant unobservable input is the adjustment for factors specific to the land and buildings in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions. The significant unobservable valuation input is the price per square meter which is within the range of Rs 10,000 to Rs 115,000.

8 Capital Management Policies and Procedures

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital and other requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business

For the Bank, capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central Bank, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

Previously, the Central Bank requires each bank to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%. The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and
- Tier 2 capital: qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

With the implementation of Basel III since 01 July 2014, the Bank has to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%, a minimum total CAR 10% plus capital conservation buffer of 2.5%, a Common Equity Tier 1 (CET1) CAR of at least 6.5% and a Tier 1 CAR of at least 8% from 01 January 2020. As per latest Bank of Mauritius Guidelines, on the 24th February 2023, on average, over the maintenance period as defined below, banks shall maintain minimum cash balances equivalent to 9.0 percent (hereinafter referred to as "Cash Reserve Ratio") on their average rupee (MUR) and foreign currency (FCY) deposits in the preceding 28 day period.

The Bank's regulatory capital is divided into the following two tiers:

- Tier 1 capital (going-concern capital): comprises of (i) Common Equity Tier 1 and (ii) Additional Tier 1 Capital

(i) The Bank's Common Equity Tier 1 (CET1) capital consists of the following:

(a) stated capital;
(b) statutory reserve;
(c) fair value reserve; and
(d) Retained earnings/ Accumulated losses

(ii) The Bank has no Additional Tier 1 (AT1) capital as at 30 June 2023

- Tier 2 capital (gone-concern capital): qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

8 Capital Management Policies and Procedures (Cont'd)

The following table summarises the composition of regulatory capital and the ratios of the Bank as at 30 June 2023, 30 June 2022 and 30 June 2021 respectively. During the year ended 30 June 2022, the Bank complied with all of the externally imposed capital requirements to which it is subject. At 30 June 2023, capital adequacy ratio was **15.35%** as compared to 14.53% at 30 June 2022 and 13.33% at 30 June 2021.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs'000	Rs'000	Rs'000
Tier 1 Capital			
Common Equity Tier 1 Capital: instruments and reserves			
Paid up share capital	**2,716,420**	2,466,421	2,466,421
Retained earnings/ (Accumulated losses)	**496,293**	194,109	(24,472)
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	**(43,422)**	(112,080)	14,128
Common equity Tier 1 Capital before regulatory adjustments	**3,169,291**	2,548,450	2,456,077
Common equity Tier 1 Capital: regulatory adjustments	**(154,351)**	(174,280)	(195,742)
Common equity Tier 1 Capital after regulatory adjustments	**3,014,940**	2,374,170	2,260,335
Tier 1 Capital	**3,014,940**	2,374,170	2,260,335
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Provisions and loan loss reserves	**249,012**	180,321	203,389
Surplus arising from revaluation of land and buildings owned by the Bank	**115,296**	112,997	112,998
Tier 2 Capital before regulatory adjustments	**364,308**	293,318	316,387
Tier 2 Capital: regulatory adjustments	**(5,515)**	(5,150)	(5,032)
Tier 2 Capital	**358,793**	288,168	311,355
Total Regulatory Capital (Rs)	**3,373,733**	2,662,338	2,571,690
Risk Weighted Assets (Rs)	**21,981,003**	18,318,424	19,299,473
Common Equity Tier 1 Capital Adequacy Ratio (%)	**13.72**	12.96	11.71
Tier 1 Capital Adequacy Ratio (%)	**13.72**	12.96	11.71
Capital Adequacy Ratio (%)	**15.35**	14.53	13.33

8 Capital Management Policies and Procedures (Cont'd)

The risk-weighted assets of the Bank are determined by applying prescribed risk weights to on- and off-balance sheet assets, according to the credit risk of the counterparty as follows:

On Balance Sheet Exposures	Exposures before CRM (Rs)	Exposures after CRM (Rs)	Risk-weights (%)	RWA (Rs)
Cash items	383,952,698	383,952,698	0 -20	17,711,116
Claims on sovereigns	926,807,447	926,807,447	0 - 150	542,760,461
Claims on central banks (and international institutions)	4,845,456,425	4,845,456,425	0 - 150	-
Claims on multilateral development banks (MDBs)	1,490,158,257	1,490,158,257	0 - 150	1,258,373,869
Claims on banks	4,564,040,626	4,564,040,626	0 - 150	1,159,865,704
Claims on non-central government public sector entities (PSEs)	4,738,311,530	4,738,311,530	0 - 150	505,266,433
Claims on securities firms	479,676,718	479,676,718	0 - 150	239,838,359
Claims on corporates	5,599,661,717	5,599,661,717	0 - 150	5,599,661,717
Claims included in the regulatory retail portfolio	3,697,820,134	3,180,841,871	75	2,385,631,403
Claims secured by residential property	5,691,929,005	5,691,929,005	35 - 125	3,246,840,759
Claims secured by commercial real estate	738,417,721	738,417,721	100 - 125	851,923,668
Past due claims	643,693,024	643,693,024	50 - 150	898,340,408
Other assets	1,482,802,478	1,482,802,478	100 - 1250	1,483,952,478
Total on-balance sheet credit risk-weighted exposures	35,282,727,780	34,765,749,517		18,190,166,375

Off-Balance Sheet Exposures - Non-Market-Related	Total before CRM (Rs)	Total after CRM (Rs)	CCF (%)	RWA (Rs)
Direct credit substitutes	862,104,429	862,104,429	100	862,104,429
Trade-related contingent items	1,118,565,266	1,118,565,266	35 - 100	559,282,633
Transaction-related contingent items	138,469,448	138,469,448	50	30,312,930
Other commitments	1,300,476,499	1,300,476,499	0 - 50	-
Total non-market-related off-balance sheet risk-weighted credit exposures	3,419,615,642	3,419,615,642		1,451,699,992

Off-Balance Sheet Exposures - Market-Related	Notional principal amount (Rs)	Potential future exposure (Rs)	Credit equivalent amount (Rs)	RWA (Rs)
Total	5,115,460,492	287,811,480	294,125,952	279,062,260

Operational Risk	Average gross income (Rs)	Capital charge (Rs)	RWA (Rs
Option 1 - Basic Indicator Approach	1,347,346,218	202,101,933	2,021,019,326

Foreign Currency Exposure	RWA (Rs)
Aggregate net open foreign exchange position	39,054,791

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9(a) Cash and Cash Equivalents

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Cash in hand	**212,148,260**	218,361,565	184,396,526
Foreign currency notes and coins	**80,376,344**	22,436,247	19,692,275
Balances with banks in Mauritius and abroad	**1,831,743,419**	1,102,679,418	984,647,004
Unrestricted balances with the Central Bank (Note (a))	**164,458,971**	2,024,402,317	1,443,682,949
Placements with banks (Note (b))	**2,277,713,143**	883,368,209	853,985,750
	4,566,440,137	4,251,247,756	3,486,404,504
Allowance for expected credit losses	**(189,276)**	-	-
	4,566,250,861	4,251,247,756	3,486,404,504
Current	**4,566,250,861**	4,251,247,756	3,486,404,504

(a) Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement ("CRR").

(b) Loans to and placements with banks are balances with original maturity periods of less than three months.

9(b) Reconciliation of Liabilities arising from Financing Activities.

The table below details changes in the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank statement of cash flows from financing activities.

The Group	**01 July 2022**	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2023**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	**36,601,939**	**-**	**(19,644,020)**	**-**	**782,131**	**17,740,050**
	36,601,939	**-**	**(19,644,020)**	**-**	**782,131**	**17,740,050**

	01 July 2021	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2022**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	60,424,535	-	(25,108,374)	-	1,285,778	36,601,939
	60,424,535	-	(25,108,374)	-	1,285,778	36,601,939

	01 July 2020	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2021**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds	1,089,390,019	1,000,000,000	(2,089,390,019)	-	-	-
Lease liabilities (Note 19)	74,526,375	-	(26,753,367)	10,820,952	1,830,575	60,424,535
	1,163,916,394	1,000,000,000	(2,116,143,386)	10,820,952	1,830,575	60,424,535

The Bank	**01 July 2022**	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2023**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	**99,317,576**	**-**	**(55,220,546)**	**-**	**2,023,121**	**46,120,151**
	99,317,576	**-**	**(55,220,546)**	**-**	**2,023,121**	**46,120,151**

	01 July 2021	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2022**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	156,588,681	-	(60,684,899)	-	3,413,794	99,317,576
	156,588,681	-	(60,684,899)	-	3,413,794	99,317,576

	01 July 2020	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2021**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds	1,089,390,019	1,000,000,000	(2,089,390,019)	-	-	-
Lease liabilities (Note 19)	203,309,885	-	(62,364,858)	10,820,952	4,822,702	156,588,681
	1,292,699,904	1,000,000,000	(2,151,754,877)	10,820,952	4,822,702	156,588,681

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10 Trading Assets

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Securities held at FVTPL:			
Treasury bills	**-**	-	1,390,583,275
Other investments	**479,676,718**	687,904,980	407,713,953
	479,676,718	687,904,980	1,798,297,228
Remaining terms to maturity			
- Within 3 months	**479,676,718**	455,231,590	1,711,784,281
- Over 3 and up to 6 months	**-**	-	-
- Over 6 and up to 12 months	**-**	232,673,390	86,512,947
	479,676,718	687,904,980	1,798,297,228

11 Investment Securities

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Financial assets at FVTOCI (Note (a) below)	**4,695,877,340**	6,696,295,991	5,365,344,562
Equity investments at FVTPL (Note (b) below)	**363,828,963**	17,912,214	17,940,280
	5,059,706,303	6,714,208,205	5,383,284,842

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Remaining terms to maturity of financial assets at FVOCI			
- Within 3 months	**3,193,665,569**	2,887,232,934	1,613,311,378
- Over 3 and up to 6 months	**110,682,830**	737,357,670	258,725,811
- Over 6 and up to 12 months	**200,598,160**	926,817,603	425,361,228
- Over 1 and up to 3 years	**456,102,134**	1,058,418,253	1,472,103,360
- Over 3 and up to 5 years	**349,865,767**	338,833,733	726,152,437
- Over 5 years	**384,962,880**	747,635,798	869,690,348
	4,695,877,340	6,696,295,991	5,365,344,562
Current	**3,504,946,559**	4,551,408,207	2,297,398,417
Non-Current	**1,190,930,781**	2,144,887,784	3,067,946,145
	4,695,877,340	6,696,295,991	5,365,344,562

At 30 June 2023, an ECL of Rs 133.8 Mn was accounted in the statement of profit or loss pertaining to securities invested in Ghana. The investment in Ghana has been classified in stage 3 as reflected in note 6. The ECL included judgments and estimates, accordingly this has been disclosed in note 4.

During the financial year, management has made an assessment relating to investment in equity instrument currently presented in two separate categories, namely the 'investment in security' and the 'Trading assets'. Management determined that investment in equity instruments amounting to RS 396m, previously included under 'Trading assets' is expected to be realised in more than 12 months following assessment of the relevant facts and circumstances. As such, this amount was deemed appropriate to be presented into the 'investment in security' class rather than the 'Trading assets' class.

11 Investment Securities (Cont'd)

(a) Financial assets at FVTOCI

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Investment in debt securities			
Government Stocks	-	5,905,023	233,087,015
Treasury Notes	-	-	424,839,542
BOM Bonds	**161,859,082**	170,737,082	166,059,082
Treasury Bills	**2,241,924,758**	3,330,978,728	1,752,039,827
Corporate Bonds	**890,384,852**	954,234,479	1,203,072,046
Foreign Bonds	**948,673,743**	1,341,033,948	1,372,810,207
Foreign Treasury Bills	**453,034,905**	893,406,731	213,436,843
	4,695,877,340	6,696,295,991	5,365,344,562

The Bank has pledged part of its government stocks as collateral to secure borrowings facilities from the Central Bank (Note 41)

(b) Financial assets at FVTPL

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Equity investments	**363,828,963**	17,912,214	17,940,280

(c) Fair value reserve

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start of year	**(190,935,141)**	(32,051,990)	(21,167,091)
Change in fair value of assets held at FVTOCI	**(116,901,476)**	(158,883,151)	(10,884,899)
Balance at end of year	**(307,836,617)**	(190,935,141)	(32,051,990)

12 Loans and Advances to Banks

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Loans and advances to banks - outside Mauritius	**946,528,837**	459,226,176	863,869,801
Less allowance for expected credit losses	**(8,186,689)**	(2,908,391)	(837,954)
Net	**938,342,148**	456,317,785	863,031,847

In 2022, a change in macroeconomic factors led to an increase in the ECL assessment despite the carrying amount decreased. In 2023, ECL was based on the credit ratings of the counter parties.

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12 Loans and Advances to Banks (Cont'd)

(a) Remaining term to maturity

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
- Within 3 months	**254,065,732**	-	222,269,598
- Over 3 and up to 6 months	**-**	459,226,176	-
- Over 6 and up 12 months	**-**	-	428,029,492
- Over 1 and up to 3 years	**692,463,105**	-	213,570,711
- Over 3 and up to 5 years	**-**	-	-
- Over 5 years	**-**	-	-
	946,528,837	459,226,176	863,869,801
Current	**254,065,732**	459,226,176	650,299,090
Non-Current	**692,463,105**	-	213,570,711
	946,528,837	459,226,176	863,869,801

(b) Allowance for expected credit losses

	ECL allowances under stages 1 and 2	Rescheduled advances allowances	Total
	Rs	Rs	Rs
The Group and the Bank	-	-	-
Balance at 01 July 2020	-	-	-
Provision for expected credit losses for the year (Note 33)	837,954	-	837,954
Balance at 30 June 2021	837,954	-	837,954
Provision for expected credit losses for the year (Note 33)	2,070,437	-	2,070,437
Balance at 30 June 2022	**2,908,391**	**-**	**2,908,391**
Provision for expected credit losses for the year (Note 33)	**5,278,298**	**-**	**5,278,298**
Balance at 30 June 2023	**8,186,689**	**-**	**8,186,689**

13 Loans and Advances to customers

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Retail customers						
- Credit cards	**99,381,999**	89,231,759	77,819,749	**99,381,999**	89,231,759	77,819,749
- Mortgages	**4,944,866,739**	4,214,457,223	3,393,960,334	**4,944,866,739**	4,214,457,223	3,393,960,334
- Other retail loans	**2,887,871,710**	2,784,202,118	1,797,156,026	**2,887,871,710**	2,784,202,118	1,797,156,026
Corporate customers	**12,372,129,958**	10,215,413,516	11,610,098,606	**12,519,837,814**	10,371,720,274	11,781,213,765
Entities outside Mauritius	**518,268,517**	340,865,061	323,183,117	**518,268,517**	340,865,061	323,183,117
Others	**18,855,223**	37,211,430	67,212,303	**18,855,223**	37,211,430	67,212,303
	20,841,374,146	17,681,381,107	17,269,430,135	**20,989,082,002**	17,837,687,865	17,440,545,294
Less allowance for expected credit losses	**(544,045,530)**	(495,227,464)	(430,088,603)	**(544,045,530)**	(495,227,464)	(430,088,603)
Net	**20,297,328,616**	17,186,153,643	16,839,341,532	**20,445,036,472**	17,342,460,401	17,010,456,691
Of which						
Gross investment in finance lease	**1,267,428,833**	1,143,596,374	1,083,502,566	**1,267,428,833**	1,143,596,374	1,083,502,566
Less allowance for expected credit losses	**(32,978,616)**	(31,872,530)	(31,477,790)	**(32,978,616)**	(31,872,530)	(31,477,790)
	1,234,450,217	1,111,723,844	1,052,024,776	**1,234,450,217**	1,111,723,844	1,052,024,776

(a) Remaining term to maturity

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**2,652,757,006**	1,775,413,968	2,028,792,891	**2,652,757,006**	1,775,413,968	2,028,792,891
- Over 3 and up to 6 months	**720,163,929**	749,966,677	658,770,637	**720,163,929**	749,966,677	664,431,987
- Over 6 and up 12 months	**338,114,157**	396,873,147	976,100,575	**338,114,157**	396,873,147	976,100,575
- Over 1 and up to 3 years	**1,812,567,693**	1,680,029,147	1,300,775,108	**1,812,567,693**	1,680,029,147	1,300,775,108
- Over 3 and up to 5 years	**2,048,313,543**	1,619,036,926	2,246,458,559	**2,048,313,543**	1,619,036,926	2,246,458,559
- Over 5 years	**13,269,457,818**	11,460,061,242	10,058,532,365	**13,417,165,674**	11,616,368,000	10,223,986,174
	20,841,374,146	17,681,381,107	17,269,430,135	**20,989,082,002**	17,837,687,865	17,440,545,294
Current	**3,711,035,092**	2,922,253,792	3,663,664,103	**3,711,035,092**	2,922,253,792	3,669,325,453
Non-Current	**17,130,339,054**	14,759,127,315	13,605,766,032	**17,278,046,910**	14,915,434,073	13,771,219,841
	20,841,374,146	17,681,381,107	17,269,430,135	**20,989,082,002**	17,837,687,865	17,440,545,294

Notes to the Financial Statements

For the year ended 30 June 2023

13 Loans and Advances to Customers (Cont'd)

(b) Net investment in finance leases

	Up to 1 year	Over 1 up to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs
The Group and the Bank				
2023				
Gross investment in finance leases	**437,329,518**	**967,295,629**	**87,498,296**	**1,492,123,443**
Less unearned finance income	**(85,903,672)**	**(133,929,307)**	**(4,861,631)**	**(224,694,610)**
Net investment in finance leases	**351,425,846**	**833,366,322**	**82,636,665**	**1,267,428,833**
2022				
Gross investment in finance leases	373,431,949	842,383,820	62,366,517	1,278,182,286
Less unearned finance income	(53,737,097)	(78,610,746)	(2,238,069)	(134,585,912)
Net investment in finance leases	319,694,852	763,773,074	60,128,448	1,143,596,374
2021				
Gross investment in finance leases	328,500,137	818,150,379	63,081,093	1,209,731,609
Less unearned finance income	(49,329,749)	(74,915,268)	(1,984,026)	(126,229,043)
Net investment in finance leases	279,170,388	743,235,111	61,097,067	1,083,502,566

A finance lease contract is prepared for these facilities which give the lessees the option to purchase the assets for a residual value at the conclusion of the lease arrangements. Finance leases are secured mainly by charges on the leased assets and/or corporate/personal guarantees. The lease period ranges from 1-15 years.

(c) Allowance for expected credit losses

	ECL allowances under stage 3	ECL allowances under stages 1 and 2	Total
	Rs	Rs	Rs
The Group and the Bank			
Balance at 01 July 2020	217,961,118	186,973,683	404,934,801
Written off against provision	(3,253,138)	-	(3,253,138)
Provision for expected credit losses for the year (Note 33)	40,903,002	(12,496,062)	28,406,940
Balance at 30 June 2021	255,610,982	174,477,621	430,088,603
Provision for /(Reversal of) expected credit losses for the year (Note 33)	74,434,782	(9,127,648)	65,307,134
Concession to customers	(7,058)	-	(7,058)
Written off against provision	(161,215)	-	(161,215)
Balance at 30 June 2022	**329,877,491**	**165,349,973**	**495,227,464**
Provision for /(Reversal of) expected credit losses for the year (Note 33)	**38,468,534**	**11,669,698**	**50,138,232**
Concession to customers	**(375,630)**	**-**	**(375,630)**
Written off against provision	**(944,536)**	**-**	**(944,536)**
Balance at 30 June 2023	**367,025,859**	**177,019,671**	**544,045,530**

13 Loans and Advances to Customers (Cont'd)

(c) Allowance for expected credit losses (Cont'd)

(i) Allowance for credit impairment by industry sector

	Gross amount of loans 30 June 2023	Non-Performing loans 30 June 2023	Expected credit loss stage 3 30 June 2023	Expected credit loss stage 1-2 30 June 2023	Total allowances for ECL 30 June 2023	Total allowances for ECL 30 June 2022	Total allowances for ECL 30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
Agriculture and Fishing	337,746,952	152,757,917	86,913,408	3,061,542	89,974,950	78,705,780	74,617,037
Manufacturing	826,114,987	172,509,477	132,228,450	5,957,393	138,185,843	141,173,033	137,629,184
Tourism	2,133,728,260	80,210,630	1,598,000	64,414,576	66,012,576	20,329,931	36,114,671
Transport	381,956,830	4,548,806	2,455,262	11,271,233	13,726,495	12,513,875	15,461,873
Construction	6,865,789,742	108,966,250	39,053,214	41,605,943	80,659,157	95,909,736	76,627,388
Financial and Business Services	3,986,040,610	308,794,164	28,423,373	5,719,449	34,142,822	30,231,268	354,592
Traders	1,657,871,075	78,967,188	28,500,964	13,836,692	42,337,656	38,289,127	25,103,496
Information Technology	20,143,850	292,412	159,349	322,787	482,136	671,989	298,200
Personal	1,824,644,938	45,909,458	32,689,712	13,238,770	45,928,482	48,641,925	36,992,213
of which credit cards	*99,381,999*	*5,924,080*	*5,924,080*	*2,798,277*	*8,722,357*	7,621,574	6,260,222
Education	107,513,597	177,508	63,824	1,693,715	1,757,539	3,379,231	2,647,834
Professional	50,228,112	184,344	184,344	339,781	524,125	901,265	2,047,764
Foreign Governments	211,066,403	-	-	1,741,926	1,741,926	259,845	1,076
Global Business Licence Holders	137,734,570	-	-	1,389,294	1,389,294	1,257,580	116,507
Others	2,300,794,220	57,340,729	14,755,959	12,426,570	27,182,529	22,962,879	22,076,768
	20,841,374,146	1,010,658,883	367,025,859	177,019,671	544,045,530	495,227,464	430,088,603
The Bank							
Agriculture and Fishing	337,746,952	152,757,917	86,913,408	3,061,542	89,974,950	78,705,780	74,617,037
Manufacturing	826,114,987	172,509,477	132,228,450	5,957,393	138,185,843	141,173,033	137,629,184
Tourism	2,133,728,260	80,210,630	1,598,000	64,414,576	66,012,576	20,329,931	36,114,671
Transport	381,956,830	4,548,806	2,455,262	11,271,233	13,726,495	12,513,875	15,461,873
Construction	7,013,497,598	108,966,250	39,053,214	41,605,943	80,659,157	95,909,736	76,627,388
Financial and Business Services	3,986,040,610	308,794,164	28,423,373	5,719,449	34,142,822	30,231,268	354,592
Traders	1,657,871,075	78,967,188	28,500,964	13,836,692	42,337,656	38,289,127	25,103,496
Information Technology	20,143,850	292,412	159,349	322,787	482,136	671,989	298,200
Personal	1,824,644,938	45,909,458	32,689,712	13,238,770	45,928,482	48,641,925	36,992,213
of which credit cards	*99,381,999*	*5,924,080*	*5,924,080*	*2,798,277*	*8,722,357*	7,621,574	6,260,222
Education	107,513,597	177,508	63,824	1,693,715	1,757,539	3,379,231	2,647,834
Professional	50,228,112	184,344	184,344	339,781	524,125	901,265	2,047,764
Foreign Governments	211,066,403	-	-	1,741,926	1,741,926	259,845	1,076
Global Business Licence Holders	137,734,570	-	-	1,389,294	1,389,294	1,257,580	116,507
Others	2,300,794,220	57,340,729	14,755,959	12,426,570	27,182,529	22,962,879	22,076,768
	20,989,082,002	1,010,658,883	367,025,859	177,019,671	544,045,530	495,227,464	430,088,603

Others comprise mainly of media entertainment, Health development certificate holders and infrastructure sectors.

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For the year ended 30 June 2023

14 (a) Property, Plant and Equipment

The Group	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2022 (Restated)	**1,003,937,263**	**224,017,907**	**347,859,689**	**11,580,378**	**3,810,616**	**1,591,205,853**
Reclassified from computer software	**-**	**-**	**-**	**-**	**5,133,293**	**5,133,293**
Additions during the year	**-**	**7,168,236**	**656,657**	**4,534,563**	**43,495,853**	**55,855,309**
Capitalisation of assets in progress	**-**	**41,146,884**	**2,926,657**	**-**	**(44,073,541)**	**-**
Write off	**-**	**-**	**-**	**-**	**(162,226)**	**(162,226)**
Disposal during the year	**-**	**(850,583)**	**-**	**-**	**-**	**(850,583)**
Revaluation during the year	**14,101,709**	**-**	**-**	**-**	**-**	**14,101,709**
Transfers	**(37,181,507)**	**-**	**-**	**-**	**-**	**(37,181,507)**
At 30 June 2023	**980,857,465**	**271,482,444**	**351,443,003**	**16,114,941**	**8,203,995**	**1,628,101,848**
Depreciation						
At 01 July 2022 (Restated)	**49,222,072**	**182,012,058**	**312,008,294**	**6,725,982**	**-**	**549,968,406**
Disposal during the year	**-**	**(832,532)**	**-**	**-**	**-**	**(832,532)**
Charge for the year	**17,011,987**	**16,872,060**	**9,043,045**	**1,239,789**	**-**	**44,166,881**
Transfers	**(37,181,507)**	**-**	**-**	**-**	**-**	**(37,181,507)**
At 30 June 2023	**29,052,552**	**198,051,586**	**321,051,339**	**7,965,771**	**-**	**556,121,248**
Carrying amount						
At 30 June 2023	**951,804,913**	**73,430,858**	**30,391,664**	**8,149,170**	**8,203,995**	**1,071,980,600**

	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
The Group						
At 01 July 2021 (Restated)	1,003,937,263	217,130,807	345,500,673	11,916,122	1,583,176	1,580,068,041
Transfer from other assets	-	-	-	-	-	-
Additions during the year	-	2,226,007	299,440	-	9,055,871	11,581,318
Capitalisation of assets in progress	-	4,768,855	2,059,576	-	(6,828,431)	-
Disposal during the year	-	(107,762)	-	(335,744)	-	(443,506)
At 30 June 2022 (Restated)	1,003,937,263	224,017,907	347,859,689	11,580,378	3,810,616	1,591,205,853
Depreciation						
At 01 July 2021 (Restated)	32,210,090	161,054,463	294,542,040	5,707,200	-	493,513,793
Disposal during the year	-	(92,760)	-	(290,979)	-	(383,739)
Charge for the year	17,011,982	21,050,355	17,466,254	1,309,761	-	56,838,352
At 30 June 2022 (Restated)	49,222,072	182,012,058	312,008,294	6,725,982	-	549,968,406
Carrying amount						
At 30 June 2022 (Restated)	954,715,191	42,005,849	35,851,395	4,854,396	3,810,616	1,041,237,447

14 (a) Property, Plant and Equipment

The Group	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Assets in progress Rs	Total Rs
Cost/Valuation						
At 01 July 2020	1,709,292,011	209,562,614	337,695,365	13,056,758	-	2,269,606,748
Prior year adjustment	(238,891,363)	-	-	-	-	(238,891,363)
Restated at 01 July 2020	1,470,400,648	209,562,614	337,695,365	13,056,758	-	2,030,715,385
Transfer from other assets	-	-	-	-	2,369,966	2,369,966
Additions during the year	-	8,868,459	4,265,608	1,208,414	2,773,242	17,115,723
Transfer to investment property (Note 16)	(466,463,385)	-	-	-	-	(466,463,385)
Capitalisation of assets in progress	-	20,332	3,539,700	-	(3,560,032)	-
Disposal during the year	-	(1,320,598)	-	(2,349,050)	-	(3,669,648)
Revaluation during the year	-	-	-	-	-	-
At 30 June 2021 (Restated)	1,003,937,263	217,130,807	345,500,673	11,916,122	1,583,176	1,580,068,041
Depreciation						
At 01 July 2020	80,710,852	133,417,792	266,511,725	6,436,116	-	487,076,485
Prior year adjustment	(39,049,362)	-	-	-	-	(39,049,362)
Restated at 01 July 2020	41,661,490	133,417,792	266,511,725	6,436,116	-	448,027,123
Disposal during the year	-	(1,202,902)	-	(2,349,049)	-	(3,551,951)
Transfer to investment property (Note 16)	(26,463,385)	-	-	-	-	(26,463,385)
Charge for the year	17,011,985	28,839,573	28,030,315	1,620,133	-	75,502,006
At 30 June 2021 (Restated)	32,210,090	161,054,463	294,542,040	5,707,200	-	493,513,793
Carrying amount						
At 30 June 2021 (Restated)	971,727,173	56,076,344	50,958,633	6,208,922	1,583,176	1,086,554,248

The Bank	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Assets in progress Rs	Total Rs
Cost/Valuation						
At 01 July 2022 (Restated)	**690,757,997**	**219,885,221**	**322,243,680**	**9,222,419**	**3,810,616**	**1,245,919,933**
Reclassified from computer software	**-**	**-**	**-**	**-**	**5,133,293**	**5,133,293**
Additions during the year	**-**	**7,168,236**	**656,657**	**4,534,563**	**43,495,853**	**55,855,309**
Capitalisation of assets in progress	**-**	**41,146,884**	**2,926,657**	**-**	**(44,073,541)**	**-**
Write off	**-**	**-**	**-**	**-**	**(162,226)**	**(162,226)**
Disposal during the year	**-**	**(850,583)**	**-**	**-**	**-**	**(850,583)**
Revaluation	**5,101,709**	**-**	**-**	**-**	**-**	**5,101,709**
Transfers	**(2,423,411)**	**-**	**-**	**-**	**-**	**(2,423,411)**
At 30 June 2023	**693,436,295**	**267,349,758**	**325,826,994**	**13,756,982**	**8,203,995**	**1,308,574,024**
Depreciation						
At 01 July 2022 (Restated)	**20,983,976**	**175,687,097**	**286,441,378**	**6,560,296**	**-**	**489,672,747**
Disposal during the year	**-**	**(832,532)**	**-**	**-**	**-**	**(832,532)**
Charge for the year	**10,491,987**	**16,872,060**	**8,993,954**	**1,239,789**	**-**	**37,597,790**
Transfers	**(2,423,411)**	**-**	**-**	**-**	**-**	**(2,423,411)**
At 30 June 2023	**29,052,552**	**191,726,625**	**295,435,332**	**7,800,085**	**-**	**524,014,594**
Carrying amount						
At 30 June 2023	**664,383,743**	**75,623,133**	**30,391,662**	**5,956,897**	**8,203,995**	**784,559,430**

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For the year ended 30 June 2023

14 (a) Property, Plant and Equipment

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2021 (Restated)	690,757,997	212,998,121	319,884,664	9,558,163	1,583,176	1,234,782,121
Additions during the year	-	2,226,007	299,440	-	9,055,871	11,581,318
Capitalisation of assets in progress	-	4,768,855	2,059,576	-	(6,828,431)	-
Disposal during the year	-	(107,762)	-	(335,744)	-	(443,506)
At 30 June 2022 (Restated)	690,757,997	219,885,221	322,243,680	9,222,419	3,810,616	1,245,919,933
Depreciation						
At 01 July 2021 (Restated)	10,491,989	154,742,440	270,604,072	5,541,514	-	441,380,015
Disposal during the year	-	(92,760)	-	(290,979)	-	(383,739)
Charge for the year	10,491,987	21,037,417	15,837,306	1,309,761	-	48,676,471
At 30 June 2022 (Restated)	20,983,976	175,687,097	286,441,378	6,560,296	-	489,672,747
Carrying amount						
At 30 June 2022 (Restated)	669,774,021	44,198,124	35,802,302	2,662,123	3,810,616	756,247,186

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2020	1,396,112,745	205,429,927	312,079,356	10,698,799	-	1,924,320,827
Prior year adjustment	(238,891,363)	-	-	-	-	(238,891,363)
Restated at 01 July 2020	1,157,221,382	205,429,927	312,079,356	10,698,799	-	1,685,429,464
Transfer from other assets	-	-	-	-	2,369,966	2,369,966
Additions during the year	-	8,868,459	4,265,608	1,208,414	2,773,242	17,115,723
Capitalisation of assets in progress	-	20,332	3,539,700	-	(3,560,032)	-
Transfer to investment property (Note 16)	(466,463,385)	-	-	-	-	(466,463,385)
Disposal during the year	-	(1,320,597)	-	(2,349,050)	-	(3,669,647)
Revaluation during the year	-	-	-	-	-	-
At 30 June 2021 (Restated)	690,757,997	212,998,121	319,884,664	9,558,163	1,583,176	1,234,782,121
Depreciation						
At 01 July 2020	65,512,747	127,216,206	246,180,294	6,270,430	-	445,179,677
Prior year adjustment	(39,049,362)	-	-	-	-	(39,049,362)
Restated at 01 July 2020	26,463,385	127,216,206	246,180,294	6,270,430	-	406,130,315
Disposal during the year	-	(1,202,903)	-	(2,349,049)	-	(3,551,952)
Transfer to investment property (Note 16)	(26,463,385)	-	-	-	-	(26,463,385)
Charge for the year	10,491,989	28,729,137	24,423,778	1,620,133	-	65,265,037
At 30 June 2021 (Restated)	10,491,989	154,742,440	270,604,072	5,541,514	-	441,380,015
Carrying amount						
At 30 June 2021 (Restated)	680,266,008	58,255,681	49,280,592	4,016,649	1,583,176	793,402,106

14 (a) Property, Plant and Equipment

The Group and the Bank's freehold land and buildings have been revalued by a chartered valuer as at 30 June 2023. These valuations were based on market conditions prevailing at that time. If these freehold land and buildings were stated on the historical cost basis, the net book value would be as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cost	**769,576,739**	769,576,739	769,576,739	**505,694,820**	505,694,820	505,694,820
Accumulated depreciation	**(126,637,516)**	(113,299,627)	(99,961,738)	**(82,150,953)**	(74,090,702)	(66,030,451)
	642,939,223	656,277,112	669,615,001	**423,543,867**	431,604,118	439,664,369

The valuation of the Group's and the Bank's freehold land and buildings is made every three years.

(b) Intangible assets

	Computer software	Assets in progress	Total
The Group and the Bank	Rs	Rs	Rs
Cost			
At 01 July 2020	588,066,803	-	588,066,803
Transfer from other assets	-	6,405,194	6,405,194
Additions during the year	7,199,050	5,562,328	12,761,378
Capitalisation of assets in progress	5,172,509	(5,172,509)	-
Write off	-	(146,610)	(146,610)
At 30 June 2021	600,438,362	6,648,403	607,086,765
Transfer from other assets	-	-	-
Additions during the year	2,095,377	11,747,932	13,843,309
Capitalisation of assets in progress	8,749,076	(8,749,076)	-
At 30 June 2022	**611,282,815**	**9,647,259**	**620,930,074**
Reclassification to computer hardware	**-**	**(5,133,293)**	**(5,133,293)**
Additions during the year	**678,004**	**12,381,526**	**13,059,530**
Capitalisation of assets in progress	**5,681,731**	**(5,681,731)**	**-**
Write off	**-**	**(329,005)**	**(329,005)**
At 30 June 2023	**617,642,550**	**10,884,756**	**628,527,306**
Amortisation			
At 01 July 2020	391,212,560	-	391,212,560
Charge for the year	46,224,988	-	46,224,988
At 30 June 2021	437,437,548	-	437,437,548
Charge for the year	45,164,591	-	45,164,591
At 30 June 2022	**482,602,139**	**-**	**482,602,139**
Charge for the year	**40,251,815**	**-**	**40,251,815**
At 30 June 2023	**522,853,954**	**-**	**522,853,954**
Carrying amount			
At 30 June 2023	**94,788,596**	**10,884,756**	**105,673,352**
At 30 June 2022	128,680,676	9,647,259	138,327,935
At 30 June 2021	163,000,814	6,648,403	169,649,217

Notes to the Financial Statements

For the year ended 30 June 2023

14 (c) Right of Use Assets

	Land and Building
The Group	**Rs**
Cost/Valuation	
At 01 July 2020	134,328,334
Additions during the year	10,820,952
Revaluation during the year	-
At 30 June 2021	145,149,286
Additions during the year	-
At 30 June 2022	**145,149,286**
Additions during the year	-
Revaluation during the year	8,868,421
At 30 June 2023	**154,017,707**
Accumulated Depreciation	
At 01 July 2020	22,237,744
Charge for the year	31,524,436
At 30 June 2021	53,762,180
Charge for the year	29,433,396
At 30 June 2022	83,195,576
Charge for the year	23,889,166
At 30 June 2023	**107,084,742**
Carrying amount	
At 30 June 2023	**46,932,965**
At 30 June 2022	61,953,710
At 30 June 2021	91,387,106

The Bank	
Cost/Valuation	
At 01 July 2020	268,465,796
Additions during the year	10,820,952
Revaluation during the year	-
At 30 June 2021	279,286,748
Additions during the year	-
At 30 June 2022	**279,286,748**
Additions during the year	-
Revaluation during the year	
At 30 June 2023	**279,286,748**
Accumulated Depreciation	
At 01 July 2020	55,546,193
Charge for the year	63,442,215
At 30 June 2021	118,988,408
Charge for the year	61,351,176
At 30 June 2022	**180,339,584**
Charge for the year	**55,806,945**
At 30 June 2023	**236,146,529**
Carrying amount	
At 30 June 2023	**43,140,219**
At 30 June 2022	98,947,164
At 30 June 2021	160,298,340

14 (c) Right of Use Assets

The Group and the Bank have lease contracts for land and building used in its operations. The contracts generally have lease terms of 3 to 5 years, The Group revalues its land every three years. The fair valuation exercise has been carried out by a chartered, independent valuer. A net gain of Rs 8,868,421 was recognised as at 30 June 2023 in Other Comprehensive Income. The sales comparison approach has been used.

The carrying amount of the right of use of land should these have been stated at historical cost would be:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cost	**10,227,973**	10,227,973	10,227,973	**2,251,901**	2,251,901	2,251,901
Depreciation	**(3,847,117)**	(2,885,337)	(1,923,558)	**(2,251,901)**	(1,688,925)	(1,125,950)
	6,380,856	7,342,636	8,304,415	**-**	562,976	1,125,951
The following are amounts recognised in profit or loss:						
Depreciation expense on right-of-use assets	**23,889,166**	29,433,396	31,524,436	**55,806,945**	61,351,176	63,442,215
Interest expense on lease liabilities	**782,131**	1,285,778	1,830,575	**2,023,121**	3,413,794	4,822,702
	24,671,297	30,719,174	33,355,011	**57,830,066**	64,764,970	68,264,917


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Notes to the Financial Statements

For the year ended 30 June 2023

15 Investment Properties

	The Group		
		Restated	
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start of year	380,500,000	380,500,000	79,300,000
Transfer from property, plant and equipment (Note 15)	-	-	440,000,000
Prior year adjustment	-	-	(138,800,000)
Fair value gain (Note 34)	10,000,000	-	-
Balance at end of year	390,500,000	380,500,000	380,500,000

Rental income of Rs **24.7 Mn** (2022: Rs 24.2 Mn, 2021: Rs 25.3 Mn) was received and operational expenses of **Rs 8.5 Mn** (2022 Rs 7.3 Mn, 2021: Rs 4.3 Mn) were incurred during the year under review towards the investment properties. Direct operating expenses that arose from property that generated income amounted to **Rs 6.4 Mn** (2022: Rs 5.2 Mn, 2021: Rs 2.8 Mn) whereas direct operating expenses that arose from property that did not generate income amounted to **Rs 2.2 Mn** (2022: Rs 2.1 Mn, 2021: Rs 1.6Mn).

The investment properties were revalued independently by a Chartered Valuer, during the year ended 30 June 2023. The land was revalued using the sales comparison approach and properties rented out have been valued using the income approach.

The following factors were also considered:

- The location of the property
- The availability of major services around the perimeter of the property
- The demand for similar commercial property in that particular region
- The existing state of repairs and maintenance of the property

In July 2020, the Bank has transferred property of Rs 440 Mn from property, plant and equipment to investment properties based on the fair value as at that date. The transfer was effected based on management assessment of the property meeting the recognition criteria of IAS 40 Investment Property further to a change in management intended future use of the property to generate rental income.

As at 30 June 2021 and 2022, management assessed the fair value to remain unchanged from that as at 30 June 2020.

The balance has been restated to correct a prior year adjustment. Refer to note 43 for more details.

16 Investment in subsidiary

16.1 Unquoted and at cost

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at end of year	**100,000**	100,000	100,000

16.2 Details of the subsidiary are as follows:

Name of subsidiary	Principal activity	Type of shares	% holding	30 June 2023	30 June 2022	30 June 2021
				Rs	Rs	Rs
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	100,000	100,000	100,000

16 Investment in Subsidiary (Cont'd)

16.3 The subsidiary was incorporated in the Republic of Mauritius on 17 March 2014 as a private company with liability limited by shares.

16.4 The Bank has 100% holding in MauBank Investment Ltd and the proportion of the voting rights in this subsidiary undertakings held directly by the Bank does not differ from the proportion of ordinary shares held.

16.5 Management considers that there has been no impairment of the investment in the subsidiary at 30 June 2023 (2022 and 2021: Nil)

17 Other Assets

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Mandatory balances with Central Bank (Note (i) below)	**2,277,213,614**	2,117,551,231	2,169,201,694	**2,277,213,614**	2,117,551,231	2,169,201,694
Due from the subsidiary (Note (ii) below)	**-**	-	-	**33,722,960**	33,722,960	32,824,479
Due from holding company (Note (ii) below)	**5,905,120**	1,592,535	1,287,580	**5,905,120**	1,592,535	1,287,580
Due from fellow subsidiary (Note (ii) below)	**222**	222	205	**222**	222	205
Balances due in clearing ((Note (iv) below)	**54,041,441**	29,868,215	43,593,247	**54,041,441**	29,868,215	43,593,247
Project costs	**-**	-	-	**-**	-	0
Prepayments	**55,638,883**	53,998,228	40,633,119	**55,638,883**	53,998,228	40,633,119
Receivables (v)	**89,944,296**	66,587,957	112,808,976	**95,161,687**	71,805,348	118,026,367
Repossessed properties (vi)	**38,763,467**	33,948,467	32,139,085	**38,763,467**	33,948,467	32,139,085
Others (vii)	**10,009,897**	8,601,683	8,788,592	**10,009,897**	8,601,683	8,788,592
	2,531,516,940	2,312,148,538	2,408,452,498	**2,570,457,291**	2,351,088,889	2,446,494,368
Current	**2,392,799,280**	2,203,010,431	2,254,715,845	**2,392,799,280**	2,203,010,431	2,254,715,845
Non-Current	**138,717,660**	109,138,107	153,736,653	**177,658,011**	148,078,458	191,778,523
	2,531,516,940	2,312,148,538	2,408,452,498	**2,570,457,291**	2,351,088,889	2,446,494,368

(i) At 30 June 2023, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to **Rs 2,277,213,614** (2022: Rs 2,117,551,231 and 2021: Rs 2,169,201,694). These funds are not available for daily business.

(ii) The amount due from the subsidiary, holding company and fellow subsidiary is interest free, unsecured and repayable on demand.

(iii) No allowance for expected credit losses has been made on the amount due from the subsidiary, holding company and fellow subsidiary as management has assessed their impact to be immaterial.

(iv) These represents cheques in course of collection.

(v) Management has assessed the recoverability of the receivables and has not identified any material provisions for impairment at 30 June 2023, 30 June 2022 and 30 June 2021.

(vi) Repossessed properties are physically seized assets as a result of non-payment of the debtor. The Bank's policy is to disposed those assets as soon as market conditions permits. These repossessed properties are carried at their net realisable values.

(vii) Others include stationery, stock of credit cards and other items of stock maintained by the Procurement Team.

18 Deposits from Customers

Retail, Corporate and Government

		The Group			The Bank		
		30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
(a)	Demand	**7,917,868,568**	8,856,194,477	7,101,922,778	**7,929,715,712**	8,860,744,050	7,101,941,628
	Savings	**13,795,018,472**	13,358,918,264	13,457,704,742	**13,795,018,472**	13,358,918,264	13,457,704,742
	Time deposits	**8,710,158,178**	6,572,310,160	7,818,552,225	**8,710,158,178**	6,572,310,160	7,818,552,225
		30,423,045,218	28,787,422,901	28,378,179,745	**30,434,892,362**	28,791,972,474	28,378,198,595
(b)	Time deposits with remaining term to maturity:						
	- Within 3 months	**1,212,813,358**	1,786,190,807	1,816,040,435	**1,212,813,358**	1,786,190,807	1,816,040,435
	- Over 3 and up to 6 months	**1,013,024,211**	1,054,960,888	1,190,377,220	**1,013,024,211**	1,054,960,888	1,190,377,220
	- Over 6 and up to 12 months	**3,276,647,595**	1,444,909,012	1,875,137,168	**3,276,647,595**	1,444,909,012	1,875,137,168
	- Over 1 and up to 3 years	**2,631,895,383**	1,440,970,731	2,031,061,138	**2,631,895,383**	1,440,970,731	2,031,061,138
	- Over 3 and up to 5 years	**573,719,879**	841,461,804	893,087,069	**573,719,879**	841,461,804	893,087,069
	- Over 5 years	**2,057,752**	3,816,918	12,849,195	**2,057,752**	3,816,918	12,849,195
		8,710,158,178	6,572,310,160	7,818,552,225	**8,710,158,178**	6,572,310,160	7,818,552,225
	Current	**5,502,485,164**	4,286,060,707	4,881,554,823	**5,502,485,164**	4,286,060,707	4,881,554,823
	Non-Current	**3,207,673,014**	2,286,249,453	2,936,997,402	**3,207,673,014**	2,286,249,453	2,936,997,402
		8,710,158,178	6,572,310,160	7,818,552,225	**8,710,158,178**	6,572,310,160	7,818,552,225
(c)	Retail	**14,820,247,548**	13,188,889,573	14,073,248,056	**14,820,247,548**	13,188,889,573	14,073,248,056
	Corporate	**13,463,191,174**	14,990,875,886	12,967,421,700	**13,475,038,318**	14,995,425,459	12,967,440,550
	Government	**2,139,606,496**	607,657,442	1,337,509,989	**2,139,606,496**	607,657,442	1,337,509,989
		30,423,045,218	**28,787,422,901**	**28,378,179,745**	**30,434,892,362**	**28,791,972,474**	**28,378,198,595**

19 Lease Liabilities

	The Group	The Bank
	Rs	Rs
At 01 July 2020	74,526,375	203,309,885
Additions during the year	10,820,952	10,820,952
Finance charge	1,830,575	4,822,702
Repayment during the year	(26,753,367)	(62,364,858)
At 30 June 2021	60,424,535	156,588,681
Additions during the year	-	-
Finance charge	1,285,778	3,413,794
Repayment during the year	(25,108,374)	(60,684,899)
At 30 June 2022	**36,601,939**	**99,317,576**
Finance charge	**782,131**	**2,023,121**
Repayment during the year	**(19,644,020)**	**(55,220,546)**
At 30 June 2023	**17,740,050**	**46,120,151**

The lease liabilities relate to the right-of-use assets.

19 Lease Liabilities (Cont'd)

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Remaining term to maturity						
- Within 3 months	**3,430,641**	6,644,551	7,092,282	**11,837,660**	14,826,177	15,054,338
- Over 3 and up to 6 months	**2,884,209**	4,908,087	5,608,116	**11,772,381**	13,569,376	14,048,383
- Over 6 and up to 12 months	**2,899,773**	7,309,254	11,122,200	**20,850,670**	24,801,875	28,168,386
- Over 1 and up to 3 years	**2,254,722**	11,167,855	28,076,512	**1,659,440**	46,120,148	97,658,134
- Over 3 and up to 5 years	**669,514**	610,878	2,254,722	**-**	-	1,659,440
- Over 5 years	**5,601,191**	5,961,314	6,270,703	**-**	-	-
	17,740,050	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681
Current	**9,214,623**	18,861,892	23,822,598	**44,460,711**	53,197,428	57,271,107
Non-Current	**8,525,427**	17,740,047	36,601,937	**1,659,440**	46,120,148	99,317,574
	17,740,050	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681

20 Other liabilities

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cheques in clearance	**84,963,174**	130,905,922	190,864,338	**84,963,174**	130,905,922	190,864,338
Due on extinction of guarantees (Note 1(i))	**122,496,861**	151,697,568	179,577,937	**122,496,861**	151,697,568	179,577,937
Other payables and accruals	**330,247,580**	299,908,066	272,322,080	**329,562,446**	299,222,935	271,766,552
Overdrawn balances on Nostro account	**-**	-	80,333	**-**	-	80,333
Provisions for other liabilities	**2,170,010**	733,864	773,212	**2,170,010**	733,864	773,212
	539,877,625	583,245,420	643,617,900	**539,192,491**	582,560,289	643,062,372
Current	**415,210,754**	430,813,988	463,266,751	**414,525,620**	430,128,857	462,711,223
Non-Current	**124,666,871**	152,431,432	180,351,149	**124,666,871**	152,431,432	180,351,149
	539,877,625	583,245,420	643,617,900	**539,192,491**	582,560,289	643,062,372

The other payables balance is unsecured and interest free.

Note (i) Due on extinction of guarantees pertain to amount owes to sister Company for excess consideration given on acquisition of a portfolio of clients from the bank. The excess consideration pertained to off balance sheet exposure attached to the portfolio of clients upon extinguishment of these guarantees, the consideration is refunded to the sister company.

21 Retirement Benefits Obligations

Pension plan

The pension plan is a final salary defined benefit plan for senior employees and is wholly funded by the Bank. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the plan are held independently and administered by a private insurance company. Employee benefits obligations have been based on reports from Swan Life and Aon Hewitt Ltd dated 26 July 2023 and 14 August 2023 respectively.

(i) Amounts recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Present value of funded obligations	**(162,287,799)**	(190,950,590)	(192,382,973)
Fair value of plan assets	**47,303,582**	51,348,217	75,077,415
Liabilities in the statement of financial position	**(114,984,217)**	(139,602,373)	(117,305,558)

(ii) Movements in the liability recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
At start	**(139,602,373)**	(117,305,558)	(127,035,127)
Amounts recognised in profit or loss (Note 34)	**(13,235,084)**	(11,503,214)	(13,142,538)
Actuarial (losses)/gains recognised in other comprehensive income	**19,481,270**	(10,842,601)	12,678,660
Employer contributions	**18,371,970**	49,000	10,193,447
At end	**(114,984,217)**	(139,602,373)	(117,305,558)

(iii) Amounts recognised in the statement of profit or loss:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Current service cost	**7,000,843**	6,781,438	8,922,967
Scheme expenses	**741,651**	2,800	393,698
Cost of insuring benefits	**228,696**	228,696	228,696
Interest cost	**7,121,746**	6,885,530	6,272,345
Expected return on plan assets	**(1,857,852)**	(2,395,250)	(2,675,168)
Total included in pension and other costs	**13,235,084**	11,503,214	13,142,538
Actual return on plan assets	**2,439,006**	2,212,642	2,183,481

21 Retirement Benefits Obligations (Cont'd)

***Pension plan** (Cont'd)*

(iv) Amount recognised in Other Comprehensive Income:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Gains/(losses) on pension scheme assets	**581,154**	(182,608)	(491,687)
Experience gains/(losses) on the liabilities	**5,782,077**	6,433,643	(3,976,929)
Changes in assumptions underlying the present value of the scheme	**13,118,039**	(17,093,636)	17,147,276
	19,481,270	(10,842,601)	12,678,660

(v) Movements in defined benefit obligations:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
At start	**(190,950,590)**	(192,382,973)	(194,867,540)
Current service cost	**(7,000,843)**	(6,781,438)	(8,922,967)
Interest cost	**(7,121,746)**	(6,885,530)	(6,272,345)
Actuarial gains/(losses)	**18,900,116**	(10,659,993)	13,170,347
Benefits paid	**23,885,264**	25,759,344	4,509,532
At end	**(162,287,799)**	(190,950,590)	(192,382,973)

(vi) Movements in the fair value of plan assets:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
At start	**51,348,217**	75,077,415	67,832,413
Expected return on plan assets	**1,857,852**	2,395,250	2,675,168
Actuarial gains/(losses)	**581,154**	(182,608)	(491,687)
Employer contributions	**18,371,970**	49,000	10,193,447
Scheme expenses	**(741,651)**	(2,800)	(393,698)
Cost of insuring risks benefits	**(228,696)**	(228,696)	(228,696)
Benefits paid	**(23,885,264)**	(25,759,344)	(4,509,532)
At end	**47,303,582**	51,348,217	75,077,415

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(vii) Expected return on assets

The assets of the plan are invested in the deposit administration fund of Swan Life and Aon Solutions Ltd. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategy of the fund.

As the fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(viii) Description of the pension plan for non-senior employees

The Bank participates in a defined contribution (DC) pension plan which is administered by SICOM. Its contributions for DC employees are expensed to the income statement.

The Bank also participates in a defined benefit pension plan, the DBML pension scheme, which is now effectively operated on a defined contribution basis. The Bank has therefore recognised a net defined liability of Rs Nil in its balance sheet as at 30 June 2023 (30 June 2022: Rs Nil; 30 June 2021: Rs Nil) for the DBML pension scheme.

In addition, the Bank has recognised a liability under its defined contribution plan of **Rs 26,442,000** in its Statement of Financial Position as at 30 June 2023 (30 June 2022: Rs 32,282,000 and 30 June 2021: Rs 31,118,000) in respect of residual retirement gratuities that are expected to be paid out of the Bank's cash flow to its employees under the Workers' Rights Act (WRA) 2019.

Following the change in legislation in August 2022 as per the Workers' Rights Act 2019 and the Finance (Miscellaneous Provisions) Act 2022, the Company must pay a lump sum equivalent to:

- 15/26 times of the average monthly remuneration in the last 12 months for each year of service paid upon retiring, dying or leaving (limited to service from 1 January 2020 only for resignation) to those employees working 6-day weeks, or

- 15/22 (previously 15/26) times of the average monthly remuneration in last 12 months for each year of service paid upon retiring, dying or leaving (limited to service from 1 January 2020 only for resignation) to those employees working 5-day weeks.

Since all employees of the Bank work 5-day weeks, this recent amendment has impacted the IAS 19 disclosures.

The benefit plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

Investment risk (where the plan is funded): The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

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.

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(viii) Description of the pension plan (Continued)

The Bank has a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year.

In addition to above defined benefit plan, the Bank also has a defined plan administered by Swan Life. The Bank has recognised a net defined benefit liability of **Rs 88,542,217** in its statement of financial position as at 30 June 2023 (30 June 2022: Rs 107,320,373 and 30 June 2021: Rs 86,187,558).

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(ix) Pension schemes

(a) DBBA Pension Scheme

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	-	-	-
- Amount recognised in P&L	-	-	-
- Amount recognized in OCI	-	-	-
- Closing balance	-	-	-
Allocation of Plan Assets at End of Year	%	%	%
- Property – Local	N/A	N/A	9
- Cash and other	N/A	N/A	91
Total	N/A	N/A	100

(b) DBML Pension Scheme

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	-	-	-
- Amount recognised in P&L	-	-	-
- Amount recognized in OCI	-	-	-
- Closing balance	-	-	-
Allocation of Plan assets at End of Year	%	%	%
- Property – Local	18	9	9
- Cash and other	82	91	91
Total	100	100	100

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes (Contd)

(c) Retirement Gratuities

	30 June 2023	30 June 2022	30 June 2021
The Group and the Bank			
Principal Assumptions used at End of Year			
- Discount rate	**2.9% - 5.9%**	2.5% - 5.0%	2.5% - 5.0%
- Rate of salary increases	**3.70%**	3.00%	3.00%
- Rate of pension increases	**N/A**	N/A	N/A
- Average retirement age (ARA)	**65**	65	65
- Average life expectancy for:			
- Male at ARA	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20.0 years**	20.0 years	20.0 years

The Group and the Bank

Sensitivity Analysis on Defined Benefit Obligation at End of Year

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
- Increase due to 1% decrease in discount rate	**10,056,000**	10,961,000	10,551,000
- Decrease due to 1% increase in discount rate	**7,483,000**	8,587,000	8,237,000

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Bank's share of contributions. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.			
- Expected employer contribution for the next year	**Rs 114,000**	Rs 110,000	Rs 2,339,000
- Weighted average duration of the defined benefit obligation	**18 years**	19 years	20 years

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes (Cont'd)

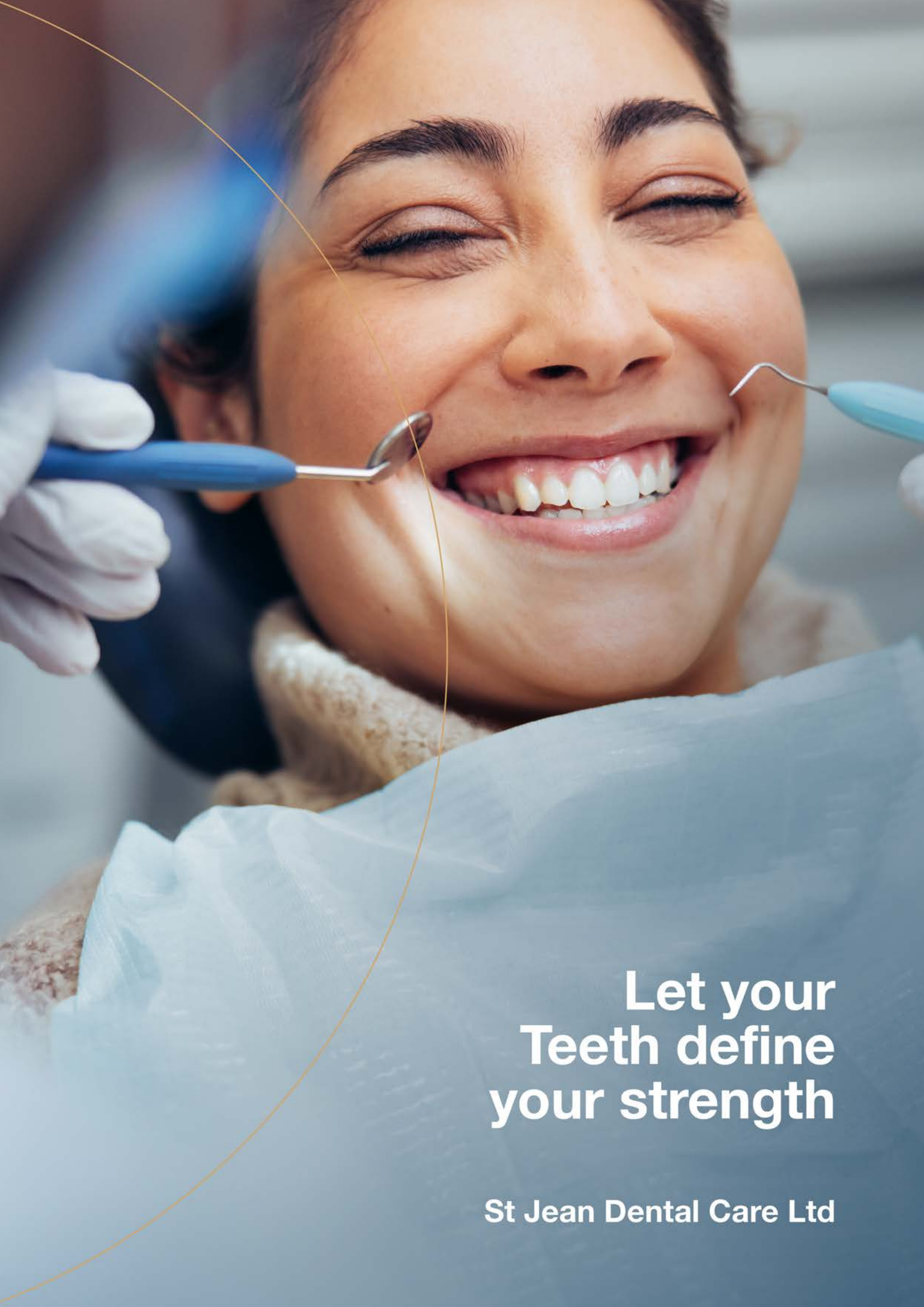
(d) Defined benefit plan with Swan Life

The Group and the Bank	30 June 2023	30 June 2022	30 June 2021
Principal Assumptions used at End of Year			
- Discount rate	**4.90%**	3.60%	2.80%
- Future long-term salary increase	**3.00%**	3.00%	3.00%
- Post retirement mortality tables	**Swan Annuity Rates**	Swan Annuity Rates	Swan Annuity Rates
Amounts for the current and previous periods	**Rs**	**Rs**	**Rs**
Defined benefit obligation	**(129,102,799)**	(150,644,590)	(147,798,973)
Plan assets	**40,560,582**	43,324,217	61,611,415
Deficit	**(88,542,217)**	(107,320,373)	(86,187,558)
Actuarial gains/(losses) on plan liabilities	**8,085,116**	(15,507,993)	(6,083,653)
Actuarial gains/(losses) on plan assets	**972,154**	1,546,392	681,313
Sensitivity Analysis on Defined Benefit Obligation at End of Year	**Rs**	**Rs**	**Rs**
- Increase due to 1% increase in future long term salary assumption	**5,994,881**	9,086,742	9,117,199
- Decrease due to 1% decrease in future long term salary assumption	**5,384,944**	8,147,268	8,156,292
- Increase due to 1% decrease in discount rate	**6,439,917**	2,377,167	8,643,561
- Decrease due to 1% increase in discount rate	**5,723,931**	13,954,020	7,606,070

The sensitivity analysis above has been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

Future cashflows			
- Expected employer contribution for the next year	**7,010,000**	8,720,000	9,150,000
- Weighted average duration of the defined benefit obligation	**5 years**	6 years	6 years


Healthcare


Let your Teeth define your strength
St Jean Dental Care Ltd

22 Stated Capital

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Issued, subscribed and paid up			
At start of the year	**2,466,420,956**	2,466,420,956	2,466,420,956
Issue of new shares	**249,999,534**	-	-
At end of year	**2,716,420,490**	2,466,420,956	2,466,420,956

During the year under review, the bank's shareholders injected Rs 249,999,534 in the form of new equity capital.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Number	Number	Number
Issued, subscribed and paid up			
Number of shares of par value of 100 each			
At start and end of year	**3,839,624**	3,839,624	3,839,624
Number of shares of no par value			
At start of year	**6,797,973,878**	6,797,973,878	6,797,973,878
Number of shares of no par value issued during the year	**544,914,722**	-	-
At end of year	**7,342,888,600**	6,797,973,878	6,797,973,878
Total number of shares in issue	**7,346,728,224**	6,801,813,502	6,801,813,502

Both the Rs 100 par value and the no par value shares carry the same rights.

Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution;
- an equal share in the distribution of the surplus assets of the Bank.

23 Statutory Reserve

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a Statutory Reserve Account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable. However, if there are current year losses, this transfer is not applicable.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start of year	**58,574,633**	18,880,341	1,619,995
Transfer from profit or loss for the year	**57,119,459**	39,694,292	17,260,346
Balance at end of year	**115,694,092**	58,574,633	18,880,341

24 General Banking Reserve

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start and end of year	-	-	90,709,840

The General Banking Reserve was kept to cater for any shortfalls between regulatory and IFRS impairment requirements .The amount of Rs 90,709,840 was transferred to retained earnings during the year ended 30 June 2021 as the Bank has adequate provisions for expected credit losses under stage 1 and stage 2 as computed under IFRS 9.

25 (a) Revaluation Reserve

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at beginning of year	**327,583,556**	327,583,556	602,793,226	**251,105,633**	251,105,633	526,315,303
Prior year adjustment	**-**	-	(275,209,670)	**-**	-	(275,209,670)
Restated balance at beginning of year	**327,583,556**	327,583,556	327,583,556	**251,105,633**	251,105,633	251,105,633
Increase arising on revaluation of properties	**14,101,709**	-	-	**5,101,709**	-	-
Deferred tax on revaluation of properties	**(1,525,086)**	-	-	**4,914**	-	-
Gain on Right-of-use assets	**8,868,421**	-	-	**-**	-	-
Balance at end of year	**349,028,600**	327,583,556	327,583,556	**256,212,256**	251,105,633	251,105,633

Revaluation reserve pertain to any movements between the carrying amount of property, plant and equipment, specifically land and building and its revalued amount as at reporting date.

(b) Other Reserve

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at beginning of year	**20,280,711**	27,299,586	12,809,247
Credit impairment (reversal)/ charge on financial assets at FVTOCI during the year (Note 33)	**128,439,818**	(7,018,875)	14,490,339
Balance at end of year	**148,720,529**	20,280,711	27,299,586

Other reserve pertain to net ECL charge on financial assets at fair value through other comprehensive income.

26 Contingent Liabilities

(a) Legal matters

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Bank is involved in various litigation, and the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Litigation being a common occurrence in the banking industry due to the nature of the business undertaken, the Bank has established formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

As at 30 June 2023, the Bank had claims amounting to **Rs 32 Mn** (2022: Rs 73 Mn) in relation to industrial disputes, for which appropriate legal actions have been taken to resist such claims. At this point in time, the Bank does not consider any liability to devolve from these disputes.

(b) Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers.

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
(i) Acceptances on account of customers	**3,140,945**	14,234,671	11,329,572
(ii) Guarantees on account of customers	**1,977,528,749**	1,181,518,187	1,138,599,624
(iii) Letters of credit and other obligations on account of customers	**2,636,862**	70,785,457	4,296,480
(iv) Outward bills for collection	**135,832,586**	121,910,016	113,839,818
	2,119,139,142	1,388,448,331	1,268,065,494

(i) These are acceptances under usance Letter of credit for importation purpose whereby the buyer as per their contract agreement with the seller enjoys a credit facility to pay at a future date.

(ii) These are issued by the Bank on behalf of its customers, the Principal, as financial assurance to the Beneficiaries in the event that the Principal defaults on their contractual obligations.

(iii) These are written undertakings by an importer's bank, known as the Issuing bank, on behalf of its customer whereby it promises to effect payment in favour of an exporter (beneficiary) up to a stated sum of money, within a prescribed time limit and against stipulated documents and terms of the credit.

(iv) This is a method of payment used in international trade whereby an exporter entrusts the handling of commercial and often financial documents to the Bank and provides instructions concerning the release of these documents to the importer. The Bank do not provide any guarantee of payment under collection.

27 Credit Commitments

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Loans and other facilities			
Undrawn credit facilities	1,300,476,500	1,600,018,622	1,717,380,639

28 Derivatives

(i) The fair value of derivative instruments is analysed as follows:

The Group and the Bank	Notional principal amount	Fair value	Derivative assets	Derivative liabilities
	Rs	Rs	Rs	Rs
30 June 2023				
Foreign exchange forward contracts	**1,052,307,917**	**1,056,827,928**	**5,876,440**	**(10,396,451)**
Foreign exchange swap contracts	**4,588,533,276**	**5,522,071,361**	**4,930,067**	**(857,854,090)**
Foreign exchange spot contracts	**7,379,594**	**7,302,469**	**77,125**	**-**
	5,648,220,787	**6,586,201,758**	**10,883,632**	**(868,250,541)**
30 June 2022				
Foreign exchange forward contracts	177,910,743	176,516,649	2,109,365	(715,271)
Foreign exchange swap contracts	3,740,022,441	4,646,646,185	1,199,066	(804,138,447)
Foreign exchange spot contracts	23,762,921	23,705,082	57,839	-
	3,941,696,105	4,846,867,916	3,366,270	(804,853,718)
30 June 2021				
Foreign exchange forward contracts	31,381,590	31,507,327	394,037	(519,774)
Foreign exchange swap contracts	4,611,524,377	5,251,109,032	34,272,377	(541,087,774)
Foreign exchange spot contracts	19,725,763	19,725,146	14,013	(13,396)
	4,662,631,730	5,302,341,505	34,680,427	(541,620,944)

(ii) Cross currency swap with the holding company

On 18 October 2019, MauBank Ltd entered into a USD/MUR cross currency swap arrangement with MauBank Holding Ltd whereby the Bank received USD 99,750,000 from its holding company in exchange for Rs 3,640,875,000. The duration of the swap arrangement is for a period of 12 years, with a five year grace period on capital repayment and seven years linear capital repayment thereafter. Interest and capital (after grace period) are payable every six months. The interest rate applicable on the USD and Rs amount are respectively USD six months LIBOR + 80bps and MUR cost of funds + 80bps.

The bank will repay capital amount of USD 7,125,000 plus accrued interest to MauBank Holdings Ltd (MBH) while MBH will repay capital amount of MUR 260,062,500 plus accrued interest to the bank every 6 months as from 1 August 2024 up to 1 February 2031.

(iii) Besides the cross currency swap with the holding company, the Bank have positions in the following types of derivatives:

Forward contracts

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forward contracts are customised contracts transacted in the over-the-counter market.

Spot position

The current balance on spot position account reflect the bought/sold amounts (FX deals) in original currencies and equivalent amounts corresponding to the prevailing FX spot “ Accounting” rate as of the settlement date.

Swap contracts

Currency swap contracts are commitments to exchange one set of cash flows in one currency for another set of cash flows in another currency.

Notes to the Financial Statements

For the year ended 30 June 2023

29 Net Interest Income

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Interest income on financial instruments measured at amortised cost						
Loans and advances	**1,154,681,819**	755,535,852	674,167,218	**1,164,813,535**	763,578,166	683,059,718
Commission on loans and advances	**59,870,936**	47,252,654	46,888,478	**59,870,936**	47,252,654	46,888,478
Finance lease	**80,824,165**	56,082,385	55,098,933	**80,824,165**	56,082,385	55,098,933
Placements	**82,762,329**	5,616,018	3,979,559	**82,762,329**	5,616,018	3,979,559
Trade finance	**70,772,095**	48,254,427	36,634,596	**70,772,095**	48,254,427	36,634,596
	1,448,911,344	912,741,336	816,768,784	**1,459,043,060**	920,783,650	825,661,284
Interest income on financial instruments measured at FVTOCI						
Investment Securities:						
- Government stocks	**67,008**	980,342	2,524,225	**67,008**	980,342	2,524,225
- Treasury notes	**-**	2,507,126	5,507,471	**-**	2,507,126	5,507,471
- Bank of Mauritius Bonds	**4,087,491**	4,083,629	6,279,137	**4,087,491**	4,083,629	6,279,137
- Corporate Bonds	**44,902,877**	51,270,875	38,454,025	**44,902,877**	51,270,875	38,454,025
- Treasury Bills	**4,323,932**	7,463,421	488,046	**4,323,932**	7,463,421	488,046
- Bank of Mauritius Bills	**57,254,911**	14,720,543	1,163,691	**57,254,911**	14,720,543	1,163,691
- Foreign bonds	**30,129,800**	58,355,282	50,479,060	**30,129,800**	58,355,282	50,479,060
- Mutual Fund	**-**	-	-	**-**	-	-
- Foreign bills	**26,928,333**	781,994	613,873	**26,928,333**	781,994	613,873
	167,694,352	140,163,212	105,509,528	**167,694,352**	140,163,212	105,509,528
Total interest income calculated using EIR	**1,616,605,696**	1,052,904,548	922,278,312	**1,626,737,412**	1,060,946,862	931,170,812
Interest expense on financial instruments measured at amortised cost						
Deposits from customers	**477,118,687**	162,643,364	197,773,774	**477,118,687**	162,643,364	197,773,774
Finance charge on leases	**782,131**	1,285,778	1,830,575	**2,023,121**	3,413,794	4,822,702
Other borrowed funds	**11,474,306**	-	4,111,453	**11,474,306**	-	4,111,453
Borrowings from Bank of Mauritius	**-**	-	2,490	**-**	-	2,490
Total interest expense	**489,375,124**	163,929,142	203,718,292	**490,616,114**	166,057,158	206,710,419
Net interest income	**1,127,230,572**	888,975,406	718,560,020	**1,136,121,298**	894,889,704	724,460,393

30 Net Fee and Commission Income

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Fee and commission income			
Commission on guarantees	**20,107,154**	17,113,001	20,304,978
Commission on insurances and pensions	**16,093,026**	14,847,233	17,004,085
Commission on loans and advances to customers	**6,378,190**	4,845,367	5,162,925
Commission on savings	**49,794,887**	41,002,561	33,454,409
Commission on trade finance	**50,701,171**	34,176,881	29,741,188
Management fees from fellow subsidiary	**44,171,993**	53,157,373	59,996,288
Recovery fees from fellow subsidiary	**53,240,195**	60,434,060	56,457,380
Other fee income from fellow subsidiary	**8,489,433**	6,642,672	4,607,426
Others	**43,146,844**	30,568,059	27,444,147
Total fee and commission income	**292,122,893**	262,787,207	254,172,826
Recognised over a period of time	**168,221,137**	164,881,315	166,499,834
Recognised at a point in time	**123,901,756**	97,905,892	87,672,992
Total fee and commission income	**292,122,893**	262,787,207	254,172,826
Fee and commission expense			
Credit card expenses	**47,065,904**	36,170,633	44,295,983
Other fees paid	**4,542,704**	4,468,609	3,824,488
Total fee and commission expense	**51,608,608**	40,639,242	48,120,471
Net fee and commission income	**240,514,285**	222,147,965	206,052,355

31 Net Trading Income

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Foreign exchange transactions	**156,414,224**	372,345,552	410,169,354
(Loss)/gain on fair value of derivative (Note 28)	**(42,903,836)**	(277,861,190)	(334,091,700)
Net revaluation (loss)/gain on financial instruments	**2,494,108**	(1,725,098)	1,396,627
Interest income on financial assets at FVTPL	**-**	3,077,833	37,038,817
Gain on sale of financial assets at FVTPL	**-**	-	1,694,372
Gain/(Loss) on valuation of investment securities and trading assets at FVTPL	**19,793,152**	5,192,015	(6,893,246)
Interest income on cross currency swap sold	**243,752,093**	93,248,295	105,624,278
Interest expense on cross currency swap bought	**(210,999,463)**	(51,988,831)	(50,498,960)
	168,550,278	142,288,576	164,439,542

32 Other Income

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Gain on revaluation of investment properties	**10,000,000**	-	-
Rental income on investment properties	**24,668,655**	24,190,793	25,256,682
(Loss)/gain on disposal of property, plant and equipment	**(2,354)**	270,777	192,340
Gain on disposal of non banking and other assets	**-**	5,283	88,104
Dividend and other income	**20,483,023**	2,952,362	1,486,252
	55,149,324	27,419,215	27,023,378

33 Net Impairment Loss on Financial Assets

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
ECL charge/ (reversal) under stage 1 and 2 for cash and cash equivalents	**189,276**	-	(11,968)
ECL reversal under stage 1 and 2 for placements	**-**	-	(302)
ECL charge under stage 1 and 2 for loans and advances to banks (Note 12 (b))	**5,278,298**	2,070,437	837,954
ECL charge/(reversal) under stage 1 and 2 for loans and advances to customers (Note 13 (c))	**11,669,698**	(9,127,648)	(12,496,062)
ECL charge under stage 3 for loans and advances (Note 13 (c))	**38,468,534**	74,434,782	40,903,002
ECL reversal/(reversal) under stage 1 and 2 for financial assets at FVTOCI (Note 25(b))	**(5,407,240)**	(7,018,875)	14,490,339
ECL charge under stage 3 for financial assets at FVTOCI (Note 25(b))	**133,847,058**	-	-
ECL charge/(reversal) under stage 1 and 2 for off balance sheet items	**1,436,146**	(39,348)	229,268
Bad debts recovered	**(9,297,478)**	(3,457,269)	(3,182,801)
	176,184,292	56,862,079	40,769,430

Amounts included in the cash flow statements excludes ECL charge/reversal under stage 1 and 2 for cash and cash equivalent and bad debt recovered.

34 Personnel Expenses

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Wages and salaries	**374,235,468**	387,842,591	385,602,936
Compulsory social security obligations	**22,400,176**	23,341,909	19,722,870
Pension cost under defined contribution plan	**23,908,924**	24,569,891	23,561,537
Pension cost under defined benefit plan (Note 21(ii))	**13,235,084**	11,503,214	13,142,538
Contribution to PRGF	**261,636**	124,176	245,768
Other personnel expenses	**83,197,273**	70,061,082	71,625,108
	517,238,561	517,442,863	513,900,757

35 Other Expenses

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**18,405,448**	15,466,007	12,484,926	**18,405,448**	15,466,007	12,484,926
Travel expenses	**526,518**	378,040	1,229,106	**526,518**	378,040	1,229,106
Office operating expenses	**33,034,038**	35,331,502	32,652,678	**33,034,038**	35,331,502	32,652,678
Stationeries	**7,965,120**	6,370,469	5,830,769	**7,965,120**	6,370,469	5,830,769
General administration expenses	**24,142,643**	17,880,694	17,784,712	**24,137,669**	17,877,098	17,769,099
Professional fees	**62,139,460**	16,792,310	19,254,773	**61,840,460**	16,363,710	18,886,223
Insurances	**18,187,856**	16,024,300	15,028,324	**17,957,485**	15,752,520	14,756,719
Repairs and maintenance	**138,458,412**	117,632,574	112,417,177	**138,458,412**	117,632,574	112,417,177
Utilities	**54,602,043**	51,350,098	50,948,945	**54,602,043**	51,350,098	50,948,945
Training	**3,013,368**	912,439	658,463	**3,013,368**	912,439	658,463
Other operating expenses	**8,846,720**	4,932,261	5,650,834	**4,151,068**	236,609	955,182
	369,321,626	283,070,694	273,940,707	**364,091,629**	277,671,066	268,589,287

36 Income Tax Expense

(a) Income tax

The applicable tax rate in Mauritius is 5% for the year ended 30 June 2023 (2022: 5%; 2021: 5%) for profit up to Rs 1.5 Bn. In addition, the Bank is subject to 2% relating to Corporate Social Responsibility for the year ended 30 June 2023 (2022 and 2021: 2%). As at 30 June 2023, the Group had no income tax liability (2022: Rs Nil and 2021: Rs Nil), but instead had an income tax asset of Rs 6,525,969 (Note 38(c)) (2022: Rs 6,515,511 and 2021: Rs 6,146,240 at that date. At the reporting date, the Bank has net accumulated tax losses of Rs 345,0004,886.

The Group is subject to the Advanced Payment Scheme (APS) and the Corporate Social Responsibility Fund (CSR Fund).

As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy is calculated at 10% on chargeable income. No levy is paid in a year where the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceding year.

Special levy on banks is governed under the VAT Act. Every bank shall in every year be liable to pay the taxation authorities a special levy calculated at 5.5% where leviable income is less than or equal to MUR 1.2bn or at 4.5% where leviable income is greater than MUR 1.2bn. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT Act.

Under the APS, the Bank is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on the chargeable income of the preceding financial year.

Notes to the Financial Statements

For the year ended 30 June 2023

36 Income Tax Expense (Cont'd)

(b) Statement of profit or loss and other comprehensive income

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Income tax on adjusted profit for the year	**2,938,724**	3,192,635	3,029,165	**-**	-	-
Movement in deferred taxation	**3,687,255**	4,210,420	11,515,395	**3,583,687**	4,339,030	11,942,373
CSR contribution	**425,685**	403,889	328,613	**-**	-	-
Tax expense	**7,051,664**	7,806,944	14,873,173	**3,583,687**	4,339,030	11,942,373

(c) Statement of financial position

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(6,515,111)**	(6,146,240)	(5,613,241)	**(6,047,358)**	(5,905,506)	(5,081,483)
Income tax on adjusted profit for the year	**2,938,724**	3,192,635	3,029,165	**-**	-	-
CSR contribution payable	**425,685**	403,889	328,613	**-**	-	-
Tax refund received during the year	**6,499,779**	6,156,295	5,654,182	**6,032,026**	5,915,561	5,122,424
Tax paid during the year	**(2,633,922)**	(2,499,060)	(2,033,295)	**-**	-	-
Tax deducted at source	**(7,241,124)**	(7,622,630)	(7,511,664)	**(5,088,950)**	(6,057,413)	(5,946,447)
Balance at end of year	**(6,525,969)**	(6,515,111)	(6,146,240)	**(5,104,282)**	(6,047,358)	(5,905,506)
Presented as follows:						
Current tax assets	**(6,525,969)**	(6,515,111)	(6,146,240)	**(5,104,282)**	(6,047,358)	(5,905,506)

(d) Deferred tax assets

	The Group			The Bank		
		Restated			Restated	
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(37,939,163)**	(41,607,453)	(44,034,416)	**(47,715,855)**	(51,512,755)	(54,366,696)
Prior year adjustment	**-**	-	(9,722,365)	**-**	-	(9,722,365)
	(37,939,163)	(41,607,453)	(53,756,781)	**(47,715,855)**	(51,512,755)	(64,089,061)
Movement during the year						
- Charged to statements of profit or loss	**3,687,255**	4,210,420	11,515,395	**3,583,687**	4,339,030	11,942,373
- Charged/(Credited) to other comprehensive income						
On actuarial gain/ (loss)	**974,063**	(542,130)	633,933	**974,063**	(542,130)	633,933
On revaluation of property, plant and equipment	**1,525,086**	-	-	**(4,914)**	-	-
Balance at end of year	**(31,752,759)**	(37,939,163)	(41,607,453)	**(43,163,019)**	(47,715,855)	(51,512,755)

36 Income Tax Expense (Cont'd)

(d) Deferred tax assets (Cont'd)

Deferred tax arises on the following timing differences:

	The Group			The Bank		
		Restated			Restated	
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**2,762,170**	2,950,077	4,652,493	**3,134,176**	3,425,654	4,999,460
Provision for credit impairment	**(35,165,602)**	(25,957,521)	(22,949,968)	**(35,165,602)**	(25,957,521)	(22,949,968)
Retirement benefit obligations	**(5,749,211)**	(6,980,119)	(5,865,278)	**(5,749,211)**	(6,980,119)	(5,865,278)
Revaluation of buildings	**23,650,128**	22,125,044	22,125,044	**11,867,862**	11,872,775	11,872,775
Tax losses carried forward	**(17,250,244)**	(30,076,644)	(39,569,744)	**(17,250,244)**	(30,076,644)	(39,569,744)
Balance at end of year	**(31,752,759)**	(37,939,163)	(41,607,453)	**(43,163,019)**	(47,715,855)	(51,512,755)

(e) Income tax reconciliation

The tax charge on the Group's and the Bank's profit differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Profit before income tax	**395,608,043**	285,357,283	141,388,028	**384,380,078**	272,915,310	130,959,011
Tax at 5%	**19,780,402**	14,070,481	6,872,018	**19,219,004**	13,448,382	6,350,567
Non-allowable items	**19,448,873**	13,650,629	13,121,749	**19,346,114**	13,467,921	12,835,125
Exempt income	**(9,695,433)**	(7,527,307)	(7,529,656)	**(8,747,923)**	(7,461,866)	(7,449,964)
Deferred taxation	**3,687,255**	4,210,420	11,515,395	**3,583,687**	4,339,030	11,942,373
CSR contribution	**425,685**	403,889	328,613	**-**	-	-
Others	**(26,595,118)**	(17,001,168)	(9,434,946)	**(29,817,195)**	(19,454,437)	(11,735,728)
Tax expense	**7,051,664**	7,806,944	14,873,173	**3,583,687**	4,339,030	11,942,373

(f) Time lapse of tax losses

Tax losses arising, other than on capital allowances lapses, if not claimed within five years. At the reporting date, the Bank has net accumulated tax losses of Rs 345,004,886 pertaining to capital allowances that can be carrried forward indefinitely.

At 30 June 2022 and 30 June 2021, the Bank had tax losses of respectively Rs 1,222,570,392 and Rs 1,611,659,132. Tax losses of Rs 281,221,612 lapsed during the year ended 30 June 2023.

Notes to the Financial Statements

For the year ended 30 June 2023

37 Profit for the Year

	The Group			The Bank		
		Restated			Restated	
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year is arrived at after charging:						
Depreciation and amortisation*	**(108,307,862)**	(131,436,339)	(153,251,430)	**(133,656,550)**	(155,192,238)	(174,932,240)
Directors' emoluments	**(29,094,744)**	(20,574,691)	(17,884,682)	**(28,830,744)**	(20,310,691)	(17,642,682)
Payable to auditors (including VAT):						
- Audit services	**(8,399,600)**	(5,488,375)	(5,229,625)	**(8,199,500)**	(5,341,750)	(5,088,750)
- Fees for other services	**(2,530,000)**	(231,150)	-	**(2,530,000)**	(231,150)	-
Staff costs (Note 34)	**(517,238,561)**	(517,442,863)	(513,900,757)	**(517,238,561)**	(517,442,863)	(513,900,757)
Operating lease rentals (Note 42(b(i))	**(24,815,016)**	(19,051,699)	(13,386,550)	**(24,815,016)**	(19,051,699)	(13,386,550)
and crediting:						
Rental income (Note 32)	**24,668,655**	24,190,793	25,256,682	**24,668,655**	24,190,793	25,256,682

* Depreciation and amortisation has been restated to reflect corrections made in note 42.

38 Earnings per Share

The Earnings per share for the year ended 30 June 2023 and for the comparative years were calculated as follows:

The Group	Earnings per share (Rs)	Profit for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2023	**0.05**	**388,556,379**	**7,074,270,863**
Year ended 30 June 2022	0.04	277,550,339	6,801,813,502
Year ended 30 June 2021	0.02	126,514,855	6,801,813,502

The Bank	Earnings per share (Rs)	Profit for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2023	**0.05**	**380,796,391**	**7,074,270,863**
Year ended 30 June 2022	0.04	268,576,280	6,801,813,502
Year ended 30 June 2021	0.02	119,016,638	6,801,813,502

39 Related Party Transactions

Transactions and balances between the Group and its related parties are as follows:

	Directors and Key management personnel
The Group and the Bank	Rs
Loans and Advances	
At 30 June 2023	**58,759,367**
At 30 June 2022	40,373,663
At 30 June 2021	41,151,575
Deposits	
At 30 June 2023	**83,893,838**
At 30 June 2022	85,620,031
At 30 June 2021	89,737,489
Interest income	
Year ended 30 June 2023	
Loans and advances	**1,316,695**
Year ended 30 June 2022	
Loans and advances	954,953
Year ended 30 June 2021	
Loans and advances	1,252,317
Interest expense	
Year ended 30 June 2023	
Deposits	**1,048,126**
Year ended 30 June 2022	
Deposits	392,332
Year ended 30 June 2021	
Deposits	1,010,510
Key management personnel compensation	
(Salaries and short-term employee benefits including directors' emoluments)	
Year ended 30 June 2023	**71,233,403**
Year ended 30 June 2022	83,788,030
Year ended 30 June 2021	81,727,824
Key management personnel compensation (Post employment benefits)	
Year ended 30 June 2023	**4,445,894**
Year ended 30 June 2022	7,117,923

The loans and advances with and deposits from key management personnel are contracted at the Bank’s preferential rates as available to all staff members.

39 Related Party Transactions (Cont'd)

Transactions and balances with the subsidiary, fellow subsidiary and holding company are as follows:

The Bank	30 June 2023 Debit/(Credit) Rs	30 June 2022 Debit/(Credit) Rs	30 June 2021 Debit/(Credit) Rs
Subsidiary (MauBank Investment Ltd)			
Balances:			
Loans and advances	**147,707,856**	156,306,758	171,115,159
Deposits	**(11,847,143)**	(4,549,574)	(18,849)
Amount receivable (Note 17)	**33,722,960**	33,722,960	32,824,479
Rental deposits	**6,000,000**	6,000,000	6,000,000
Transactions:			
Interest income	**(10,131,717)**	(8,042,313)	(8,892,500)
Rental expense	**36,000,000**	36,000,000	36,000,000
Fellow subsidiary (EAMC Ltd)			
Balances:			
Deposits	**(93,486,160)**	(70,469,086)	(2,984,714)
Amount payable on net collection of loans and advances (see below)	**(13,649,767)**	(16,617,253)	(40,059,363)
Transitional receivable	**34,952,319**	(882,123)	38,359,620
Due on extinction of guarantee	**(122,496,861)**	(151,697,568)	(179,577,937)
Amount receivable for expenses paid (Note 17)	**222**	222	205
Transactions:			
Management fee income	**(44,171,993)**	(53,157,373)	(59,996,288)
Recovery fee income	**(53,240,195)**	(60,434,060)	(56,457,380)
Other fee income	**(8,489,433)**	(6,642,672)	(4,607,426)
Fellow subsidiary (Maufactoring Ltd)			
Balance:			
Loans and advances	**23,661,891**	-	-
Deposits	**(11,183)**	-	-
Transactions:			
Interest income	**(201,029)**	-	-
Rental income	**(679,950)**	-	-
Holding company (MauBank Holdings Ltd)			
Balances:			
Loans and advances	**3,220,959,452**	3,171,673,699	3,170,409,472
Deposits	**(476,650,461)**	(740,941,028)	(880,375,664)
Amount receivable for expenses paid (Note 17)	**5,905,120**	1,592,535	1,287,580
Interest receivable on cross currency swap sold	**120,298,500**	37,855,125	38,902,500
Interest payable on cross currency swap bought	**(111,532,661)**	(26,535,382)	(19,341,306)
Transactions:			
Interest income	**(404,081,545)**	(199,862,816)	(210,879,105)
Interest expense	**210,999,463**	51,988,831	50,498,960
Dividend paid	**40,000,000**	-	-

The subsidiary had no transactions with the major shareholders (entities holding at least 10% interest in the Group.

The loan and advances with key management personnel are contracted at the Bank's preferential rates as available to all staff members. The outstanding balances arose in the normal course of business. For the year ended 30 June 2023, the Group and the Bank have raised expected credit losses for doubtful debts relating to amounts owed by relating parties as per ECL model currently being applied on financial assets. Total allowance for expected credit loss charged to income statement on loan and advances amounted to **Rs 161,666** (2022: Rs 153,825; 2021 Rs 221,281). At 30 June 2023, none of the facilities to related parties was non-performing (2022: nil, 2021: MUR Nil). In addition, for the year ended 30 June 2023 the Bank has not written off any amount owed by related party (2022: nil, 2021: MUR Nil). The settlement of the related party transactions occurs in cash.

The bank collections for the loans and advances owned by EAMC Ltd on behalf of the latter.The amounts due to EAMC Ltd are interest free, unsecured and repayable within one year.

40 Events after the Reporting Period

The Finance Act 2023 which was published on 20 July 2023 has repealed the change in the gratuity formula from 15/26 to 15/22 for employees working 5 day-weeks. Since the legislation was put into place after the valuation date, the Bank Ltd has opted for the change in gratuity formula from 15/22 back to 15/26 will be reflected in the next financial year. Had the formula of 15/26 been applied in the year ended 30 June 2023, the net defined benefit liability in respect of residual retirement gratuities would have been Rs 25,463,000 at 30 June 2023. Therefore, the application of the new formula would have resulted in a decrease of Rs 979,000 in liabilities as at 30 June 2023.

41 Assets pledged

The following assets have been pledged as collateral to secure borrowing facilities from the Central Bank.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Government stocks	-	284,000,000	246,000,000

42 Other Commitments

(a) Capital Commitments

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Approved and contracted for	**12,639,257**	10,313,563	8,852,846

The capital commitments represents amount payable for completion of assets in progress.

(b) Operating Lease Contracts

(i) The Group and the Bank as a lessee

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year	**24,815,016**	19,051,699	13,386,550	**24,815,016**	19,051,699	13,386,550
At the reporting date, the Group and the Bank had outstanding commitment under cancellable operating leases, which fall due as follows:						
Within 1 year	**30,666,688**	8,355,852	7,355,366	**30,666,688**	8,355,852	7,355,366
After 1 period and before 5 years	**44,326,363**	19,401,584	-	**44,326,363**	19,401,584	-
After 5 years	**-**	-	-	**-**	-	-
	74,993,051	27,757,436	7,355,366	**74,993,051**	27,757,436	7,355,366

The above is in respect of leases not falling under the scope of IFRS 16 and are thus expensed to income statement on payments. The operating lease payments represent rentals payable for office and parking space.

42 Other Commitments (Cont'd)

(b) Operating Lease Contracts (Cont'd)

(ii) The Group and the Bank as a lessor

Property rental income earned during the year was **Rs 24,668,655** (30 June 2022: Rs 24,190,793 and 30 June 2023: Rs 25,256,682). Properties held for rental have a committed tenant between 3 to 10 years.

At the reporting date, the Bank had contracted with tenants for the following future minimum lease payments.

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Within 1 year	**23,342,097**	23,928,057	15,662,529
After 1 year and before 5 years	**56,657,220**	80,330,911	47,906,050
After 5 years	-	1,421,597	9,569,100
	79,999,317	105,680,565	73,137,679

43 Prior period restatement

The restatement relates to revaluation adjustments made to Property, plant and equipment and investment properties which were overstated and which did not reflect their fair value.

To correct the above, in accordance with the provisions of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the figures were recalculated and comparatives have been restated for the Group and the Bank, with adjustments made to the following captions: retained earnings, revaluation reserves, property, plant and equipment, Investment property and deferred tax in the Statement of Financial Position. The following adjustments were made to the comparatives for the Group and the Bank:

	2022			2021		
	As previously stated	Adjustments	As restated	As previously stated	Adjustments	As restated
	Rs	Rs	Rs	Rs	Rs	Rs
The Group						
Retained earnings/ accumulated losses	273,366,858	(45,814,634)	227,552,224	49,758,948	(49,762,300)	(3,352)
Revaluation reserves	602,793,226	(275,209,670)	327,583,556	602,793,226	(275,209,670)	327,583,556
Property plant and equipment	1,233,184,116	(191,946,669)	1,041,237,447	1,282,448,583	(195,894,335)	1,086,554,248
Investment property	519,300,000	(138,800,000)	380,500,000	519,300,000	(138,800,000)	380,500,000
Deferred tax	28,216,798	9,722,365	37,939,163	31,885,088	9,722,365	41,607,453
The Bank						
Retained earnings/ accumulated losses	239,923,943	(45,814,634)	194,109,309	25,290,092	(49,762,300)	(24,472,208)
Revaluation reserves	526,315,303	(275,209,670)	251,105,633	526,315,303	(275,209,670)	251,105,633
Property plant and equipment	948,193,855	(191,946,669)	756,247,186	989,296,441	(195,894,335)	793,402,106
Investment property	519,300,000	(138,800,000)	380,500,000	519,300,000	(138,800,000)	380,500,000
Deferred tax	37,993,490	9,722,365	47,715,855	41,790,390	9,722,365	51,512,755

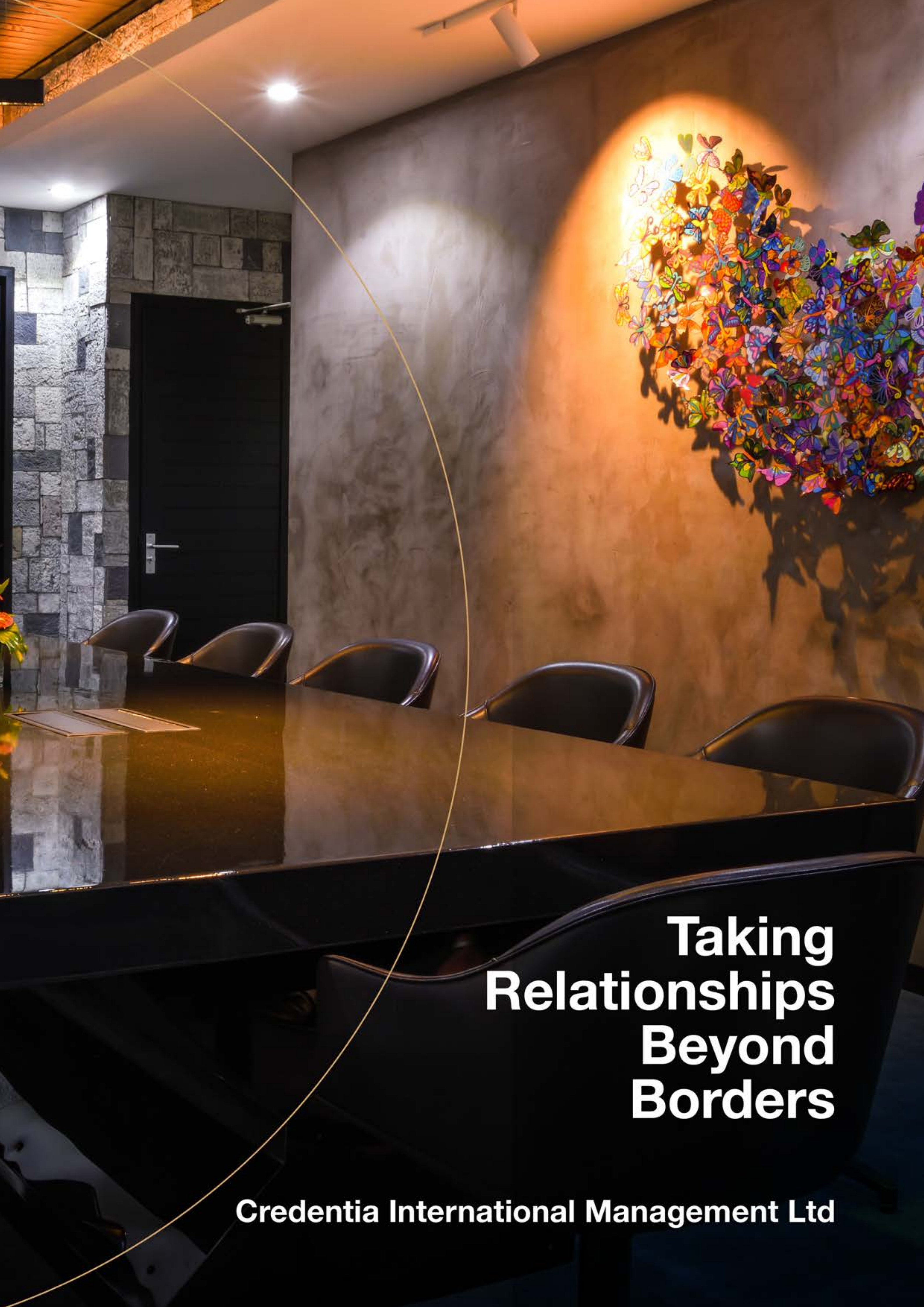
Impact on statement of profit or loss (increase/(decrease):

	The Group and the Bank	
	30 June 2022	30 June 2021
	Rs	Rs
Depreciation and amortisation	(3,947,666)	(3,947,666)
Profit for the year	3,947,666	3,947,666

44 Immediate holding Company and Ultimate Shareholder

The directors regard MauBank Holdings Ltd, a company incorporated and domiciled in Mauritius, as their immediate holding company and the Government of Mauritius as their ultimate shareholder.

Global Business
Management
Company


Taking Relationships Beyond Borders
Credentia International Management Ltd

Management Discussion and Analysis

Financial review

Key Financial Indicators

The Bank

Area of Performance	Year Ended 30 June 2023	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs Mn	Rs Mn	Rs Mn
Net Interest Income	**1,136.12**	894.89	724.46
Net non Interest Income	**464.24**	404.25	418.08
Operating Income	**1,600.37**	1,299.14	1,142.54
Operating Expense (including depreciation)	**(1,039.80)**	(969.36)	(970.81)
Profit before impairment loss and income tax	**560.56**	329.78	171.73
Impairment loss on financial assets	**(176.18)**	(56.86)	(40.77)
Profit after impairment loss but before income tax	**384.38**	272.92	130.96
Income tax expense	**(3.58)**	(4.34)	(11.94)
Profit after income tax	**380.80**	268.58	119.02
	30 JUNE 2023	30 JUNE 2022	30 JUNE 2021
Total Assets	**35,442.59**	33,234.48	32,584.02
Total Gross Advances	**21,935.61**	18,296.91	18,304.42
Total Deposits	**30,434.89**	28,791.97	28,378.20
Shareholders Equity	**3,425.50**	2,799.56	2,707.18
Tier 1 Capital	**3,014.94**	2,374.17	2,260.34
Total Regulatory Capital	**3,373.73**	2,662.34	2,571.69
KEY RATIOS			
Cost to Income Ratio	**64.97%**	74.62%	84.97%
Return on Equity	**11.12%**	9.59%	4.40%
Return on Total Assets	**1.07%**	0.81%	0.37%
Impaired Loans/Total Loans	**4.61%**	5.27%	4.54%

The table above illustrates the financials for the year ending 30 June 2023 against the previous reporting periods namely for the year ended 30 June 2022 and the year ended 30 June 2021.

Financial review (Cont'd)

Bank's Performance

The financial statements represent both figures for the Bank and its subsidiary, that is, inclusive of the financial position and performance of MauBank Investment Ltd. However, for the purpose of the current Management Discussion and Analysis, only the Bank's financials have been taken into consideration.

MauBank Ltd registered a profit after tax and impairment of **Rs 380.80 Mn** for the year ended 30 June 2023 against Rs 268.58 Mn in June 2022 and Rs 119.02 Mn in June 2021. The bank's commendable performance for the year under review demonstrates its firm commitment to meet its set objectives in a timely and effective manner, with the support of its management team, employees and stakeholders.

Operating income for the year ended 30 June 2023 stood at **Rs 1,600.37 Mn** compared to Rs 1,299.14 Mn for the year 2022 and Rs 1,142.54 Mn for the year 2021.

- **Performance against objectives**

Key Areas	Objectives for year ended 30 June 2023	Performance achieved for year ended 30 June 2023	Objective for the year ended 30 June 2024
Revenue growth	Objectives for the year ended 30 June 2023 would be to achieve a revenue of Rs 1.70 Bn, which is 9% more than the year ended 30 June 2022.	The Bank was able to achieve a revenue growth of Rs 2.14 Bn, which was 26% more than budget.	Objectives for the year ending 30 June 2024 would be to achieve a revenue of Rs 2.72 Bn, which is 24% more than the year ended 30 June 2023.
Expense growth	The operating expense for FY 22/23 is expected to be around Rs 1.05 Bn or 75% of operating income.	The Bank closed the year with an operating expense of Rs 1,039.80 Mn or 64% of its operating income.	The operating expense for FY 23/24 is expected to be around Rs 1.21 Bn, in line with our capacity building initiatives both from a human resource and technology perspective.
Productivity	The productivity ratio or cost to income ratio is expected to be 76 % for the FY2022/2023	The Bank achieved a productivity ratio of 64.97% which was lower due to the cost control measures initiated.	The productivity ratio is expected to be 66.80% for the FY 2023/2024.
Return on Equity	The Bank expects the return on equity of 7.76% for the year ended 2022/2023.	The Bank was able to achieve a return on equity of 11.12% in the current year.	The Bank expects the return on equity to be increased to 11.52% for the FY 2023/2024.
Loan and advances	The Banks targeted gross loan and advances of Rs 21.27 Bn as at 30 June 2023.	The portfolio of loan of advances stood at Rs 21.94 Bn for the period under review	The Bank is targeting a loan portfolio of Rs 24.80 Bn for the year ended June 2024.
Customer deposits	Customer deposit is expected to reach Rs. 30.63 Bn as at 30 June 2023, an increase of 6.39%.	The customer deposits stood at Rs 30.43 Bn as at 30 June 2023.	Customer deposit is expected to reach Rs. 32.86 Bn as at 30 June 2024, an increase of 7.99%.
Return on assets	The expected return on total Assets for FY 2022/2023 was 0.70%.	The Bank achieved a return on assets of 1.07% in the current year due to higher profitability generated.	The expected return on total assets is 1.24%.

- **Revenue Growth**

Net interest income

The Bank's net interest income grew by 26.95% to reach **Rs 1,136.12 Mn** for the year 2023 against Rs 894.89 Mn for the year 2022 and Rs 724.46 for the year 2021. The ratio of net interest income to total average assets was **3.31%** for 2023, 2.72% for 2022 and 2.26% for 2021 whereas the ratio of net interest income to total average interest earning assets was **4.15%** for 2023, 3.46% for 2021 and 2.78% for 2021. The below table provides a breakdown of interest income, interest expense, related assets and related liabilities.

Management Discussion and Analysis

Financial Review (Cont'd)

Bank's Performance

Area of Performance	Year Ended 30 June 2023	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs Mn	Rs Mn	Rs Mn
Interest income			
Loans and advances	**1,376.28**	915.17	821.68
Placements	**82.76**	5.62	3.98
Investment securities	**167.69**	140.16	105.51
Total interest income	**1,626.74**	1,060.95	931.17
Interest expense			
Deposits from customers	**477.12**	162.64	197.77
Finance charge on leases	**2.02**	3.41	4.82
Other borrowed funds	**11.47**	-	4.11
Total interest expense	**490.62**	166.06	206.71
Net interest income	**1,136.12**	894.89	724.46
Net interest income to total average assets	**3.31%**	2.72%	2.26%
Net interest income to total average interest earning assets	**4.15%**	3.46%	2.78%
Total assets	**35,442.59**	33,234.48	32,584.02
Total average assets	**34,338.54**	32,909.25	32,041.80
Total average interest earning assets	**27,392.89**	25,895.45	26,051.45
Related assets			
- Investment in debt securities - FVTPL	**-**	-	1,390.58
- Investment in debt securities - FVTOCI	**4,695.88**	6,696.30	5,365.34
- Loans and advances	**21,935.61**	18,296.91	18,304.42
- Placements	**2,277.71**	883.37	853.99
	28,909.20	25,876.58	25,914.33
Related liabilities			
- Deposits from customers	**30,434.89**	28,791.97	28,378.20
- Other borrowed funds	**-**	-	-
- Lease liabilities	**46.12**	99.32	156.59
	30,481.01	28,891.29	28,534.79

Financial review (Cont'd)

Bank's Performance (Cont'd)

Interest Income

The Bank's interest income stood at **Rs 1,626.74 Mn** for the year 2023 against Rs 1,060.95 Mn for the year 2022 and Rs 931.17 Mn for the year 2021. This growth was generated throughout all interest-bearing asset classes, namely loans and advances to banks and other customers, optimum placements with banks with higher yields and investments in securities products.

Interest Expense

The Bank's interest expense amounted to **Rs 490.62 Mn** for the year ended 30 June 2023 compared to Rs 166.06 Mn for the year ended 30 June 2022 and Rs 206.71 Mn for the year ended 30 June 2021. The hike in interest expense is mainly due to the increase in the Bank's deposit base, generated from a growing solid client base.

The Bank continues to adopt a prudent approach towards liquidity management. Other than actively monitoring its assets and liabilities maturity mismatch, the Bank also ensures that it has a relatively large stable deposit base, while keeping sufficient liquid assets to meet unforeseen liquidity requirements. As at 30 June 2023, 27.49% of the Bank's assets, or 32.01% of the Bank's deposit base, were invested in liquid assets.

Non-Interest income

Non-interest income increased by Rs 70.97m as compared to the previous year as a result of improvements in income derived from fee and commission, foreign exchange and the Bank's investment properties. The breakdown of non-interest income is as follows:

Area of Performance	Year Ended 30 June 2023	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs Mn	Rs Mn	Rs Mn
Non-Interest income			
Fee and commission income	**292.12**	262.79	254.17
Net trading income	**168.55**	142.29	164.44
Other income	**55.13**	39.81	47.58
	515.80	444.88	466.20

- **Non-Interest expenses**

Non-Interest expenses for the year ended 30 June 2023 amounted **Rs 1,039.80 Mn** against Rs 969.36 Mn in 2022 and Rs 970.81 Mn in 2021.
The main components of non-interest expenses are as follows:

Area of Performance	Year Ended 30 June 2023	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs Mn	Rs Mn	Rs Mn
Non-Interest expense			
Personnel expenses	**(517.24)**	(517.44)	(513.90)
Operating lease expenses	**(24.82)**	(19.05)	(13.39)
Depreciation and amortisation	**(133.66)**	(155.19)	(174.93)
Other expenses	**(364.09)**	(277.67)	(268.59)
	(1,039.80)	(969.36)	(970.81)

Management Discussion and Analysis

Financial review (Cont'd)

Bank's Performance (Cont'd)

- **Non-Interest Expenses** (Cont'd)

The major components of the non-interest expenses comprising principally of staff expenses and administrative expenses. The operating costs have determinedly been controlled, however, the Bank's operating costs bore the brunt of the challenging context of inflationary pressures.

The cost to income ratio or productivity ratio improved to **64.97%** at 30 June 2023 as compared to 74.62% at 30 June 2022 and 84.97% in 2021. This is mainly attributable to an improvement in the operating income base coupled with the cost optimisation initiatives

- **Net Impairment Loss on Financial Assets**

Net impairment charge on financial assets amounted to **Rs 176.18 Mn** for the year ended 30 June 2023 against Rs 56.86 Mn for the year ended 30 June 2022 and Rs 40.77 Mn for the year ended 30 June 2021. The non-performing loan ratio stood at **4.61%** at 30 June 2023 against 5.27% at 30 June 2022 and 4.54% at 30 June 2021. In order to continuously manage the non-performing advances, the forum on non-performing advances, continues to meet regularly to monitor the asset quality of the Bank and to ensure that the ratio is maintained to an acceptable level. Relentless efforts are being deployed to optimize recovery actions to realise collaterals and /or personal guarantees of shareholders/directors to maximize realizable value of assets of impaired accounts.

- **Taxation**

The Bank reported a tax charge of **Rs 3.58 Mn** for the year ended 30 June 2023. The Bank had no liability towards Corporate Tax and Corporate Social Responsibility for the year ended 30 June 2023 due to tax loss carried forward as at that date.

Assets

- **Total assets**

  The asset base of the Bank stood at **Rs 35,442.59 Mn** as at 30 June 23 against Rs 33,234.48 Mn at 30 June 2022 and Rs32,584.02Mn at 30 June 2021. The increase in total assets is mainly attributable to an increase of 20.12% in net loans and advances.

- **Loans and Advances Growth**

  Gross loans portfolio registered a year-on-year growth of **Rs 3,638.70 Mn** to reach Rs 21,935.61 Mn as at June 23 as compared to Rs 18,296.91 Mn at June 2022 and Rs 18,304.42 Mn for period ended 30 June 2021.

- **Credit Risk Exposure**

  Credit risk occurs mainly in the Bank's credit portfolios comprising retail lending, corporate lending, treasury and financial institutions wholesale lending. Credit risk is explained as the risk of loss arising from failure of borrower or counterparty to meet his financial obligations. Credit risk is among the most common cause of Bank failures, causing virtually all regulatory environment to prescribe minimum standards.

  The Bank has a comprehensive Risk Governance Structure which promotes sound risk management for optimal risk-reward trade off. The Board Credit Committee at MauBank Ltd guarantees that the Bank's credit policy limit is respected at all times.

  Total gross risk exposures, industry distribution of exposure, residual contractual maturity of the loans and advances portfolio and reconciliation of changes in allowances for impairment is shown at note 12 and 13.

- **Credit Risk: Standardised Approach**

  The Standardised Approach to Credit Risk requires banks to use credit assessments provided by external credit assessment institutions ("ECAIs") that are recognised by national supervisors as eligible for regulatory capital purposes, to determine the risk weights on their credit exposures.

  The following ECAIs are used by the Bank:

  - Standard & Poor's Ratings Services
  - Moody's Investors Service
  - Fitch Ratings

- **Concentration of risk policies**

  The Bank maintains a credit risk portfolio that is adequately diversified. Maximum exposure limits are set for individual counterparties, countries and sectors to maximise any potential diversification benefits while complying with Bank of Mauritius Guideline on Credit Concentration Risk.

Financial review (Cont'd)

Bank's Performance (Cont'd)

Assets (Cont'd)

- **Concentration of Risk Policies** (Cont'd)

The Bank maintains a credit risk portfolio that is adequately diversified. Maximum exposure limits are set for individual counterparties, countries and sectors to maximise any potential diversification benefits while complying with Bank of Mauritius Guideline on Credit Concentration Risk.

The six most significant individual concentration cases in respect of one customer or group as at 30 June 2023 (Total Exposure After Set Off) were as follows:

S/N	Entity	Amount (Rs Mn)	% Exposure to capital base
1	**Group 1**	777.46	22.97%
2	**Group 2**	745.50	22.01%
3	**Group 3**	651.12	19.23%
4	**Group 4**	581.88	17.18%
5	**Group 5**	553.11	16.33%
6	**Group 6**	541.61	15.99%

- **Credit quality and provision for credit losses**

Provision for credit losses on loans and advances stood at Rs 552.23 Mn at 30 June 2023 against Rs 498.14 Mn at 30 June 2022 and Rs 430.93 Mn at 30 June 2021.

The % of non-performing loans to total loans, allowances for credit impairment to non-performing loans and as a proportion of total loans by industry sector as at 30 June 2023 are as follows:

The Bank	% of Non-performing loans to total loans	% of Allowance for credit impairment to Non-Performing loans	% of Allowance for credit impairment to total loans
Agriculture and Fishing	0.70%	8.60%	0.40%
Manufacturing	0.79%	13.08%	0.60%
Tourism	0.37%	0.16%	0.01%
Transport	0.02%	0.24%	0.01%
Construction	0.50%	3.86%	0.18%
Financial and Business Services	1.41%	2.81%	0.13%
Traders	0.36%	2.82%	0.13%
Information Technology	0.00%	0.02%	0.00%
Personal	0.21%	3.23%	0.15%
Education	0.00%	0.01%	0.00%
Professional	0.00%	0.02%	0.00%
Foreign Governments	0.00%	0.00%	0.00%
Global Business Licence Holders	0.00%	0.00%	0.00%
Banks	0.00%	0.00%	0.00%
Others	0.26%	1.46%	0.07%
	4.61%	36.32%	1.67%

All non performing loans pertains to the domestic market.

Financial review (Cont'd)

Bank's Performance (Cont'd)

Assets (Cont'd)

- **Investments**

  The Bank's investment portfolio stood at **Rs 5,539.38 Mn** at 30 June 2023 against Rs 7,402.11 Mn as at 30 June 2022 and Rs 7,181.58 Mn as at 30 June 2021. The Bank manages its securities investment portfolio with the aim of optimizing the yield of its assets base.

Liabilities

- **Deposits**

  Total deposits from banks and customers rose by Rs 1.64 Bn to reach **Rs 30.43 Bn** at 30 June 2023. At 30 June 2023, savings and demand deposits represented 71% of the deposit portfolio whilst time deposit accounted for 29% of the portfolio compared against 77% and 23% respectively at 30 June 2022.

- **Capital adequacy**

  The Capital Adequacy Ratio (CAR) was **15.35%** at 30 June 2023, well above the regulatory minimum of 12.50%, against 14.53% at 30 June 2022 and 13.33% at 30 June 2021.

  MauBank Ltd's Capital Structure for the last three years is as shown on page 162.

Risk Management

Risk encompasses the possible threats to which the Bank is exposed to and the potential impact that these may have on the Bank. Risk management is the process of identifying, assessing and responding to risks, and communicating the outcomes of these processes to the appropriate parties in a timely manner.

Since risk management is directed at uncertainty related to future events and outcomes, it is implied that all business planning exercises and business activities across the Bank should encompass some form of risk management. MauBank Ltd has laid down its Risk Management Policy, which spells out the methodology and technique for managing risk across the Bank. The Risk Management Policy is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Risk Mission

MauBank Ltd is committed towards embedding a risk culture in the Bank and continues to embrace risk management as a core competency that allows the organization to optimize risk-taking through objectivity and transparency.

Risk Philosophy

MauBank Ltd values a rigorous risk management as an integral part of its day-to-day business operations and also as part of its business growth strategy. With a dynamic approach to risk management, MauBank Ltd remains committed towards ensuring effective and efficient risk processes and optimal returns within its set risk appetite. The overall risk management processes facilitate the alignment of our strategy and annual operating plan with the management of key risks.

Risk Governance

The risk governance structure outlines the key responsibilities for decisions on risk taking and risk oversight by defining clear and comprehensive risk management roles and responsibilities using the three lines of defence model. The Bank's risk framework establishes governance, escalation, and reporting processes around risk exposures, risk decisions, and risk events which provides assurance to stakeholders (Board Risk Management Committee and the Board) who delegate risk-taking authority to the business lines. From first-line businesses and support functions, risk information flows to the second line of defence function represented by the Risk Management Division, and then to the Board Risk Management Committee.

The key responsibilities of the Board and the Board Risk Management Committee are spelt out in their respective Terms of Reference, which in turn follow the requirements of the Bank of Mauritius Guidelines.

MauBank Ltd is guided by its various risk policies that have been developed internally and approved by the relevant approving authority as mandated by the Board of Directors. The responsibility for implementing the risk policies lies with the Bank's Management through the relevant business drivers. The risk function regularly reports to the Operational Risk Committee (ORC), Credit Risk Monitoring Committee (CRMC), Information Security Committee (ISC), Business Continuity Steering Committee (BCSCOM), Asset and Liability Committee (ALCO), Board Cyber Security Committee (BCSC) and the Board Risk Management Committee (BRMC).

The BRMC and BCSC are sub-committees of the Board having mandate in line with the Bank of Mauritius Guidelines. These committees are chaired by a member of the Board and has the Chief Executive as one of its members. The Chief Risk Officer is a regular attendee of these two committees.

Risk Management Framework

The Risk Management Policy of the Bank contains the Risk Management Framework. This framework provides a solid foundation for ensuring that the outcomes of risk taking are consistent with the Bank's business activities, strategies and risk appetite. The framework is based on transparency, management accountability and independent oversight, which is comprehensive enough to capture all risks that the Bank is exposed to and has flexibility to accommodate any changes in business activities.

Risk Appetite Framework

Within the Risk Management Framework, the Risk Appetite is embedded through policies, procedures, limits setting, operational guidelines as well as methodologies and tools for risk measuring, monitoring and reporting. The Risk Management Framework allows the Bank to determine its Risk Appetite, Risk Threshold and Risk Capacity. Through its Risk Appetite, MauBank Ltd is able to measure the amount of risk the organization is willing to take.

Risk Management (Cont'd)

Risk Defence Model

The risk framework operates on the concept of 'the three lines of defence model'. The three lines of defence model creates a set of layered defence that align responsibility for risk-taking with accountability for risk control and provide effective, independent risk oversight and escalation. In the three lines of defence model, the assignment of risk management roles is clear and comprehensive in order to prevent gaps, ambiguities, or overlaps in responsibility. More specifically, the Business and Functional Units represent the First Line of Defence (FLOD), the Risk Management Division and Compliance Department together comprise the Second Line of Defence (SLOD), while Internal Audit is the Third Line of Defence (TLOD).

The FLOD comprises the various operations that will execute and support the execution of the Bank's mission. These first line units are responsible for both the operational activities that result in risk as well as control of the resulting risks. The first line "owns" and "manages" its risk in the sense that it is accountable for both positive and negative outcomes and is empowered to manage the distribution of outcomes.

The SLOD comprises the Risk Management and Compliance functions which provide independent risk and compliance assessments on the FLOD activities. While the FLOD has the deepest understanding of its environment, operations and objective, the second line offers an independent perspective based on focused attention to risk management and compliance matters. The SLOD's responsibility is to establish a common framework for risk management and compliance destined to enhance the FLOD's efficiency and effectiveness.

The TLOD is the Internal Audit which provides assurance both to the Senior Management and the Board of Directors of the Bank as regards the state of the overall risk management, compliance and control activities undertaken at the first and second lines of defence.

Risk Management Process

The risk management policy and framework of MauBank Ltd formulates the process of risk management as the systematic and continuous identification and evaluation of risks as they pertain to the Bank, followed by risk strategies' actions such as: terminate, transfer, accept or mitigate each risk.

The risk management process is as follows:

(a) Risk identification
(b) Risk assessment and measurement
(c) Risk mitigation and control
(d) Risk reporting

Based on this approach, and with a view to maintaining sound operations and generate sustainable earnings, the Board sets its risk appetite within the prudential guidelines through the application of quantifiable limits in the risk policies for the amount of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, and Country Risk. Other non-quantifiable risks like Technology Risk including Cyber Security Risk, Compliance Risk, Strategic Risk and Reputational Risk are assessed and monitored on a qualitative basis. The Board, through the Board Risk Management Committee (BRMC) and other Board sub-committees, is apprised of the various key risk exposures for decision-making purposes. These key risk information are relayed by the various Management Committees to the Board and its sub-committees. The Management Committees meet regularly as per their respective Terms of Reference to comprehensively measure, evaluate and monitor the occurrence and management of each type of risk.

Risk management is focused on the following major areas:

Credit Risk

Credit risk is the risk of credit loss that results from the failure of a borrower to honour the borrower's credit obligation to the financial institution.

The Bank has in place a Credit Risk Policy Guide (CRPG) which sets out its credit risk appetite, risk exposure limits and parameters for risk taking. The policy is approved by the Board and subject to regular reviews. The Board delegates its credit sanctioning authority to three separate and distinct Credit Sanctioning Committees, namely:

1) Board Investment & Credit Committee (BICC)
2) Management Investment & Credit Committee (MICC)
3) Credit Committee (CC)

Domestic-related credit facilities are entertained at three different credit sanctioning authorities, within their respective threshold levels as determined by the Bank's approved Credit Risk Policy Guide. All cross border investments and credit exposures (except those which are fully cash secured and which are within the approving authority of MICC), are, however, considered and, if deemed fit, approved at the Board Investment & Credit Committee (BICC). With a view to ensuring transparency and arm's length nature of transactions, all Related Parties' credits are considered and approved by either the Board Investment & Credit Committee (BICC) and/or the Board.

The overall credit process includes comprehensive credit policies on judgmental credit underwriting, automatic credit adjudication based on credit scores, risk measurement, credit training and continuous credit reviews and audit process.

Credit Risk Measurement

(a) Loans and advances

The Bank has a retail credit scoring and a corporate rating tool for assessing and measuring credit quality of its borrowers which is benchmarked on international rating norms as per the requirement standards of CRISIL Ltd (India). This credit rating and scoring tool is reviewed and updated as and when deemed necessary. The Bank has embarked on the acquisition of a credit rating model for its Cross border activity.

Credit proposals are assessed independently by a Credit Underwriting Team (CUT) using criteria established in the relevant Bank of Mauritius Guidelines and the Credit Risk Policy Guide (CRPG). The CRPG is reviewed on an annual basis.

The Bank has a dedicated Credit Collection Unit and Monitoring and Control teams which regularly control and monitor credit performance of borrowers. A monthly update from both the Credit Collection & Monitoring and Control Units is tabled to the Accounts Monitoring Forum for review.

Management Discussion and Analysis

Risk Management (Cont'd)

Credit Risk Measurement (Cont'd)

(b) Credit related commitments

Credit related commitments include bank guarantees, documentary letters of credit, standby letters of credit and undrawn commitments on legally bound facilities. Their credit risk is similar to loans except for documentary letters of credit which are usually short-term and self-liquidating and carry a low level of credit risk and capital charge, as defined under the Bank of Mauritius guidelines.

	As at 30 June 2023	As at 30 June 2022	As at 30 June 2021
	Rs	Rs	Rs
Credit related commitments	**3,419,615,642**	2,988,466,953	2,985,446,133

Refer to note 13(c) for disclosures on credit exposures by industry sector.

(c) Bank placements and lending to banks

For the Bank's placements or lending to banks, external credit ratings from international credit rating agencies such as Standard & Poor's, Moody's and Fitch are used on top of internal credit assessments to assist in the credit risk acceptance decisions. The instruments help to diversify risk exposures and income streams, and to maintain a readily available source of liquidity for the Bank.

(d) Risk limit monitoring and control

For the Bank's placements or lending to banks, external credit ratings from international credit rating agencies such as Standard & Poor's, Moody's and Fitch are used on top of internal credit assessments to assist in the credit risk acceptance decisions. The instruments help to diversify risk exposures and income streams, and to maintain a readily available source of liquidity for the Bank.

(d) Risk limit monitoring and control

MauBank Ltd has an established framework to manage, control and limit concentration of credit risk towards individual counterparties, groups, industry sectors and countries.

Credit exposure to any single borrower and to a group of closely–related customers is governed by the Bank of Mauritius Guideline on Credit Concentration Risk. Concentration of risk from large exposures to individual customers or related groups are managed by internal early warning limits which are set below the regulatory limits of the Bank of Mauritius guidelines. The Bank also sets internal portfolio limits and exposures to industry sectors and countries under its Credit Risk Policy Guide (CRPG). Country Risk Management Policy and Cross Border and Investment Policy with a view to achieving a balanced and well-diversified portfolio. These limits are monitored on an ongoing basis and escalated to the Credit Risk Monitoring Committee (CRMC) and the Board Risk Management Committee (BRMC).

Related Party Transactions

Notwithstanding the regulatory compliance requirement on related party transactions, the Bank also has its internal policy governing transactions with its related parties.

Both internal and regulatory limits are monitored on quarterly basis at the Credit Risk Monitoring Committee (CRMC) and escalated to the Board Risk Management Committee (BRMC).

The Bank has only exempted related party exposures. Its top six related parties as at 30 June 2023 were Rs 3,220.96 Mn, Rs 721.83 Mn, Rs 500.32 Mn, Rs 204.50 Mn, Rs 203.47 Mn, and Rs 147.71 Mn, These balances represented respectively 106.83%, 23.94%, 16.59%, 6.78%, 6.75% and 4.90% of the Bank's Tier1 capital. The total top six related parties represented Rs 4,998.78 Mn or 165.80% of Tier 1 capital.

Enterprise and Operational Risk

MauBank Ltd has adopted the definition of operational risk of Basel II as 'the risk of loss resulting from inadequate or failed internal processes, people and system or from external events'. It includes legal risk but exclude strategic and reputational risk (and resultant losses). These are covered under Pillar 2 of the Basel II accord.

Enterprise and Operational Risk Governance

The Bank is guided by its Operational Risk Policy & Framework and its Enterprise Risk Management Framework which is approved by its Executive Committee (EXCO), the Board Risk Management Committee and the Board of Directors.

The Enterprise and Operational Risk Team is headed by a Head of Department , reporting to the Chief Risk Officer (CRO) and the Operational Risk Committee (ORC).

The Operational Risk Committee is held regularly and stands guided by its Terms of Reference which is approved by EXCO and the BRMC. Matters related to Medium, High and Critical risks - as reported and assessed by Business Units in the Loss Data Capture (LDC) system and thereafter independently reviewed by the Operational Risk Team - are addressed in this committee and recommendations are made to address any weaknesses captured by business units from their day-to-day operations and any key risks as identified from their Risk Control Self-Assessments (RCSA). The minutes of the ORC and Executive Summary reports on various key risk areas are escalated to the Board Risk Management Committee.

Loss Data Capture and Reporting System

The Bank collects data for all operational risk losses pertaining to operational errors and internal control failures including 'near-misses' in its Loss Data Capture (LDC) system. The collection and analysis of the Bank's own loss data provides vital information to management and provides basis for operational risk management and mitigation. The LDC is an on-line system which is made available to all business users across the Bank and acts as a radar for capturing operational risk incidents. It is an important pillar in the operational risk framework.

Risk Management (Cont'd)

Operational Risk Capital Charges under Basel II and III

MauBank Ltd has adopted the Basic Indicator Approach (BIA) for the computation of its capital charge for operational risk. The BIA uses the Bank's total gross income as its risk indicator. The total operational risk regulatory capital under the Basic Indicator Approach is the average of 15% of the gross income over the last three years.

Business Continuity Planning and Disaster Recovery

The Business Continuity Steering Committee ("BCSCOM") derives its mandate from EXCO to act as a platform for providing a clearly defined governance structure which oversees and ensures business continuity of the bank's operations in case of significant business disruption. It ensures that critical business units of the bank conduct a Business Impact Analysis (BIA) and incorporate therein estimated timeframes for recovery, resource requirements, interdependencies and risk assessments. It also ensures that remedial actions for the identified business functions that consolidate and optimize available resources, are consistent with all the Bank's policies, and are achievable

Crisis Management Team (CMT)

As provided for in its BCP, the Bank may convene its Crisis Management Team (CMT) for managing any crisis situation.. The CMT ensures that, as far as possible, the Bank maintains continuity of its activities to serve its customers and the public in general while at the same time mitigating the risk to its stakeholders. The CMT is constituted of senior executives of the Bank and is chaired either by the Chief Executive or the Deputy Chief Executive.

The CMT have to, inter-alia, decide on the strategic direction of the Bank, ensure there is communication with regulatory bodies and the public, reallocate resources as may be deemed necessary to contain the crisis, review and approve expenses related to the crisis situation, as also set or review policies, or allow temporary derogation/exception to policies, if deemed necessary.

Disaster Recovery exercise

Every Year, the bank conducts a disaster and recovery exercise on its critical systems to test the effectives and robustness of its infrastructure so as to ensure operational resilience.

The Disaster Recovery (DR) exercise assesses the level of readiness of the Bank to face a Significant Business Disruption (SBD) situation, both from human resource and system capacity perspectives. For the purpose of conducting the DR, the Bank has, during the course of this financial year, reviewed and upgraded its documented standards of procedures with a view to improving the effectiveness and readiness of the Bank to face a SBD.

Disaster Recovery exercise

Following the DR exercise, a report on the findings of the DR exercise is issued independently by the Control Functions - i.e. Risk Management Division, Compliance Department and Internal Audit Department - and same is presented to the Board, together with a critical evaluation of the DR's overall effectiveness including recommendations for improvement of the Bank's resilience in the event of a SBD.

Control Functions will, inter-alia, assess Business Units on the following:

- Level of readiness of each Business Unit to face a contingency situation;
- Level of understanding of staff regarding the purpose of the DR exercise;
- How well staff members are able to handle operations and ensure business continuity.

Market Risk Management

Market Risk is defined as the risk that the value of on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and commodity prices resulting in a loss to earnings and capital. In simpler terms, it is defined as the possibility of loss to a Bank caused by changes in the market variables.

MauBank Ltd is presently exposed to the following sources of market risk:

- Trading market risk arising through overnight position taken on foreign exchange customer flows, equity & equity like investments and holdings of Government of Mauritius Treasury Bills & Bank of Mauritius Bills.
- Non-trading market risk arising from market movements in exchange rate, equity price and interest rate in banking book with the occurrence of mismatch of Assets and Liabilities repricing, and from off balance sheet items.

The Bank's Market Risk Management Policy and Framework ensures the management, identification, assessment, monitoring and reporting of these risks by the different lines of defence. The Treasury Front Office as first line of defence manages the market risk within the risk limits and policies approved by the Board and monitored through Asset and Liability Committee (ALCO), The Asset Liability Capital Management (Treasury Middle Office) and Treasury Back Office Teams act as second line of defence in monitoring and reporting. Moreover, the Risk Management Department ensures that there are adequate controls in place while the Compliance function ensures that the policy is in accordance with the regulatory requirements and that the Bank is complying with the approved policy, guideline and procedures. The Internal Audit, as third line of defence, independently reviews, validates, verifies and assesses the effectiveness of the framework. The Market Risk Management Policy and Framework is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Early warning signals and alerts are raised on different levels of exposures of the banking book activities to foreign exchange risk, equity risk, interest rate risk and liquidity risk.

Risk Management (Cont'd)

Foreign exchange risk

Foreign exchange risk is the risk arising from movements in foreign exchange rates that adversely affect the Bank's earnings and economic value. ALCO is the Management Committee in which foreign exchange and treasury matters are discussed and analyzed. The Bank's Treasury Unit manages the overall Foreign Currency Exposure within the regulatory limit of 15% of Tier 1 Capital as well as operates within the internal overall limits for USD, other major currencies and exotic currencies as set by ALCO and approved by the Board Risk Management Committee. The Stop Loss limit and Dealers' limit are also set and reviewed by ALCO.

Stress Testing on Foreign Exchange Position is carried out under low, medium and severe stress scenarios to determine the change in capital requirements and potential impact on earnings.

Equity Risk

Equity risk is the risk that movements in equity prices will negatively affect the value of equity positions. Equity includes instruments like common stocks whether voting and non-voting; equity-like convertible securities; commitments to buy or sell equity securities; depository receipts; equity derivatives; stock indices; index arbitrage; and any other on-balance sheet or off-balance sheet positions which are affected by changes in equity prices. The bank's equity and equity like investment portfolio comprises of mainly mutual fund and trade fund.

The Bank carries out stress testing for adverse movement on the equity portfolio under low, moderate and severe stress scenarios which are reported on a monthly basis to ALCO.

Interest Rate Risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Bank's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Bank's net interest income, while a long-term impact is on the Bank's net worth since the economic value of the Bank's assets, liabilities and off-balance sheet exposures are affected.

The Bank uses the repricing gap schedules to measure the interest rate risk. A gap report is a static model wherein Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL) and Interest Sensitive Off-Balance Sheet items are stratified into various time bands according to their maturity (if fixed) or time remaining to their next repricing (if floating rate). The size of the gap for a given time band – i.e. Assets minus Liabilities + Off-Balance Sheet exposures that reprice or mature within that time band gives an indication of the Bank's re-pricing risk exposure. If ISA of the Bank exceed ISL in a certain time, the Bank has a positive gap in that particular period and vice versa.

The Bank adopts the two common approaches for the assessment of interest rate risk, namely the Earnings Perspective and the Economic Value Perspective.

Under the earnings perspective, the focus of analysis is the impact of changes in interest rates on reported earnings. A change in interest rate - either upward or downward - may reduce earnings.

The economic value perspective considers the potential impact of interest rate changes on the present value of all future cash flows and therefore represents a comprehensive view of the potential long-term effects of changes in interest rates. The economic value of an instrument represents an assessment of the present value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a Bank can be viewed as the present value of the Bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance sheet positions. In this sense, the economic value perspective reflects one view of the sensitivity of the net worth of the Bank to fluctuations in interest rates.

Stress Testing on Interest Rate

The Bank conducts stress tests under a wide range of severities to test its earnings stability and capital adequacy. It also involves an across the board interest rate shock of 200 basis points up or down while 400 basis points for its banking book only. The impact reflecting the worst case scenario is considered in determining whether the capital is commensurate with the level of interest rate risk in the banking book (IRRBB).

Liquidity Risk Management

Liquidity risk is the risk arising from the Bank's inability to meet its payment obligations when they fall due or only being able to meet these obligations at excessive costs.

The Bank manages its Liquidity risk through an established Liquidity Risk Management Policy and Framework, which conforms to the Central Bank's directives and Basel III liquidity risk norms. The Liquidity Risk Management Policy and Framework is approved by the Board of Directors as recommended by the Board Risk Management Committee.

The policy, through the establishment of key control ratios, ensures that the Bank maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The policy also ensures that the Bank can meet on-going liquidity obligations and liquidity stress situations. Besides, the policy also covers the contingency funding plans of the Bank to meet any funding mismatches.

The Asset and Liability Committee (ALCO), chaired by the Chief Executive, is empowered to provide strategic directions and take important decisions pertaining to management of liquidity and market risk. Matters discussed at ALCO are reported to the Board Risk Management Committee, the latter being a sub-committee of the Board.

The three lines of defence risk model is applied for liquidity risk management. The first line of defence, the Money Market Unit of the Treasury Front Office manages liquidity risk on a daily basis through cash flow projections and intra-day update of the cash flow whilst the Asset Liability Capital Management (ALCM) Unit monitors the liquidity risk limits post end of day. Liquidity risk limits and tolerance levels are contained in the Liquidity Risk Management Policy and Framework as approved by the Board of Directors.

The Asset and Liability Committee (ALCO), chaired by the Chief Executive, is empowered to provide strategic directions and take important decisions pertaining to management of liquidity and market risk. Matters discussed at ALCO are reported to the Board Risk Management Committee, the latter being a sub-committee of the Board.

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Risk Management (Cont'd)

Liquidity Risk Management (Cont'd)

The second line of defence, being the Risk and Compliance functions, ensure that the first line has adequate internal controls in place for liquidity risk oversight and that the Bank is complying with the regulatory norms from a liquidity risk perspective.

The third line of defence is the Internal Audit, which carries out independently a review and validation of the effectiveness of the Liquidity risk management framework.

The Bank through its set of procedures and policies has embedded control mechanism in-built in its processes as a means to mitigate liquidity risk. The management of intra-day liquidity risks includes as methodology, the continuous Cash Flow update, comprising of the actual and expected flows taking place throughout the day.

The Money Market Unit is thereby able to make sure that there is sufficient balance to meet payment and settlement obligations at all times.

Liquidity Risk Appetite and Tolerance Management

In line with Principle 2 of Basel III on liquidity risk, the Bank articulates its liquidity risk tolerance that is appropriate for its business strategy and its role. The Bank is guided by its approved risk appetite and tolerance levels.

The risk tolerance is reviewed once a year by ALCM and approval is sought from Board through ALCO and BRMC. Stress test is performed on a monthly basis by the ALCM and the impact is compared against the risk tolerance of the Bank. ALCM also makes available the results of the stress testing analysis to ALCO and to Board Risk Management Committee. Internal limit setting and controls are put in place in accordance with the Bank's articulated risk tolerance limit.

Liquidity concentration risk associated with large individual depositors, is monitored by ALCM on a daily basis and is reported to ALCO on a monthly basis. A regular assessment is made of top 25 single depositors and 10 group depositors for the purpose of deposit concentration risk.

The Bank mainly monitors and manages its liquidity risk through the Liquidity Coverage Ratio (LCR) and Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis Report.

Liquidity Coverage Ratio (LCR) represents a standard that is designed to ensure that the Bank has an adequate inventory of unencumbered high quality assets (HQLA) that consist of cash, or assets convertible into cash at little or no loss of value in market, to meet its liquidity requirements for a 30 days' liquidity stress period.

Management Discussion and Analysis

Risk Management (Cont'd)

Liquidity Risk Management (Cont'd)

Disclosure of Liquidity Coverage Ratio

LCR common disclosure as at 30 June 2023 - Consolidated basis in MUR

(Consolidated either in MUR or USD)		Total Unweighted Value (quarterly average of bi-monthly observations)	Total Weighted Value (quarterly average of bi-monthly observations)
HIGH-QUALITY LIQUID ASSETS			
1	*Total high-quality liquid assets (HQLA)*	4,556,956,184	4,556,956,184
CASH OUTFLOWS			
2	*Retail deposits and deposits from small business customers, of which:*		
3	*Stable deposits*		
4	*Less stable deposits*	15,726,755,730	1,183,026,987
5	*Unsecured wholesale funding, of which:*		
6	*Operational deposits (all counterparties)*	8,914,255,684	2,228,563,921
7	*Non-operational deposits (all counterparties)*	1,010,382,004.84	654,167,978.58
8	*Unsecured debt*		
9	*Secured wholesale funding*	-	-
10	*Additional requirements, of which:*		
11	*Outflows related to derivative exposures and other collateral requirements*	463,919,058	463,919,058
12	*Outflows related to loss of funding on debt products*		
13	*Credit and liquidity facilities*	1,110,078,889	104,108,814
14	*Other contractual funding obligations*		
15	*Other contingent funding obligations*	-	-
16	**TOTAL CASH OUTFLOWS**	27,225,391,365	4,633,786,758
CASH INFLOWS			
17	*Secured funding (e.g. reverse repos)*		
18	*Inflows from fully performing exposures*	4,984,161,010	4,749,615,195
19	*Other cash inflows*	464,496,903	464,496,903
20	**TOTAL CASH INFLOWS**	5,448,657,913	5,214,112,098
			TOTAL ADJUSTED VALUE
21	**TOTAL HQLA**	4,556,956,184	4,556,956,184
22	**TOTAL NET CASH OUTFLOWS**		1,158,446,689
23	**LIQUIDITY COVERAGE RATIO (%)**		393.37%
24	**QUARTERLY AVERAGE OF DAILY HQLA**		4,710,782,021

The reported figures for "quarterly average of bi-monthly observations " are based on bi-monthly figures for April, May and June 2023.

The reported figures for "quarterly average of daily HQLA "are based on business days figures over the period from 1 April 2023 to 30 June 2023.

The liquidity Coverage Ratio decreased from 514% as at 30 June 2022 to 393% as at 30 June 2023 attributable to a fall of MUR1.3 billion in HQLA. However, the LCR ratio remains well above the regulatory limit of 100%.

Risk Management (Cont'd)

Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis

The Bank uses gap analysis method to determine fund excess or shortage under different time buckets. Cash flows from assets and liabilities are considered under two different approaches namely contractual maturity and behavioural. They are determined on the basis of the terms and conditions of funding or loan instruments as well as on the basis of behaviour of customers, assessed from their past history and current relationship with the Bank.

Stress Testing and Scenario Analysis

MauBank Ltd conducts stress tests on a regular basis for a variety of short-term and protracted institution specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with the Bank's established liquidity risk tolerance. The bank also carries out various stress tests to assess the impact on its liquidity gap within a period of one month after the reporting date. These tests help to assess the ability of the bank to meet its obligations during period of stress under various scenarios so as to raise any alert on the potential impact of adverse shocks. Several sensitive analyses are also being done based on different single stress test factor as well as multi-factor stress tests. The Bank uses the stress test outcomes to adjust its liquidity risk management strategies, policies and positions and to develop effective contingency plans.

Country Risk

Country risk refers to the probability that changes in the business environment in another country where the Bank is doing business may adversely impact its operations or payment for imports resulting in a financial loss. Country risk also includes sovereign risk, which is a subset of risk specifically related to the Government or one of its agencies refusing to comply with the terms of a loan agreement. Causes of country risk include political, macroeconomic mismanagement, war or labour unrest resulting in work stoppages.

Country Exposure Limits

In keeping with the Bank of Mauritius' Guidelines on Country Risk Country Management and the Guideline on Cross-Border Exposure, exposure limits are reviewed and approved by the Board. The Bank sets exposure limits for individual countries to manage and monitor country risk. Country exposure limits apply to all on - and off - balance sheet exposures to foreign obligors.

Country Risk Measurement and Monitoring

On and off-balance sheet exposures are measured in line with the Bank of Mauritius guideline on 'Standardized Approach to Credit Risk'.

The Bank gathers in a timely manner, information about developments in exposed countries that may have a bearing on the country risk assessment though various sources, for example MauBank Ltd relies on ratings by External Credit Rating Agencies for country risk limits setting.

Reputational Risk

Reputational risk is the risk that the Bank could lose potential business because its character or quality has been called into question. Reputational risk is underlying in all business activities/operations, and any adverse event taking place anywhere within the Bank can potentially impact on its reputation. The process begins at the various Management Forums/Committees by proactively identifying the reputational risks that could impact the Bank following which appropriate strategies and tactics are developed to mitigate each risk and associated implications.

Business and Strategic Risk

Strategic business risk is a possible cause of loss that might arise from the following sources:

a. The original strategic plan may be successfully implemented and may be sufficiently flexible and robust to withstand the impacting risks encountered during implementation. However, having arrived at the new desired position, the organisation might discover that the position is no longer optimal. This could occur because market conditions have changed during the timescale required for implementation.

b. Strategic drift is a risk that all organisations face when they cannot deliver their intended strategic objectives because they have no means of monitoring their progress.

c. As the timescale considered increases, the degree of uncertainty also increases. As uncertainty increases, the number of long-term issues that can impact on the strategy implementation process also increases. These long-term issues represent strategic risks.

Strategic business risk is a possible cause of loss that might arise from the following sources:

d. Unforeseeable strategic risk is a fundamental characteristic of strategic risk management in that the comprehensive management of these unforeseeable issues is generally beyond the control of a single organisation and its management. Responding to such risks therefore involves the application of constant monitoring to determine their effect on the business.

MauBank Ltd uses the following methods of strategic risk management:

- Business planning
- Monitoring of Performance against Objectives as per five year plan
- Assessment of external (industry and macroeconomic) environment
- Readjustment of plans

Management Discussion and Analysis

Risk Management (Cont'd)

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its Banking activities.

MauBank Ltd has adapted its compliance function with the general principles of the Basel Committee on Banking Supervision on "Compliance and the Compliance Function in banks" and stands guided by its Compliance Policy. This Policy approved by the Board of Directors sets out the principles and standards for compliance and management of compliance risks in MauBank Ltd with the objective to guide business to manage the compliance risks effectively and obligations inherent in their respective activities.

Compliance is one of the key functions in the bank's corporate governance structure. The identification of compliance risk, its assessment, testing and appropriate risk response are vital for the bank to conduct its activities in accordance with the applicable laws and guidelines.

The general approach to mitigate compliance risk at MauBank Ltd is as follows:

1. Promoting a Compliance Culture across the bank by educating staff on compliance matters.

2. Ensuring compliance with legal/regulatory requirements by implementing a risk-based approach plan.

3. Ensuring that the Anti Money Laundering and Combatting the Financing of Terrorism (AML/CFT) requirements are complied with.

4. Keeping abreast of regulatory changes and ensure implementation and adoption by relevant business units.

5. In line with Section V of BOM Guideline on Corporate Governance, the Compliance function maintains its independence. Concurrently, the Compliance function also provides its advisory support and guidance to the Business units.

Capital Management

The Capital Adequacy framework is supported by a Board approved Internal Capital Adequacy Assessment Process (ICAAP) which encompasses capital planning for current and future periods, taking into consideration strategic focus and business plan and assessment of all material risks under stress conditions.

The Bank's Capital Management Objectives, amongst others, is to provide sufficient capital for the Banking business to achieve its strategic objectives, taking into account the regulatory, economic and commercial environment in which it operates.

The other objectives when managing capital are:

- To comply with the capital requirements as set by the regulator;
- To safeguard the Bank's ability to continue its business as a going concern;
- To maximize returns to shareholders and optimize the benefits to stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital Management (Cont'd)

Capital adequacy and the use of eligible capital are monitored regularly by Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Mauritius for supervisory purposes. The required information is submitted to the Bank of Mauritius on a quarterly basis.

As at 30 June 2023, the total capital base stood at **Rs 3,373,733,000** compared to Rs 2,662,338,000 for the year ended 30 June 2022 and the total risk weighted assets stood at **Rs 21,981,003,000** compared to Rs 18,318,424,000 at 30 June 2022.

CAR was at **15.35%** as at 30 June 2023 compared to 14.53% at 30 June 2022 and 13.33% at 30 June 2021.

BASEL II Approaches

MauBank Ltd has adopted the following approach for determining the regulatory capital requirements under the Bank of Mauritius Basel II guidelines for Pillar 1.

a) Credit risk : Standardised approach
b) Market risk: Standardised approach
c) Operational risk: Basic Indicator approach

As part of its ICAAP, MauBank Ltd has conducted stress testing under various historical and stress test scenarios to assess the impact of stress on its capital position. The methodology for the stress testing is approved by the Board of Directors. The results of stress testing are reported to the Board of Directors and the Bank of Mauritius.

In June 2022, Bank of Mauritius has issued its Guideline on Stress Testing which draws on the stress testing principles of the Basel Committee on Banking Supervision (BCBS) contained in its publication 'Stress testing principles', October 2018. As underscored by the BCBS, stress testing is integral to banks' risk management in that it alerts bank management and bank supervisors to the potential impact of unexpected but plausible adverse shocks and provides them an indication of the financial resources needed to absorb such losses. Stress testing can also be used as a key input for risk identification, monitoring and assessment.

Maubank has in place a Stress Testing Framework as approved by its Board of Directors in November 2022.

BASEL III

The Basel III regulation requires higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress, and the introduction of two global liquidity standards.

MauBank Ltd's Capital Structure for the last three years is as shown on page 162.

Technology Risk Management

The bank has adopted NIST 800 framework during the financial year 2022-2023 which is as per one of the recommendation of the new guideline on Cyber and Technology Risk Management. This framework is in place to provide management with explicit and well-informed risk-based guidance on both existing and emerging threats. To support this framework, the Information Security policy has been amended to ensure that staff members are aware of the IT-related risks and ensure compliance thereto. The Information Security policy is regularly updated to incorporate best security practices. The Information Security Policy is approved by the Board of Directors, as recommended by the Board Cyber Security Committee.

Risk Management (Cont'd)

Information Risk Measurement and monitoring

Technology Risk team has in place a quantitative measurement metric to measure the effectiveness of key security controls. Key Risk Indicators (KRI's) are established and measured on a regular basis to ensure that controls are effective and remain at an acceptable level across the organisation. Year-on-year those metrics are further enhanced to have a wider coverage of areas that require more focus and attention in line with the new emerging risk areas.

Cybersecurity

Emails are a critical entry vector used in cyber-attacks by ill-intended parties including but not limited to fraudsters, hackers etc. To mitigate the impact of such attacks, regular phishing simulations are performed by Technology Risk team to increase staff's awareness level. Furthermore, regular security awareness training programme are run Bank-wide to ensure Bank staff are well acquainted with the Information Security policy.

Regular vulnerability scanning and penetration testing are conducted on our Mobile Banking and Internet Banking platforms as well as other internet facing systems and critical system. Furthermore, security tips are frequently shared with our customers for a safe and enjoyable experience when using our secured digital platforms.

Additionally, to strengthen the Bank's resilience related to emerging technology and cyber security threats, appropriate solutions are deployed across the organization, as per the Bank's approved IT security roadmap.

SWIFT Consumer Security Programme

The SWIFT Customer Security Controls Framework (CSCF) is composed of mandatory and advisory security controls for SWIFT users. The Bank has put in place the required Security controls to comply with the SWIFT Consumer Security Programme (CSP).

PCI DSS Implementation

The Bank is continually implementing the control requirements of the Payment Card Industry Data Security Standard with the objective to secure cards data, related processes and systems.

Management Committees

1. Executive Committee ("EXCO")

The EXCO acts on behalf of the Board and exercises all powers and performs such duties for the Bank in relation to the day to day management, operation and, control and governance of the business in conformity with manuals, policies, procedures and authorities. The committee meets on a monthly basis to review the progress towards the strategic plan, mission and vision of the Bank. The committee is chaired by the CE and all departmental executives are permanent members of the committee.

2. Asset and Liability Management Committee ("ALCO")

ALCO meets on a monthly basis to oversee the Bank's liquidity risk, interest rate risk, foreign exchange risk management and treasury matters. The role of ALCO is to set and oversee the various policies for managing the Bank's statement of financial position based on a detailed analysis of risk return trade off; develop guidelines and limits for operating units and treasury; monitor that those limits are adhered. ALCO also ensures that the strategy of the Bank is in line with the Bank's budget and risk management objectives. ALCO monitors the interest margin between assets and liabilities, the cash flow position and liquidity ratio, deposit concentration and also manages the earnings at risk by conducting stress test scenarios under various market conditions.

3. Operations Risk Committee ("ORC")

The ORC meets on a quarterly basis to review the operational risk exposures of the Bank. Operational risk is managed within the Bank's operational risk framework, using the Risk Control and Self-Assessment (RCSA) and its loss data capture (LDC) system as the two main pillars to capture operational risk. The Committee is chaired either by the Chief Executive (CE) or the Deputy Chief Executive (DCE) and consists of members coming from various Business units. Its mandate is derived from the Bank of Mauritius guideline on Operational Risk and Capital Adequacy Determination and the Banks' Operational Risk Management Policy & Framework. This Committee also assists the Board Risk Management Committee (BRMC) in fulfilling its oversight responsibilities relating to operational risk.

Additionally, there are Business/Functional Operational Risk Committees (BORC/FORC) which are essentially sub-committees of the ORC set up for the purpose of assisting the ORC in fulfilling its operational risk management and control responsibilities. In doing so, the BORC/FORC will ensure Operational Risk (OR) is managed in a manner consistent with internal business needs, regulatory requirement of BOM and approved risk appetite for operational risk.

4. Credit Risk Monitoring Committee ("CRMC")

The CRMC aims at monitoring the Bank's exposure to credit risk, ensuring that such risk stays within the Bank's credit policy and credit risk appetite. This committee assists the BRMC in fulfilling its oversight responsibilities in credit related matters. The CRMC's mandate is derived from the Bank of Mauritius Guideline on Credit Risk Management, Basel document on principles of credit risk management and industry's best practices.

The CRMC, on a quarterly basis, reviews and monitors the credit risk exposures to safeguard the Bank against potential losses by identifying trends in the portfolio at an early stage, with a view to initiating timely corrective action on the credit portfolio at risk to prevent further deterioration.

5. Credit Sanctioning Committees ("CSC")

The Bank has two distinct management committees and one at board level whose roles are to consider requests for credit facilities in line with the Bank's defined overall credit risk strategy and have the authority to make a final decision on approval or rejection of proposed credit transactions within the power entrusted to them by the Bank's Credit Risk Policy Guide.

Management Discussion and Analysis

Management Committees (Cont'd)

6. NPA Forum ("NPA")

The NPA Forum reviews the non-performing accounts, type and course of actions for recovery. This forum ensures that all non-performing accounts are captured and that there are clear cut strategies on its recoveries. In this context, the forum makes suitable recommendations on appropriate recovery actions and on the prevention of non-performing accounts based on trend analysis. This Forum meets on a quarterly basis.

7. Account Monitoring Forum ("AMF")

The AMF acts a sub-forum to the NPA Forum where all accounts under the watchlist and the potential non-performing list are reviewed. This forum monitors and agrees action plans, as may be deemed appropriate, to safeguard the Bank against potential losses. This Forum meets on a monthly basis.

8. Procurement Committees

The Bank has two Procurement Committees: one at Management level and the second at Board level, with distinct sanctioning limits to consider, and if deemed fit, approve any request for the procurement of goods or hiring of services in accordance with the Bank's Procurement Policy. This policy requires, inter-alia, that a due diligence is conducted by the Bank's Procurement Unit and an independent evaluation of bids is conducted separately by a Bid Evaluation Committee (BEC), before consideration by the relevant Procurement Committee.

9. Health and Safety Forum

Safety and Health matters are fundamental values in MauBank Ltd and they are therefore fully integrated into the way the Bank conducts its business and in the individual actions of its staff members. The Bank undertakes to ensure the safety of its customers, employees, service providers, and visitors by integrating safety and health protocols in its processes and ensuring compliance with relevant aspects of the Occupational Safety and Health Act. Providing a safe and healthy working environment can only be accomplished through efforts by management and all employees, which devolve on everyone, from top management to the individual worker. This is the essence of the Bank's internal responsibility system and its ultimate goal is to ensure a safe workplace with zero incident.

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Administrative Information

Board of Directors

The composition of the Board, as at 30 June 2023, is as follows:

Mr. SOOKUN Gooroodeo, C.S.K, FCCA
Independent Director and Chairperson

Mr. Gooroodeo Sookun is a fellow of the Association of Chartered Certified Accountants (ACCA) and holds an MBA (Finance) from the University of Leicester (UK). Mr. Sookun has served in private and public companies during the last thirty years as Corporate Finance Executive in Mauritius and across Africa in diverse sectors such public utilities, agriculture and textiles, real estate development and mining.

In Mauritius, Mr. Sookun has served as Finance Executive at the Central Electricity Board, FUEL Sugar Estate, Palmar Textiles Ltd and as Head of Finance of one of the largest real estate development company, Anahita Estates Ltd. Currently Mr. Sookun is the Executive Director of SB ProConsult Ltd, a Chartered Certified Accountancy Firm, which provides accounting tax and advisory services to a range of local and international clients.

The international career of Mr. Sookun started in 1999 as Finance Executive in Sena Sugar Estates in Mozambique (project developed by a Mauritian consortium). From 2005 to 2007, he was the Group Finance Manager of Titanium Resources Limited, a company involved in mineral resources development and mining in Sierra Leone and listed on the AIM market of the London Stock Exchange. From 2008 to 2013, he was also the Director, CFO and Secretary of Diamond Fields International Ltd, a public company listed in Toronto having mining assets across Africa. From 2012 to 2017, Mr. Sookun has also served as Director and CFO of an Australian (ASX) listed company involved in Mineral Sands Exploration investments in Africa.

Mr Sookun also holds directorship in the following companies:

- SB Proconsult Ltd
- Capgemini Consulting Ltd
- World Class Hospitality and Property Services Ltd
- Seafarer Fishing Ltd
- Seafarer Ocean Harvest Ltd
- Ocean Harvest Ltd
- Sfruit Farm Ltd
- Sun Amba African Metals Ltd
- Seafarer Seafoods Trading Ltd
- Just Ask Concierge (Mauritius) Ltd

Mr. MUNGAR Premchand
Chief Executive Officer and Executive Director

Mr. Premchand Mungar is a banker with more than 38 years of experience at managerial and executive levels of commercial, offshore, development banking as well as of financial services.

He has worked with the African Trade and Development Bank (TDB) Group, a multilateral financial institution and the financial arm of the Common Market for Eastern and Southern Africa (COMESA), based in Nairobi, Kenya for 16 years where he was engaged in institutional transformation, corporate strategy and policy formulation, and also formed part of TDB's executive committees. In 2017, he ended his career at the Group as the General Counsel and Senior Director, but continued as a Senior Adviser to the TDB Group after his return to Mauritius. Prior to that, Mr. Mungar was with the SBM Bank (Mauritius) Ltd and State Bank International in Mauritius.

Since December 2017, he serves as an independent Non-Executive member of the Board of Directors of the Financial Services Commission Mauritius, where he is also the chairperson of the Audit and Risk Committee.

Mr. Mungar holds a Master's Degree in Finance and Financial Law from the University of London, and an LLB from the University of Mauritius. He is a qualified attorney and has been a member of the Mauritius Law Society since 1995. He has been credited with several commendations and was awarded the 2016 President's Excellence Award in recognition of his outstanding contributions to the affairs of the TDB Group.

Administrative Information

Board of Directors (Cont'd)

Mr. RAMPERSAD Rabin
Non Executive Director

Mr. Rabin Rampersad is currently the CEO of SME Mauritius. He has spent a major part of his career at senior management positions in the private sector both locally and abroad. He has wide cross sectoral and functional experience spans Operations, Marketing, Logistics and Business development, mostly on behalf of major multinationals.

Mr. Rampersad is also well versed in strategic development, business restructuring and international business. As part of senior management, he has been member of the Board of Directors of several private sector companies.

Mr. Rampersad holds a Master in Business Administration, a Master in Marketing and Innovation, is a Chartered Manager, a Chartered Marketer, a Fellow of the Chartered Management Institute, UK and a Fellow of the Chartered Institute of Marketing, UK.

Mr. SOKAPPADU Ramanaidoo
Non Executive Director

Mr. Ramanaidoo Sokappadu, currently Director, Economy and Finance at the Ministry of Finance, Economic Planning and Development, has been working in the civil service for nearly 39 years. He holds a Bachelor of Arts in Economics, Mathematics and Statistics.

He has in the past worked as short term consultant for the Commonwealth Secretariat and the World Bank. He has been a Board director on several parastatal bodies and companies. In addition, he has represented Mauritius in several international conferences and meetings, both locally and abroad.

Administrative Information

Board of Directors

Mr. CODABUX Muhammad Javed
Independent Director

He has worked as Accountant at African Reinsurance Corporation and as Internal Auditor at Lamco International Insurance and Cheribinny Ltd.

Mr. Codabux holds an Executive Master in Business Administration ("EMBA") with First Class (Hons) from India. He is holder of a Higher National Diploma in Business Finance, BTEC, Edexcel Level 5 – EDEXCEL University (UK) under the program of Resource Development International (RDI) U.K. Mr. Codabux has also completed several ACCA papers. He has followed several courses in Accounting & Auditing, Insurance, Reinsurance and Corporate Governance. Mr. Codabux is a Fellow of the Mauritius Institute of Directors.

Mr. Codabux is also a director in JSZ Brothers Co Ltd.

Mr. JEETOO Mohamad Fardeen
Non-Executive Director (Appointed effective 15 July 2022)

Mr. Mohamad Fardeen Jeetoo is currently working as Acting Accountant, and in his capacity is in charge of the finance section of the Early Childhood Care and Education Authority (ECCEA).

Apart from his expertise and experience in Finance, Mr. Jeetoo is also a young entrepreneur with strong business and innovation skills. He has vibrantly set up and managed business in the food sector and in consultancy.

Mr. Jeetoo holds a BSc in Finance and Accounting for the University of Hertfordshire (UK), a BSc in Business Management from University of Southampton (UK) as well as a Masters in Accounting and Finance Management from the University of Hertfordshire (UK).

He is a member of the Bid Evaluation Committee and the secretary of the Finance Committee of ECCEA.

Mr. Jeetoo is also a director in Tamarin Briani House, Connectivity Consultancy Ltd and Manger Lokal Ltd.

Mr. SEMJEVEE Sivananda
Independent Director (Appointed effective 15 July 2022)

Mr. Sivananda Semjevee is currently the Managing Director of Logfret Services Ltd, a clearing and Freight Forwarding Company. Prior to that, he was the Executive Director of World Speed Consolidators Ltd. For three years he was based in Madagascar where he was Executive Director of World Speed Madagascar.

With his solid experience in Freight Forwarding Services both at national and regional level, Mr. Semjevee has set up his own company in the field of Import Agent Services since 2004. His business achievements make him a successful entrepreneur and employer of his category.

Mr. Semjevee is also a director in Logfret Services Ltd.

Mr. KOKIL Anil Kumar
Independent Director (Appointed effective 15 July 2022)

Mr. Anil Kumar Kokil is currently the Chief Executive Officer of the Cote D'Or International Racecourse and Entertainment Complex Ltd, a company incorporated in April 2022 to spearhead the development of a new racecourse and entertainment complex at Cote D'Or.

Mr. Kokil was also a Director (Economic and Finance) at the Ministry of Finance, Economic Planning and Development. During his professional career, he has contributed to and spearheaded the national budget preparations and policy making of successive Governments.

The contributions of Mr. Kokil are also recognised at regional and international level. He was the chairperson of the SADC Macro Economic Meetings held in South Africa and in Botswana as well as the chairperson of the Committee set up by the SADC Ministers to look at the Self-Financing Mechanism for SADC. He was the Founder Member of the Collaborative Africa Budget Reform Initiative.

He has been a Consultant for both local and International Organisations and has contributed on Migration for the World Bank, the European Union and the International Organisation for Migration, and has also contributed to several papers in International Publications. He actively participated in UN Annual Meetings of the Global Forum on Migration and Development, as Panelist and Moderator.

He has previously been the chairperson of the Skills and Information Technology Development Fund, and chairperson and Assessor of several Disciplinary Committees and Commission of Inquiries appointed by the Public Service Commission and the Disciplinary Forces Service Commission and the Government. He has also acted as the Chief Executive of the Gambling Regulatory Authority.

Mr. Kokil holds an MSc in Public Sector Management, a B.A (Hons) in Statistics with Economics from the University of Delhi and a Professional Certificate in Statistics from the Institute of Statisticians, UK. He has received professional training at the Institute of Development Studies UK; the IMF and World Bank in Financial Programming and Policies, and on Government Finance in Washington amongst others.

Administrative Information

Board of Directors (Cont'd)

Mrs VASSEUR-SONEEA Alexandra
Independent Director (Appointed effective 15 July 2022)

Mrs. Alexandra Vasseur-Soneea is a Talent Acquisition Specialist and has worked with Morgan Philips Group, one of the biggest recruitment firms in the world. She is well versed on the European Financial Market and specializes in recruitment for Private Banking, Wealth Management, Trust, Fiduciary and Private Equity institutions as well as commercial and investment banks. Her knowledge and experience in talent acquisition in the sector of finance have honed her skills in human resource strategy for large European companies. She also has sound knowledge of the energy and luxury sectors.

She is currently the Founder & CEO of Kanope Consulting Ltd, a recruitment firm.

Mrs. Vasseur-Soneea holds an MBA from l' Université de Poitier in France, a Master 1 en Management and a Licence de Gestion from the 'Université de Poitier' in France.

Mrs. Vasseur is also a director in Kanope Consulting Ltd and Soneea's Property Ltd.

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Administrative Information

Executive Team

Mr. MUNGAR Premchand

Chief Executive Officer and Executive Director

Please refer to Board of directors section on page 220.

Mr. VYDELINGUM Vishuene

Deputy Chief Executive

Mr. Vydelingum is presently the Deputy Chief Executive of Maubank ltd. He is a seasoned banker with over 25 years' experience, with expertise in Corporate & Investment Banking, Treasury and Markets. Mr Vydelingum holds a Maitrise – Ingenieur Maitre en Banque et Finance from Université Sorbonne Nord and a Licence (IUP) en Ingénierie de la Banque, Finance et Industrie in addition to a D.E.U.G Sciences Economiques. He is a licensed Stockbroker of the Stock Exchange of Mauritius.

Mr. MOTEE Ramesh, FCCA

Chief Risk Officer

Mr. Motee is presently the Chief Risk Officer of Maubank ltd, he has an extensive experience at senior positions within various entities operating in the banking and financial sector which covers 38 years. He holds a Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers, and is a Fellow member of Association of Chartered Certified Accountants (FCCA).

Mr. MOHADEB Damodarsingh (Deepak), FCCA
Chief Financial Officer

Mr. Mohadeb, is a Fellow member of Association of Chartered Certified Accountants (FCCA). He commands extensive experience having held various senior positions within entities operating in the banking, financial and leasing sector over the past 16 years. He is also a Fellow of the Mauritius Institute of Directors (MIoD).

Mrs YACOOB Syed Aufia
Head of Institutional Development cum OIC HR

Mrs. Yacoob joined MauBank on 26 March 2018, as Senior Manager, Learning Academy. She holds an Msc physics, Bachelor Degree in Education, Bachelors in Electronics, Master's Diploma in International Business and also is a certified trainer up to level 8.

She is an accomplished professional and results-oriented professional with an impressive track record in business improvement, human resources, Learning and operations. She has over 18 years in the corporate sector with proven track record in building partnerships and alliances at all levels. She has a good expertise in areas of customer service, leadership, Consultancy skills and Employee Performance/ Productivity.

She has received international accolades like Global Pioneering women leader by Economic times & World HRD Congress in 2020 and African women Leader by world Women Leadership Congress & CMO global in 2019.

Mrs. Yacoob is currently pursuing her one-year Executive Leadership Course -Stanford LEAD from Stanford Graduate School of Business.

Her vast experience and insights in the learning and development field, in the different sectors both locally and abroad add immense value to our Human Resources and Institutional Development.

Administrative Information

Executive Team (Cont'd)

Mr. POOLOO Maoumar AL

Head of Operations

Mr. Pooloo joined the Bank in 2004. He holds an MBA from University of Technology, Mauritius.

Over the years, he has worked in different departments, gaining valuable expertise. Mr. Pooloo has lately been managing the portfolio of Financial Institution & Parastatal Bodies in Corporate Banking. He has been assigned the responsibility of Operations department following the restructuring of the department.

Mr. LUXIMON Sanraj, FCCA, MBA

Head of Sustainability and Corporate Strategy

Mr. Luximon has a BSc (Hons) in Applied Accounting, is an MBA holder and a Fellow member of the Association of Chartered Certified Accountants (FCCA). He holds also a Crisil Cross Border lending certification.

He joined the bank in 2005. Over the years, he has headed different departments, gaining valuable expertise. As a seasoned banker, he has assumed the duty of Officer-in-Charge of the bank in 2015 for a transitional period.

Mr. Luximon is presently the Head of Sustainability & Corporate Strategy. He also overviews the operations of the bank's sister company, EAMC Ltd.

Ms. SADDUL Anouchka
Head of Corporate Affairs, Brand Management and Marketing

Ms. Saddul is a Management with Law graduate, and a Certified Digital Marketing Professional. She also holds qualifications in Personnel Management and in Public Health. She has over 20 years of diverse experience in Marketing, Communications, Media and Public Relations in both Government bodies and the private sector, and is a member of the Digital Marketing Institute, the Chartered Institute of Public Relations, the Mauritius Institute of Directors and the Women Leadership Academy.

Mr. SEEBARUTH Balraj Kumar (Rakesh), FCCA
Head of Internal Audit

Mr. Seebaruth is a FCCA, a member of MIoD and holds a BSc (Hons) in Accounting.

He has over 20 years of experience in the field of auditing, accounting, finance and global business. He has worked in Big Four auditing firms and lead several audits in various sectors including, but not limited to, asset management, banking, insurance, manufacturing, retailing and telecommunications. Mr Seebaruth was also involved in auditing companies listed on the Stock Exchange of Mauritius as well as working on international assignments. As an experienced instructor, he delivered several audit and accounting training, and soft skill courses in Mauritius. He also formed part of the territory instructor team and delivered training in several sub-saharan african countries, including Kenya, Ghana and Uganda.

Administrative Information

Other Key Management Staff

Mr. MUHEM Dharmarajan

Acting Head – Information & Technology Services

Mr. Muhem holds an MBA (University of Leicester) with specialisation in IT, a Certificate in Banking Studies & Computer Programming and a Diploma in Management (University of Leicester). He is also a Data Centre Design Certified Professional, Certified Project Leader, a Business Continuity Certified Specialist and holds a Project Management Professional (PMP®) Certification. He has 30 years of banking and IT experience.

Mr. TRANQUILLE, JEAN HUGUES IVAN

Company Secretary

Mr. TRANQUILLE holds an MBA and is an Associate of Institute of Chartered Secretaries and Administrators UK - (ACIS) and also an Associate of the Chartered Institute of Bankers UK – (ACIB). He has over 30 years of banking experience, having started his career at the MCB Group. In 2003, he joined the Mauritius Leasing Co Ltd as "Manager Operations" and, upon amalgamation with Bramer Banking Corporation Ltd, he occupied the post of "Head of CUT". He successfully completed his MBA in 2007 and, since the merger in 2016, he occupied the post of "Senior Manager - Enterprise Risk" in the Risk Department.

Mr. SAWMY Premendra

Head of Special Asset Management

Mr Sawmy holds a Msc in Applied Economics with specialization in Banking and Finance and Bsc (Hons) in Economics with First Class & First Division from the University of Mauritius.

Mr Sawmy has worked at SBM Bank (Mauritius) Ltd & MHC Ltd, prior joining the Bank in April 2004. Over the last 23 years of banking experience, he has led various functions in the Bank as Branch Manager, Area Leader, Head of Credit Services and Head of Consumer Banking Operations. He has also been the Functional Lead in several Finacle Upgrade and Integration Projects.

Mr. BADEGHAN Yoghen K.

Compliance officer cum MLRO

Mr. Badeghan is a fellow of International Compliance Association (ICA), with a combined total of 13 years of experience in banking and financial services. Prior joining MauBank, Mr Badeghan was working as Compliance and MLRO and was responsible for leading a Compliance and AML&CFT Function of the Industrial Finance Corporation of Mauritius (IFCM) for the past two years. He was the Head of Compliance and MLRO at Maybank Mauritius, where he spent over 7 years. He also held various Compliance and AML Risk related functions for State Owned Entities, such as State Investment Corporations Ltd (SIC), DNFBPs under the purview of SIC and Global Business Companies.

Management Team (Cont'd)

Business Centre Manager at 30 June 2023

JUGNAUTH Ravin Kumar
Place D'Armes

LAKHOA Uttam
Rose Belle

KAWOL Neela
Quatre Bornes

BUNDHOO Mohammad Khalid
Curepipe

ANSEREEGADOO Dony
Mahebourg

GUNGADIN Kesha
Lallmatie

LUCKHEE Adesh
Goodlands

MOOTOOCURPEN Roja Saraspedee
(Acting Business Centre Manager)
Grand Baie

BETCHOO Satyandranath
Flacq

RAMTOHUL Dhanvesh
Chemin Grenier

RUGHOOBUR Anjalee
Triolet

ADJODHYA Kaushalbye
Vacoas

RAJARAMSING Jhusveer
Rose Hill

RAMTOHUL-REEKHAYE Meeshesta
Riviere Du Rempart

JOYGOPAUL Hemlata
Terre Rouge

DWARKA, Anoukshada
St Pierre

HUNGLEY Gary
Ebène

EDOUARD Billy Roy
Rodrigues

BHUNJUN Pounam
Pope Hennessy

Administrative Information

Business Centre Network at 30 June 2023

PLACE D'ARMES Business Centre

1 Queen Street
Place D'Armes
Port Louis

ROSE BELLE Business Centre

Royal Road,
Baramia
Rose Belle

QUATRE BORNES Business Centre

Cnr St Jean & Osman Avenue
Quatre Bornes

CUREPIPE Business Centre

Royal Road
Curepipe

MAHEBOURG Business Centre

Corner Delices & Marianne Streets
Mahebourg

LALLMATIE Business Centre

Corner Royal & Tagore Road
Lallmatie

GOODLANDS Business Centre

Royal Road
Goodlands

GRAND BAIE Business Centre

Richmond Hill Complex
Grand Baie

FLACQ Business Centre

Royal Road, Cnr of Charles De Gaules
& Francois Mitterand Street
Flacq

CHEMIN GRENIER Business Centre

Royal Road
Chemin Grenier

TRIOLET Business Centre

Royal Road, Anand Square
8th Mille, Triolet

VACOAS Business Centre

Independence Street
Vacoas

ROSE HILL Business Centre

323477 Royal Road
Rose Hill

Riviere DU REMPART Business Centre

Riverside Shopping Complex
Riviere du Rempart

TERRE ROUGE Business Centre

Royal Road
Terre Rouge

ST PIERRE Business Centre

Kendra Commercial Centre
St Pierre

EBENE

Ground Floor, Bramer House
Cybercity Ebène

POPE HENNESSY Business Centre

Pope Hennessy Street
Port Louis

RODRIGUES Business Centre

Rue Max Lucchesi
Port Mathurin, Rodrigues

Foreign Correspondents

ABSA BANK

International Financial Institution
2nd Floor, ABSA Towers North
180 Commissioner Street,
Johannesburg 2001
South Africa

AGRICULTURAL BANK OF CHINA

Shanghai Business Centre
33/F, ABC Tower, 9 Yincheng Road
Pudong New Area, Shanghai 200120
China

BANK ALJAZIRA

Olaya Street
P.O Box 20438-Riyadh 11455
Saudi Arabia

BANQUE NATIONALE DU CANADA

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5th Floor
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CREDIT SUISSE (SCHWEIZ) AG

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ICICI BANK LTD

International Financial Institution Group
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Mumbai 400051
India

JP MORGAN CHASE BANK, N.A.

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2nd Floor, Tampa
Fl 33610, USA

JP MORGAN CHASE BANK, N.A.

London
England
United Kingdom

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138 Shatin Rural Committee Road
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Hong Kong

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10-30 Nihonbashi-Kakigaracho
2 Chome Chuo-Ku
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Japan

SBM BANK (INDIA) LIMITED

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Nariman Point Mumbai
Maharashtra 400021
India

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16, Rue Hoche
92972 Paris La Defence Cedex
France

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Standard Bank, 6th Floor, Entrance 4
3 Simmonds Street
Johannesburg 2001
South Africa

BANK OF CHINA (MAURITIUS) LIMITED

5th Flr, Dias Pier Building
Caudan
Port Louis
Mauritius

YES BANK LIMITED

Part Ground Floor, Tower 2,
Indiabulls Finance Centre,
Senapati Bapat Marg Lower Parel,
Mumbai
Maharashtra 400013


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