Annual Report 2021

Building Tomorrow

Preparing for a Stronger & Smarter Future

MAU BANK

Contents

Corporate Information

Board of Directors

Non-Executive Directors	Appointed on	Resigned 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	13 March 2015	
Mr. Gokhool Ashvin Jain	23 February 2016	30 September 2020
Mr. Nilamber Anoop Kumar	22 March 2016	30 June 2021
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		
Mr. Mungar Premchand	23 November 2018	

Corporate Information

Key Management Team

	Position
Mr. Mungar Premchand	Chief Executive
Mr. Vydelingum Vishuene	Deputy Chief Executive
Mr. Mohadeb Damodarsingh (Deepak)	Officer in Charge – Finance
Mr. Motee Ramesh	Chief Risk Officer
Mr. Chedumbrum Mardaymootoo Pillay (Nanda)	Executive Head – Operations
Mr. Rawoteea Yasdeo (Rajesh)	Executive Head – Human Resources
Mrs. Acharuz-Sawoky Gayetree Sunita	Head of Compliance
Mr. Kundan Anil Kumar (From 02 February 2017 to 31 December 2020)	Executive Head – SME Banking
Ms. Saddul Anouchka	Head of Corporate Affairs, Brand Management and Marketing
Mr. Dasari Venkata Ramana (From 04 February 2021)	Chief Information and Digital Officer
Mr. Muhem Dharmarajan (From 29 March 2019 to 03 February 2021)	Acting Head – Information & Technology Services
Mr. Bhagavan Ramakrishna	Head of Consumer Banking
Mr. Carver Jean Clifford Eric	Head of Asset Financing
Mr. Vyapooree Govinden Modeliar	Head of Markets
Mr. Albert Clint	Head of Commercial Banking
Mr. Beebeejaun Muhammad Asif	Head of Special Asset Management
Mr. Youell Peter Gregory (From 05 November 2018 to 02 October 2020)	Head of Credit Risk
Mr. Madhou Chandrasen Jaynarain (From 02 February 2021)	Head of Human Resources
Mr. Pooloo Maoumar AL (From 05 August 2020)	Head of Correspondent Banking
Mr. Poinoosawmy Veemarlen (From 20 April 2021)	Acting Head of Legal
Mr. Luximon Sanraj	Financial Controller – Special Asset

Internal Audit	
Mr. Seebaruth Rakesh (B.K)	Head of Internal Audit
Secretary	
Mr. Ramjunum Gauravsingh (From 01 June 2020 to 06 November 2020)	Consultant – Legal and Board Matters
Mr. Sahye Varun Sharma (From 16 December 2020)	Acting Company Secretary
Registered Office	**MauBank Ltd** 25, Bank Street Cybercity Ebène, 72201 Republic of Mauritius
Auditor	**Deloitte** 7th Floor, Standard Chartered Tower 19-21 Bank Street Cybercity Ebène, 72201 Republic of Mauritius

Chairperson Statement

On behalf of the Board of directors, I am pleased to present the Annual report 2021, the second under my chairmanship. Despite the ongoing challenges which have engulfed the year 2020-2021, I am proud to note that the team at MauBank Ltd has worked tirelessly to ensure a remarkable performance. Under the guidance of the Board of directors and the CEO, the Bank had to re-engineer its business model post COVID-19 to sustain the business while at the same time, extending a helping hand to our customers who were deeply impacted by the COVID-19 pandemic. With this in mind, I am pleased to present my statement as the Chairperson of MauBank Ltd.

Despite the fact that the pandemic had a substantial impact on our operations in FY 2020/21, the organization was able to produce positive results, owing to our increasingly diversified operations and robust business model, as well as our continued focus on prudent risk management. Whilst we continue to develop our reserves to absorb any future potential credit losses, the Bank posted a satisfactory post-tax profit of Rs. 115.70m as at 30 June 2021 compared to Rs. 108.20m as at 30 June 2020; an increase of 6.35% mainly attributable to the strategic decisions and the cost containment measures implemented by management under the guidance of the Board.

The Bank's capital buffers were adequate, with overall capital adequacy ratio of 13.88%. Despite the difficult market conditions, we maintained good funding and liquidity situations, and our asset quality remained largely consistent.

A few things come to mind as I reflect on what has been one of the most difficult years in the history of the Mauritian economy and its banking sector.

(1) The resilience and the professionalism displayed by our employees in assisting our customers and communities whilst ensuring continuity of business.

(2) The use of our digital platforms to provide our customers with a safe and easy banking experience.

(3) The strong sense of purpose and values which drove our reaction to a crisis that disrupted our normal way and placed a significant strain on the economy in which we operate today.

Indeed, the post COVID-19 era remains the most challenging way as we adapt to the new 'normal'.

The SME sector in Mauritius remains a major pillar of the economy, contributing roughly to 40% of the country's GDP and employing 54.6 percent of the workforce. As outlined in previous Government budgets and Vision 2030, SMEs are expected to play a larger role in the economy, not just as enablers but also as major drivers of inclusive and balanced growth. Our goal at MauBank Ltd is to be aligned with the strategy of the Government and support our SMEs, both financially, operationally and educationally.

The recent segregation of our SME department into Business Banking and Corporate Banking has allowed us to deploy specific resources to help our clients in providing bespoke solutions which has aided in the expansion of their businesses. The moratorium on loans granted to economic operators, SMEs, households and individuals impacted by COVID-19 has been extended to 30 June 2022 in addition to the Banks' own scheme, the MAUCOMBAT which has further aided businesses to benefit from soft interest rates on a longer period to ease their cash flows and safeguarding employment. We have also performed regular site visits to have a better understanding of SMEs' financial and indirect marketing challenges which have further allowed the Bank to re-assess its business model and provide insightful information to help in their sustainability. We remain proud of our commitment to support the Mauritian economy and the next generation of entrepreneurs.

In line with our strategy to re-engineer the business model, the Bank rolled out its first "One Stop Shop Business Centre" in November 2020. Since then, we have seen an increase in the demand of our products and a resulting efficiency which allows the Bank to help our clients from one of our nineteen business centres located around the island. By adopting a holistic approach, we aim to be accessible to more businesses and increase our customer base as a result of this new implementation.

In order to complement the One Stop Shop model, the Bank has recently implemented a Dedicated Product Cell which is responsible for the development of tailor made products to help our customers in their day to day business needs. We are confident that as we move towards a new business model coupled with right product mix, the proximity of our area leaders and business center managers to foster entrepreneurship with our client base will consolidate the MauBank brand in the local and international market.

The recognition of the Bank as the "Best SME Banking Services 2021" by Capital Finance International is a further proof of our commitment to this sector as we aim to provide targeted solutions, innovative products and technological know-how to our clients.

Technology remains one of the key element in our business and we remain committed to adapt to the ever changing landscape of the banking sector. The enhancement of our WITHME app and the ease of doing business through our online leasing platform has allowed the Bank to distinguish itself with the following awards;

(i) Best Consumer Digital Bank in Mauritius by Global Finance Magazine; and

(ii) Best Mobile Banking Application 2021 by the International Business Magazine.

In order to further penetrate the market with new and cutting-edge solutions, the Bank has been actively pursuing its digital transformation strategy. Management continues to invest heavily in new technology to help our clients; both in terms of security and ease of doing business. We aim to revamp the conventional way of doing business through the creation of an online platform to enable our clients to access all their banking products online. This platform shall provide the client with the ease of applying for any product which is offered by the Bank within the touch of their fingertips. At MauBank Ltd, we aim to be at the forefront in terms of innovation and technology.

The Bank has also been actively deploying additional resources to consolidate its presence in the African market. By using our current network, the Bank has invested significantly in these markets which is now providing a sustainable income to our revenue line. The growth of our underlying assets in the Segment B is a statement of intent from management to penetrate the global market and develop this segment into a sustainable revenue generating element of MauBank Ltd as we aim to tie up with significant financial players in Africa and around the world to enhance our presence and penetrate new markets.

Chairperson Statement

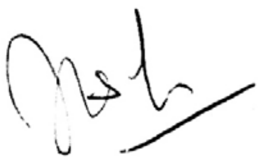
CONCLUSION

I would like to extend my heartfelt gratitude, on behalf of the Board of directors, to our customers and shareholders for their continuous support and faith in the Bank. I also want to express my gratitude to the management teams and employees for their continued commitment to live our purpose and for their perseverance in assisting our customers through these trying times. We remain committed towards a sustainable growth and to enhance our clients' experience by providing solutions with a high level of integrity and innovation whilst ensuring compliance with all the requirements of Good Governance within the Bank.

Last but not least, the Board of Directors and myself would like to express our gratitude to our shareholders for their support, our customers for their ongoing trust and the MauBank's employees for their hard work and devotion.

The years ahead will be both challenging and rewarding as we enter into a new era of banking plagued with uncertainty but defined by underlying opportunities. The financial sector is in a state of evolution and we, at MauBank Ltd remain confident in our abilities to rise to the challenges to consolidate the MauBank brand, both locally and internationally.

We rely on your continued support for another successful financial year.



Mr. Gooroodeo Sookun
Chairperson
Board of Directors

Chief Executive Statement

Dear Clients, Colleagues, and Shareholders,

Every year comes with new expectations, renewed belief and hope for a better tomorrow. As we embarked on the financial year 2020/2021, we were faced with a pandemic termed to be the biggest and the most disruptive to individuals, families, businesses and the global economy.

Yet we faced the pandemic as a unitary force, proving that MauBank remains a strong and resilient Bank, despite the impending effect of COVID-19. Our colleagues have risen to the challenge and delivered what could be termed as an excellent performance for the financial year 2020/2021.

It is therefore with great satisfaction that I present the financial results of the FY 20/21.

BUILDING RESILIENCE THROUGH COVID-19

The pandemic having brought an unimaginable level of disruption in the lives of citizens and businesses, we recognize that it has also been a unique opportunity to draw us out of our comfort zones, and propel us to devise alternative ways of living, working and doing business.

The experience we have gathered in managing the pandemic is unparalleled.

Our business continuity was tested in a ruthless manner, yet the bank and its employees stood unbent to face the challenge and to quickly devise work arounds so that services to our clients remain efficient. Although confinements did impact our operations to some extent, with the right management decisions and investment in technology, we have been able to limit disruptions to a minimum. The safety of our staff being our prime concern, most of our teams worked remotely while service to our clients and the general public remained available all through.

SUPPORTING LOCAL FAMILIES AND BUSINESSES

As the economy battled the ramifications of the pandemic, the Bank of Mauritius came forward with various relief programs to alleviate the financial burden on households and economic operators. Since then, MauBank has been providing moratoriums in line with the support programs to household on capital repayments on their existing households, and on capital and interest to SMEs as well as financial assistance to economic operators to ease cash flows and preserve employment.

Leveraging the Government initiatives in supporting the Micro, Small and Medium Enterprises (MSMEs) and families, MauBank positioned itself as a partner that encourages entrepreneurship by supporting small and medium-sized firms, and assists micro-enterprises and sole traders in expanding their operations. The organization, which straddles the line between a commercial bank and a development bank, remained focused on assisting the local business community. As a matter of fact, over a quarter of MauBank's assets are dedicated to assisting small businesses.

The Bank frequently served as a business partner rather than just a lender, collaborating directly with clients to help them capture business opportunities through a portfolio of fully scalable and adaptable products and services that are designed to meet – and surpass – their unique requirements.

We offered a variety of services that helped entrepreneurs develop their lines of business, and venture into previously untapped areas or niches. We are, to that effect, continuing our collaboration with the African Development Bank (AfDB) to gain expertise in expanding its SME business across sectors and fostering private sectors such as manufacturing, commerce, agriculture, aquaculture, information and communications technology, and transportation.

We expect to expand our SME client base from 4,400 to 6,000 by 2027 as a result of the assistance. Additionally, these businesses will be able to expand their capacity, produce extra revenues, and extend their operations, as well as create jobs.

DIGITALISATION

The Bank continued to implement its digital transformation strategy in order to further penetrate the market with innovative and cutting-edge solutions. Our clients' trust in the services and digitalisation of the Bank to operate more efficiently was demonstrated through the following recognitions being awarded to MauBank:

(i) Best Consumer Digital Bank in Mauritius by Global Finance Magazine; and

(ii) Best Mobile Banking Application 2021 by the International Business Magazine.

We remained focused on digitalisation of our platforms to ensure operational efficiency, and convenience to our clients for an enhanced banking experience. The recent rise in the number of leasing applications through our new online digital platform is a proof of innovation which has eased the way our client do business with the Bank, as well as resulted in a higher level of income for the Bank. As we transit to the new era of cashless transactions, MauBank is adequately equipped to deliver secured and seamless payment solutions. We remain highly committed to adhering to the international norms of security in ensuring that the assets of our clients and the Bank remain safeguarded.

Chief Executive Statement

FINANCIAL PERFORMANCE

The Bank's financial performance for FY 20/21 is remarkable and indicative of its financial robustness. The revenue generation strategies implemented by management and overseen by the Board has started bearing its fruits. Today, we can see a sustained level of income from our various streams. Our dependency on traditional income through conventional banking is gradually being replaced by fee based income.

The increase in our portfolio is a further proof of the trust of our clients in our banking institution. Loan and advances have been on the rise whilst customer deposits have also increased.

Below are the highlights of the financial performance of the Bank as at 30 June 2021.

- The Bank reported a profit after tax of Rs 115.07 million as at 30 June 2021 compared to a profit after tax of Rs 108.20 million as at 30 June 2020; representing an increase of 6.35%.
- Total assets were Rs 32.91 billion as of 30 June 2021, up from Rs 31.50 billion as of 30 June 2020, representing a 4.48% increase.
- Gross loans and advances increased by 14.38% from Rs 16.00 billion at 30 June 2020 to Rs 18.30 billion at 30 June 2021.
- An increase in its deposit base, which increased by 7.9% from Rs 26.31 billion at 30 June 2020 to Rs 28.38 billion at 30 June 2021.

I am pleased to announce that the cost containment measures initiated by management have contributed to the drop in the total operating expenses in absolute terms.

Additionally, the effective management of the credit risks associated with IFRS 9 has allowed the Bank to better manage the provision for impairment as at 30 June 2021.

The Bank complied with all of the externally imposed capital requirements to which it is subjected. At 30 June 2021, capital adequacy ratio was 13.88% well above the regulatory limit of 11.875%.

THE WAY FORWARD

The COVID-19 virus has demonstrated the critical need for all of us to build resilience and develop agility to face challenges. While the medical sector works tirelessly to find solutions to lessen the virus's impact and prevent future pandemics, the future remains uncertain.

In the given circumstances, we have laid a solid foundation on which to reduce risks and meet the challenges that lie ahead. Today, MauBank is well positioned to explore and seize new business avenues that lie ahead, particularly in some of Africa's specialized markets, which remain one of our core areas of focus. We will keep bolstering our domestic position, expand our non-banking operations, and increase our scoping over Africa.

As we become more exposed to a younger audience who is more technologically savvy, the Bank will endeavor to provide adaptable solutions that match the needs of millennials.

We will continue to strengthen our compliance frameworks, risk management, and internal controls in order to achieve our goals.

CONCLUSION

Whilst we look back over the FY 2020/21, I need to place on record that every member of our Bank worked relentlessly to provide quality of service to our clients while also guaranteeing the seamless functioning of our operations. I appreciate the commitment and effort, and I'm convinced that we will move forward with the same rigour towards making MauBank a more resilient institution standing on firm foundations.

Today, we have had a unique opportunity to re-engineer our business model and plan ahead, and I am optimistic that, despite market uncertainties, together, we shall achieve our mid-term strategic objectives.

Last but not least, I would like to express my gratitude to our Board, shareholders and other stakeholders for their unwavering support.

Thank you for the ongoing dedication to MauBank and trust in us.

Mr. Premchand Mungar
Chief Executive

Directors' Report

The Board of Directors is pleased to present the Audited Financial Statements of MauBank Ltd ("Bank") and its subsidiary for the year ended 30 June 2021. 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

It is just over one year since COVID-19 was declared a global pandemic during which the world has witnessed terrible loss of lives and livelihood. The rising human toll worldwide and the millions of people that remain unemployed are grim markers of the extreme social and economic strain that the global community still confronts. Despite the high uncertainty regarding the pandemic, a beacon of light in the form of vaccines has emerged and a way out of this global economic crisis is highly conceivable. Thanks to the inventiveness of the pharmaceutical industry, various vaccines have been developed which have helped contain the effects of the pandemic and have allowed the global economy to rebound; albeit in an environment full of uncertainty and challenges. In parallel, adaptation to pandemic life has enabled the global economy to do well despite subdued overall mobility, leading to a stronger-than-anticipated rebound, on average, across regions. The additional fiscal support in some economies, (especially the United States)-on top of an already unprecedented fiscal response last year and continued monetary accommodation-further uplifted the economic outlook. The International Monetary Fund ("IMF") now projects a stronger recovery in 2021 and 2022 for the global economy compared to the previous forecast, with growth projected to be 6 percent in 2021 and 4.9 percent in 2022. Nonetheless, the outlook presents daunting challenges related to divergences in the speed of recovery both across and within countries and the potential for persistent economic damage from the crisis.

Improved Outlook: After an estimated contraction of -3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.9 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Global growth is expected to moderate to 3.3 percent over the medium term-reflecting projected damage to supply potential and forces that predate the pandemic, including aging-related slower labor force growth in advanced economies and some emerging market economies. Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

Emerging market and developing economies as a group are forecast to expand 6 percent this year, supported by higher demand and elevated commodity prices. However, the recovery in many countries is being held back by a resurgence of COVID-19 cases and lagging vaccination progress, as well as the withdrawal of policy support in some instances. Excluding China, the rebound in this group of countries is anticipated to be a more modest 4.9 percent. The recovery among emerging market and developing economies is forecast to moderate to 4.7 percent in 2022. Even so, gains in this group of economies are not sufficient to recoup losses experienced during the 2020 recession, and output in 2022 is expected to be 4.1 percent below pre-pandemic projections. Per capita income in many emerging market and developing economies is also expected to remain below pre-pandemic levels, and losses are anticipated to worsen deprivations associated with health, education and living standards. Major drivers of growth had been expected to lose momentum even before the COVID-19 crisis, and the trend is likely to be amplified by the scarring effects of the pandemic.

Growth in low-income economies this year is anticipated to be the slowest in the past 20 years other than 2020, partly reflecting the very slow pace of vaccination. Low-income economies are forecast to expand by 2.9 percent in 2021 before picking up to 4.7 percent in 2022. The group's output level in 2022 is projected to be 4.9 percent lower than pre-pandemic projections.

Directors' Report

REVIEW OF THE MAURITIAN ECONOMY

Mauritius has been successful in containing the COVID-19 pandemic thanks to stringent health measures but the halt in tourism sector has significantly affected a tourism-dependent economy. A comprehensive set of stimulus measures to mitigate the economic impact of the pandemic, including a wage subsidy and income support for the self-employed, have provided support to firms and households. With tourism halted, real GDP contracted by 15 percent in 2020, and the current account deficit widened substantially. However, unemployment—while high—was contained by wage support schemes by the Government of Mauritius. In the face of falling revenue and urgent social spending needs, the fiscal deficit has widened notably. Inflation is low, while the Banking and global business sectors appear to be sound. From the outset of the pandemic, the rapid closure of the border, imposition of a lockdown, and other public health measures have kept viral transmission to a low level. Vaccinations began in early 2021, and the authorities target vaccinating 60 percent of the population by end-September 2021.

The economy will begin to recover in 2021, with growth forecast at about 5 percent. Tourism flows are expected to slowly resume in the second half of the year, and exports will strengthen in line with global demand. Unemployment will likely remain elevated as wage support schemes are scaled back but then return to trend in the following years. Inflation is projected to increase modestly by end-2021, propelled by recuperating aggregate demand and a devalued Mauritian rupee. Medium term growth is projected to converge to pre-pandemic rates of 3-3½ percent. Mauritius' economic outlook is subject to downside risks as the country emerges from the pandemic. Tourism flows are uncertain, and a prolonged pandemic could require costly containment efforts and prompt behavioral changes hurting tourism. However, uncertainties and risks remain. The key macroeconomic challenge is to restore sustainable growth despite tourism—which accounts for over one-fifth of the economy—likely to remain subdued through 2022.

OUTLOOK

Mauritius started showing better resilience in Q3-2020 as both consumer expenditure and investment improved during the quarter. The policies and emergency measures introduced by the Government of Mauritius and the Bank of Mauritius curtailed the effect of COVID-19 on the domestic economy. By proposing various moratoriums and financial aids to local operators, the Bank of Mauritius has successfully managed to keep the economy flowing whilst safeguarding employment in most major sectors of the economy. As Mauritius entered into its second lock down in March 2021, the country is today better equipped to navigate the current pandemic. The mass vaccination program initiated by the Government of Mauritius has also been positively welcomed and there's a renewed belief that the country is continuing its upward trajectory to economic recovery.

Growth will be driven by a strong base effect from the deep recession of 2020, as the non-tourism sector recovers but remains below 2019 levels. Tourism flows are expected to slowly resume in the second half of the year, with arrivals reaching about 15 percent of 2019 levels and about 60 percent in 2022. Exports are expected to strengthen in line with global demand. Unemployment is expected to remain elevated as wage support schemes are scaled back but then return to trend in the following years. Year-on-year inflation is projected to increase modestly to 3½ percent by end-2021, propelled by recuperating aggregate demand and higher oil prices.

Source:
World Economic Outlook, April 2021: Managing Divergent Recoveries;
World Economic Outlook Update, July 2021;
International Monetary Fund (IMF) Executive Board Concludes 2021 Article IV Consultation with Mauritius, June 24, 2021;
The World Bank: Global Recovery Strong but Uneven as Many Developing Countries Struggle with the Pandemic's Lasting Effects, June 8, 2021.

Directors' Report

BANKING SECTOR IN MAURITIUS

The global financial markets which had initially plunged as the crisis began to unfold in quarter 1 of 2020 gradually began to recover in the mid of the year. The global Banking sector remained supported by measures designed to sustain the ability of households and corporates to repay their debts, or create leeway for postponing debt repayments through loan restructuring programs. Banks in many parts of the advanced world and emerging market economies had entered 2020 with relatively strong and safe capital buffer and liquidity buffer conditions. The low interest rate environment has compressed net interest margins and may, for some Banks, stymie the build-up of capital buffers, going forward. In an environment characterized by growing uncertainties, many Banks have earmarked a greater share of their funds towards safer assets. While this move has contributed towards dampening interest spread further (and subsequently, profitability), it has also helped Banks build their liquidity buffers and meet regulatory solvency exigencies. Looking ahead, the development of a viable vaccine and its effective administration globally will mark a significant step towards a gradual return to normalcy, but many economic observers argue that this may take several years.

Banks in Mauritius entered the COVID-19 period (and the lockdown which was imposed in Mauritius) with relatively strong solvency and liquidity positions. Banks were relatively well funded with rather stable deposits namely, retail deposits which accounted for about 30 percent of liabilities. Global Business Companies (GBCs) deposits – which are, by nature, somewhat more volatile - accounted for nearly 33 percent of total liabilities. Banks channel their funds into loans, followed by placements abroad and investments in domestic and foreign assets. The asset size of the banking system – mostly reflecting growth in domestic-owned banks - has been expanding prior and post the lockdown. To support the economy, given the relatively mild inflation environment, and provide a fillip to the banking system, the Bank of Mauritius has continued to pursue a very accommodative stance. The Key Repo Rate (KRR) was cut by another 100 basis points to 1.85 percent on 16 April 2020 and remained constant throughout the year under review, and the Bank of Mauritius has ensured that there is sufficient liquidity in the banking system to support economic operators impacted by the COVID-19 pandemic.

The distribution pattern of assets and of liabilities seem to have remained relatively unchanged post the lockdown. Deposits continued as the main source of funds, while, loans and advances constituted most of the uses of funds. Performance-wise, indicators were good. The Capital Adequacy Ratio (CAR) of banks stood at 18.6 percent as at end-September 2020, compared to 19.2 percent as at end-June 2020. Common Equity Tier 1 (CET1) Ratio, which is indicative of the strength of Banks' core capital structure, stood at 16.7 percent, as end-September 2020, representing a 0.6 percentage point decrease compared to the previous quarter. In contrast, compared to end-March 2020, both CAR and CET1 ratio showed a slight improvement of around 0.2 percentage point. These movements were mostly explained by changes in the Risk-Weighted Assets (RWAs) of Banks during the period under review, whilst, total regulatory capital remained quasi stable. Overall, the CAR of banks was above their respective regulatory limit (inclusive of Capital Conservation Buffer and DSIB charges, where applicable). With a view to alleviating the impact of the COVID-19 pandemic on provisioning levels of financial institutions, the Bank of Mauritius introduced a transitional arrangement for regulatory capital treatment of IFRS 9 provisions for expected credit losses which came into effect on 13 January 2021. As per the transitional arrangements defined by Bank of Mauritius, Banks are allowed to add back a portion of their Stages 1 and 2 provisions for ECL under IFRS 9 to its regulatory capital. Stage 1 provisions relate to accounts which are in good standing whilst stage 2 provisions relate to accounts where credit risk have increased significantly but which are not yet impaired. The transitional arrangements will be over a four years period and the incremental provision will be computed using the provisions for ECL.

With a rapidly depreciating rupee and a highly challenging economic environment, the Bank of Mauritius continues to monitor its prudent approach to ensure that the market remains liquid while maintaining a good reserve of foreign currency. Caution remains the way forward as the Bank of Mauritius helps the local economy get back on track.

Source: Financial Stability report, December 2020, Bank of Mauritius

FINANCIAL RESULTS AND BUSINESS ACTIVITIES

The Bank's total assets were **Rs 32.91 billion** as of 30 June 2021, up from Rs 31.50 billion as of 30 June 2020, representing a 4.48% increase.

Gross loans and advances increased by 14.38% from Rs 16.00 billion at 30 June 2020 to **Rs 18.30 billio**n at 30 June 2021. The Bank, on the other hand, reported an increase in its deposit base, which increased by 7.9% from Rs 26.31 billion at 30 June 2020 to **Rs 28.38 billion** at 30 June 2021.

The Bank reported a profit after tax of **Rs 115.07 million** as at 30 June 2021 compared to a profit after tax of Rs 108.20 million as at 30 June 2020; representing an increase of 6.35%.

Please refer to the Management Discussion and Analysis on page 167 for more details.

Directors' Report

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. Conduct Review Committee
v. Board Investment & Credit Committee
vi. Corporate Governance Committee
vii. Strategy and Finance Committee
viii. Procurement 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 2021, 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 of MauBank Ltd and MauBank Investment Ltd amounted to **Rs 17,884,682** for year ended 30 June 2021 compared to Rs 18,302,379 for the year ended 30 June 2020 and Rs 17,799,220 for the year ended 30 June 2019.

The total remuneration paid to the directors of the Bank for the year ended 30 June 2021 are as follows:

	Remuneration (Rs)
Executive Director	14,457,682
Non-Executive Directors	3,427,000

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

Executive	
Mr. Mungar Premchand	14,457,682
Non-Executive	
Mr. Sookun Gooroodeo	987,000
Mr. Sokappadu Ramanaidoo	530,000
Mr. Nicolas Jean Marie Cyril	490,000
Mr. Rampersad Rabin	435,000
Mr. Nilamber Anoop Kumar (Resigned as Director on 30 June 2021)	425,000
Mr. Codabux Muhammad Javed	425,000
Mr. Gokhool Ashvin Jain (Resigned as Director on 30 September 2020)	135,000
	17,884,682

Directors' Report

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 2021, donations made by the Bank amounted to MUR1,399,497/-. 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

In pursuance of the extension period granted by the Bank of Mauritius, Deloitte is in its sixth year as external auditor of the Group and the Bank for the year ended 30 June 2021 and its remuneration, inclusive of Value added Tax, for audit and other services payable, is as follows:

	The Group			The Bank		
	Year ended 30 June 2021	**Year ended 30 June 2020**	**Year ended 30 June 2019**	**Year ended 30 June 2021**	**Year ended 30 June 2020**	**Year ended 30 June 2019**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Audit fees	**5,229,625**	4,512,600	4,048,000	**5,088,750**	4,382,650	3,910,000
Other services	**-**	287,500	4,629,009	**-**	287,500	4,629,009
TOTAL	**5,229,625**	4,800,100	8,677,009	**5,088,750**	4,670,150	8,539,009

There were no non-audit related fees payable for the year ended 30 June 2021 to Deloitte.

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

The Audit Committee meets regularly with the external auditors (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 Auditors 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 external auditors without the presence of management in September 2021.

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 implementing its digital transformation strategy in order to further penetrate the market with innovative and cutting-edge solutions. Our customers' trust in the services and digitalisation of the Bank to operate more efficiently is demonstrated by the recognition of the following awards to MauBank Ltd;

(i) Best Consumer Digital Bank in Mauritius by Global Finance Magazine; and
(ii) Best Mobile Banking Application 2021 by the International Business Magazine.

Directors' Report

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.

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. Muhammad Javed Codabux Director On behalf of Board of Directors

Date: 28 September 2021

Ebène 72201, Republic of Mauritius

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 Bank'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 endeavored towards attaining, adhering and maintaining throughout the financial year 2020-2021, 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

CORPORATE GOVERNANCE APPLIED

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.

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. Conduct Review Committee
v. Board Investment & Credit Committee
vi. Corporate Governance Committee
vii. Strategy and Finance Committee
viii. Procurement Committee

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.1 PRINCIPLE 1: GOVERNANCE STRUCTURE (Cont'd)

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 who keep 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 of each Committees.

2.1.1 Key Features of Board processes

In addition to their 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 Remuneration and Nomination Committee;
- Ratification of key senior positions through the Remuneration and Nomination 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; and
- Board Charter.

Management is in the process of adopting the below governance documents which will be uploaded on the Bank's website in the course of the next financial year:

- Statement of accountabilities;
- Code of Conduct and Ethics policy;
- Job descriptions of the key senior governance positions;
- Bank's Code of Conduct and Ethics;
- Conflicts of interest and related party transactions policy; and
- Information Policy, Information technology policy and information security policy

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 of six (6) Independent Directors, representing 60 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 (10) 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 18 December 2020. Four additional directors were appointed, effective on 15 July 2021 to bring more diversity to the Board.

In a bid to promote gender equality at board level, the shareholders have appointed Mrs. Alexandra Vasseur-Soneea as an Independent Director of the Bank. This appointment shows the strong willingness of the Bank and its shareholders to address the issue of gender inequality.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.2 Board Composition

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

Composition

- **Mr. Sookun Gooroodeo**
  Independent Director & Chairperson
  (Appointed on 10 June 2020)
- **Mr. Mungar Premchand**
  Executive Director
  (Appointed on 23 November 2018)
- **Mr. Nicolas Jean Marie Cyril**
  Independent Director
  (Appointed on 13 March 2015)
- **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)
- **Mr. Nilamber Anoop Kumar**
  Non-Executive Director
  (Resigned on 30 June 2021)
- **Mr. Gokhool Ashvin Jain**
  Independent Director
  (Resigned on 30 September 2020)

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.3 The Board, Its Committees Structure & Mandate

2.2.3.1 Board and Committees Structure

2.2.3.2 Board Mandate

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

- 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. Their attendance during the financial year ended 30 June 2021 are as follows:

Members	Date of Appointment	Date of Cessation	Board Status	Meeting Attendance
SOOKUN Gooroodeo *(Chairperson)*	10-Jun-2020	-	Independent Director	23/23
MUNGAR Premchand	23-Nov-2018	-	Executive Director	23/23
NICOLAS Jean Marie Cyril	13-Mar-2015	-	Independent Director	20/23
CODABUX Muhammad Javed	10-Mar-2017	-	Independent Director	22/23
RAMPERSAD Rabin	19-Sep-2019	-	Non-Executive Director	21/23
SOKAPPADU Ramanaidoo	03-Oct-2019	-	Non-Executive Director	23/23
GOKHOOL Ashvin Jain	23-Feb-2016	30 September 2020	Independent Director	5/6
NILAMBER Anoop Kumar	22-Mar-2016	30 June 2021	Non-Executive Director	9/23

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

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 first constituted on 31 March 2016. The Board Investment and Credit Committee was first constituted on 31 March 2016.

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

The Procurement Committee was reconstituted on 27 July 2021.

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 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	8/8
SOOKUN Gooroodeo	Independent Director	5/8
NICOLAS Jean Marie Cyril	Independent Director	8/8
GOKHOOL Ashvin Jain *(until 30 September 2020)*	Independent Director	2/2

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.2 Conduct Review Committee

Mandate

The Conduct Review Committee ensures that the Bank has in place policies and procedures to comply with the requirements of the Bank of Mauritius ("BOM") Guideline on Related Party Transactions. The Conduct Review Committee reviews and approves each credit exposure to related parties and ensures that market terms and conditions are applied to all related party transactions. The Conduct Review Committee furthermore reviews the practices of the Bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Bank is identified and dealt with in a timely manner.

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

- Mr. Jeetoo Mohamad Fardeen (Chairperson)
- Mr. Mungar Premchand
- Mr. Nicolas Jean Marie Cyril
- Mr. Sokappadu Ramanaidoo
- Mr. Semjevee Sivananda

Committee Attendance

The Directors who served on the Conduct Review Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	4/4
SOOKUN Gooroodeo	Independent Director	2/4
MUNGAR Premchand	Executive Director	4/4
NICOLAS Jean Marie Cyril	Independent Director	4/4
GOKHOOL Ashvin Jain *(until 30 September 2020)*	Independent Director	1/1

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.3 Nomination and Remuneration Committee ("REMCO")

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, recommend 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 27 July 2021 and the current composition is as follows:

- Mr. Rampersad Rabin (Chairperson)
- Mr. Mungar Premchand
- Mr. Nicolas Jean Marie Cyril
- Mr. Codabux Muhammad Javed
- Mrs. Vasseur-Soneea Alexandra

Committee Attendance

The Directors who served on the Nomination and Remuneration Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
RAMPERSAD Rabin *(Chairperson)*	Non-Executive Director	7/7
MUNGAR Premchand	Executive Director	7/7
NICOLAS Jean Marie Cyril	Independent Director	5/7
SOKAPPADU Ramanaidoo	Non-Executive Director	7/7
NILAMBER Anoop Kumar *(until 30 June 2021)*	Non-Executive Director	5/7

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.4 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
- Mr. Rampersad Rabin
- Mrs. Vasseur-Soneea Alexandra

Committee Attendance

The Directors who served on the Board Investment & Credit Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
NILAMBER Anoop Kumar *(Chairperson) (until 30 June 2021)*	Non-Executive Director	15/17
SOKAPPADU Ramanaidoo *(Alternate Chairperson)*	Non-Executive Director	17/17
RAMPERSAD Rabin	Non-Executive Director	16/17
MUNGAR Premchand	Executive Director	17/17
NICOLAS Jean Marie Cyril	Independent Director	8/17
GOKHOOL Ashvin Jain *(until 30 September 2020)*	Independent Director	1/3

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.5 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 27 July 2021 and the current composition is as follows:

- Mr. Codabux Muhammad Javed (Chairperson)
- Mr. Mungar Premchand
- Mr. Kokil Anil Kumar
- Mr. Jeetoo Mohamad Fardeen

Committee Attendance

The Directors who served on the Board Risk Management Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
NILAMBER Anoop Kumar *(Chairperson) (until 30 June 2021)*	Non-Executive Director	3/4
MUNGAR Premchand	Executive Director	4/4
NICOLAS Jean Marie Cyril	Independent Director	4/4
CODABUX Muhammad Javed	Independent Director	4/4
GOKHOOL Ashvin Jain *(until 30 September 2020)*	Independent Director	1/1

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.6 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 is in compliance with provisions 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 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 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.
- 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 27 July 2021 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

Committee Attendance

The Directors who served on the Corporate Governance Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	1/1
MUNGAR Premchand	Executive Director	1/1
GOKHOOL Ashvin Jain *(until 30 September 2020)*	Independent Director	1/1

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.7 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 Rabin (Chairperson)
- Mr. Sookun Gooroodeo
- Mr. Mungar Premchand
- Mr. Sokappadu Ramanaidoo
- Mr. Jeetoo Mohamad Fardeen

Committee Attendance

The Directors who served on the Strategy and Finance Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	1/1
MUNGAR Premchand	Executive Director	1/1
NICOLAS Jean Marie Cyril	Independent Director	1/1
GOKHOOL Ashvin Jain *(until 30 September 2020)*	Independent Director	1/1

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.8 Procurement Committee

Mandate

The duties of the Committee shall be to review certain revenue and capital expenditures of the Bank to ensure that the Bank's expenditure is appropriate in the pursuit of the Bank's operations, including evaluating and making recommendation 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)
- Mr. Mungar Premchand
- Mr. Codabux Muhammad Javed
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra

Committee Attendance

The Directors who served on the Procurement Committee and their attendance during FY 2020/2021 are as follows:

Members	Board Status	Meeting Attendance
NICOLAS Jean Marie Cyril *(Chairperson)*	Independent Director	5/5
MUNGAR Premchand	Executive Director	5/5
CODABUX Muhammad Javed	Independent Director	5/5
RAMPERSAD Rabin	Non-Executive Director	4/5
NILAMBER Anoop Kumar *(until 30 June 2021)*	Non-Executive Director	2/5

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.5 Directors' Independence

With 60% of independent directors on its Board, the Bank ensures that the decision taking processes are independently taken, 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 for more than five continuous years from the date of their first election?

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 the 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 184.

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 Induction 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 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. In this respect, the Directors' attended a workshop delivered by the Mauritius Institute of Directors ("MIoD") on 02 March 2021 on "Directors Duties And Importance Of Corporate Governance In Banks & Financial Institutions". A training on Training on AML/ CFT by the Independent Commission Against Crime was conducted on 04 March 2021 and was attended by all directors of the Bank.

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. Recognizing 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.

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 below can be found on the Bank's website:

- Profile of individual directors

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

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 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 Board is currently undertaking a Board Evaluation and Development exercise with the Mauritius Institute of Directors (MIoD) to identify areas of improvement and to optimise the use of available resources for the progress and advancement of the Bank.

2.4.2 Evaluation of the Board, its Committees and individual directors (Cont'd)

Evaluations of the Board have been carried out from time to time during the financial year ended 30 June 2021 e.g. Effective on 15 July 2021, the Board was reconstituted and directors from both genders as members of the Board were appointed. Furthermore, the evaluations encompassed 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.

The results of the above assessment of MIoD are expected to be tabled at a Board meeting in October 2021.

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 stated 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.

2.4.4 Related Party Transactions and Practices

The Guideline on Related Party Transactions issued by the Bank of Mauritius, is made up of 5 sections:

- Board and Senior Management Responsibilities;
- 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 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;
(b) Placements made by the Bank with related party;
(c) Conditional sales agreements;
(d) Consulting or professional services contracts with directors;
(e) Investment equity of a related party;
(f) Deposits placed with the Bank by related parties; and
(g) Acquisition, sale or lease of assets.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4.4 Related Party Transactions and Practices (Cont'd)

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

In line with the Guideline on Related Party Transactions, the Board of directors of the Bank has established a revised 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 Forum, Conduct Review, Risk Management and Corporate Governance Committees.

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 corrective actions, if any.

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 is reviewed through Incident Management, Capacity Management and 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 presented to the Board for information. The Disaster Recovery drill activity was conducted in September 2020 for financial year 2020/2021.

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.

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

REMCO, at its meeting dated 12 August 2021, resolved that a Cyber Security Committee be constituted to monitor the IT security and threats to the IT systems of the Bank. (Please refer "Technology Risk Management" on page 176 for more further details).

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.

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 17,884,682** for the year ended 30 June 2021 compared to Rs 18,302,379 for the year ended 30 June 2020.

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.

The remuneration of the Non-Executive Directors and the Executive Director, on an individual basis, is as follows:

	Year Ended 30 June 2021	**Year Ended 30 June 2020**
	(Rs)	**(Rs)**
Non-Executive Directors	**3,427,000**	3,343,000
Executive Director	**14,457,682**	14,959,379
	17,884,682	18,302,379

The renumeration paid to each individual director has been disclosed on page 12.

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 Report

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.

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 2020/2021 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.

2.6.2 Corporate Social Responsibility ("CSR")

As a responsible business organization, MauBank Ltd recognises its integral role and responsibilities towards the society. Driven by a strong commitment to improve the wellbeing of the communities in which the Bank operates, management has conscientiously carried forward its CSR programme alongside its business activities. This means pursuing financial growth but also keeping an eye on social and environmental issues that need to be addressed. The overall aim of MauBank Ltd CSR programme is to bring a positive change and impact on society as a whole, while maximising the creation of shared value for the owners of the business, employees, shareholders and stakeholders.

CORPORATE GOVERNANCE APPLIED (Cont'd)

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

The Bank considers CSR to be a key tool for increasing stakeholder engagement. This is based on the establishment of a corporate culture that actively encourages employees to think about how the Bank can give back to the community and improve the same.

Recognizing the important role Non-Governmental Organisations (NGOs) play in the advancement of social initiatives, MauBank Ltd has supported projects implemented by them which will collectively contribute towards the Sustainable Development Goals (SDG) Mauritius has committed to achieve.

Thus, during the financial year 2020/2021 the Bank has funded the following projects;

Association des Amis de Don Bosco (ADADDB)

For the past two years, MauBank Ltd has supported Association des Amis de Don Bosco's residence upliftment project. The infrastructural and facilities enhancement of the shelter to provide children a decent place to live, with proper hygiene, safety and security standards conducive to healthy growth, was financed by the Bank.

For the year 2020/2021, the Bank disbursed MUR 174,000 for the association towards the purchase of mattresses for new beds, and wardrobes and shelves to furbish bedrooms adequately.

At MauBank Ltd, we believe that children who have gone through the trauma of previous assault need much love, care and attention to be able to overcome their past and lead a normal life with support and guidance. To reduce the inequality gap, they also need access to education and proper support to integrate society.

About ADADDB

L'Association des Amis de Don Bosco is an NGO inspired by the pedagogy of Don Bosco, which aims at contributing to the integral development of a person that is, the body, intelligence and soul of a human being. The NGO is engaged in the fight against poverty and the promotion of education in places of extreme poverty, reaffirming its commitment towards the achievement of SDG 10 (No Poverty/Reduced Inequalities and Gender Equality). Association des Amis de Don Bosco has as at date 32 residents aged between 5 to 16 years.

Staff engagement activity at Hospice St Jean de Dieu

In the context of the International Day of Older Persons a team of staff organized a leisure day for residents of Hospice Saint Jean de Dieu.

A number of entertaining activities was organized throughout the day to bring company, care and cheer to the pensioners of the home for their overall emotional being. Most residents being away from their families and loved ones feel lonely and devoid of attention and affection. The objective of the fun day organized on premises aimed at dedicating attention, making the elderly feel valued and bringing some merriment to their daily lot.

The Staff Engagement activity also included a donation of basic food and consumables to the hospice; which staff had raised and collected from the Bank's stakeholders.

About Association Oeuvre Hospitalière Saint Jean de Dieu

The Association *Oeuvre Hospitalière Saint Jean de Dieu* started the Old Age Home Hospice Saint Jean de Dieu in 1976. This Home is one of the most modern care center for the elderly and disabled people in Mauritius. Presently, it accommodates 75 men aged between 50 and 90 years.

Donation to COVID-19 Vaccination Solidarity Fund

In the context of the National Day celebrations in March 2021, the Bank launched a digital campaign on its Facebook page to invite 'Likes' from the public, and committed to donate Rs 10 for each 'Like' received to the National COVID-19 Vaccination Programme Fund which had been set up by the Government. With the health, social and economic impact of the COVID-19 pandemic on Mauritius and across the globe, there was an urge to sensitize the public around the importance of inoculation at that particular moment, vaccination programme was imperative to save lives, build human capital and stimulate economic recovery.

The National Day was identified as an event which holds people together and the opportunity to rally the population around a common cause. Our followers welcomed this initiative, and while an initial target of 6500 Likes was set, the campaign brought a total number of 12,000 'Likes', representing a total amount of MUR 120,000 donated to the National COVID-19 Vaccination Programme Fund.

The call was highly commended by the public, attracting a stream of favorable comments, congratulating remarks and positive sentiment to the page.

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

Internal Audit 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. The audit function is recognised as a valuable and strategic asset of the Bank.

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. Internal Audit has unrestricted access to the Bank's activities, properties, records, information and personnel.

Internal audit provides independent assurance on the effectiveness of governance, risk management and internal controls. The Internal Audit Policy and Internal Audit Charter have been updated during the financial year 2020/2021 in line with the Standards for the Professional Practice of Internal Auditing, as prescribed by the Institute of Internal Auditors (IIA).

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.7.1 Internal audit (Cont'd)

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 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 meeting.

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 2020/2021.

2.7.2 External Auditor

In pursuance of the extension period granted by the Bank of Mauritius, Deloitte is in its sixth year as external auditor of the Group and the Bank for the year ended 30 June 2021 and its remuneration, inclusive of Value Added Tax, for audit and other services payable, is as follows:

	The Group			**The Bank**		
	Year ended 30 June 2021	**Year ended 30 June 2020**	**Year ended 30 June 2019**	**Year ended 30 June 2021**	**Year ended 30 June 2020**	**Year ended 30 June 2019**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Audit fees	**5,229,625**	4,512,600	4,048,000	**5,088,750**	4,382,650	3,910,000
Other services	**-**	287,500	4,629,009	**-**	287,500	4,629,009
TOTAL	**5,229,625**	4,800,100	8,677,009	**5,088,750**	4,670,150	8,539,009

There was no non-audit related service payable for the year ended 30 June 2021 to Deloitte.

The external auditor is invited to attend the audit committee where they are given the opportunity to present their audit plan, audit findings and any significant or material changes in accounting policies and principles.

The Bank is required to comply with the prerequisites of The Banking Act 2004 (amended August 2020) in respect of rotation of auditors after a period of 5 years. As per the Finance Act 2020, the Central Bank may, upon a request from a financial institution and on just and reasonable grounds shown, grant an approval in writing for the extension of the appointment of its firm of auditors for an additional period of not more than 2 years.

The Bank may engage the firm responsible for its external audit to provide non-audit services. This is done with prior approval of the Audit Committee which ensures that the non-audit work does not entail any conflict with the audit work. Furthermore, the firm's partner responsible for non-audit work bears no responsibility for the audit of the Bank and the remuneration for non-audit work is based on the complexity and duration of work.

The Audit Committee meets regularly with the external auditors (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, any significant or material changes in accounting policies and principles and any issues arising from the external audit. Meetings are also held with the External Auditors by the Board / Board members, without the presence of Management, at least once a year, if required.

During the year, the Audit Committee considered the below topics:

- COVID-19 impact on the Bank
- Interim and audited financial statements
- Compliance plans and reports
- Reports from internal and external auditors and actions taken

The members of Audit Committee have met with external auditors without the presence of management in September 2021.

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

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.8 PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

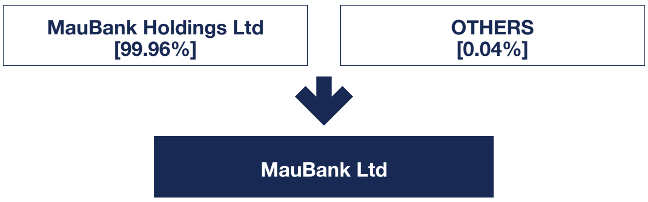
“The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.” (The National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

2.8.1 SHAREHOLDING

As at 30 June 2021, the stated capital of the Bank stood at **Rs 2,466,420,956** represented by 6,801,813,502 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 2021 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 (appointed on 23 February 2021)
- Mr. Selloyee Ponoo Swami Moorthee Pillay (appointed on 23 February 2021)
- Mr. Chellapermal Radhakrishna (resigned on 31 July 2020)
- Ms. Sumputh Vijaya Kumaree (resigned on 23 February 2021)

2.8.3 SHAREHOLDERS DIARY

The last annual meeting of shareholders was held on 18 December 2020.

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.

Customers
The Bank has invested significantly in enhancing its mobile application and internet banking platform. The Bank has further revamped its SME department offering by converting all branches into business centres. The Bank was conferred the “Best Consumer Digital Bank, Mauritius” by the Global Finance Magazine in September 2021.

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. Premchand 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 2021

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. Muhammad Javed Codabux
Director
On behalf of Board of Directors

Date: 28 September 2021

Ebène 72201, Republic of Mauritius

Statement of Management's Responsibility for Financial Reporting

for year ended 30 June 2021

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, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and Bank of Mauritius Guideline on Public Disclosure of Information 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 Board of Directors, acting in part through its sub committees such as the Audit Committee and the Conduct Review and Board Risk Management 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 Board of Directors, acting in part through its sub committees such as the Audit Committee and the Conduct Review 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. (BOM Guideline on Corporate Governance)

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, Deloitte, 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. Muhammad Javed Codabux** **Director** **On behalf of Board of Directors**

Date: 28 September 2021

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 2021.

Mr. VARUN SHARMA SAHYE, FCCA, CPA
Acting Company Secretary

Date:

Ebène 72201, Republic of Mauritius

Independent Auditors' Report to the Members of MauBank Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **MauBank Ltd** (the "Bank" and the "Public Interest Entity") and its subsidiary (the "Group") set out on pages 40 to 166, which comprise the consolidated and separate statements of financial position as at 30 June 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 30 June 2021, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

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

Key audit matters

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Provision for expected credit losses</td></tr>
<tr><td>Management determines the allowances for Expected Credit Losses ('ECL') on financial instruments as required under IFRS 9 and has made significant judgement and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the implementation of IFRS 9 are:

• Model estimations – Statistical modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and LGD models used in the loans portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach.

• Macro-Economic Forecasts – IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro- economic forecasts. The macro-economic forecasts are estimates of future economic conditions.

• Qualitative adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

The effect of these matters is that, as part of our risk assessment, we determined that the ECL on loans and advances has a high degree of estimation uncertainty. The credit risk section of the financial statements discloses the sensitivities estimated by the Bank. Also refer to note 6 of the financial statements.</td><td>Our procedures included the following amongst others:

• Evaluating the appropriateness of the impairment methodologies applied by the Bank under the requirements of IFRS 9;

• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the IFRS 9 impairment models;

• Using specialist team for assessing:

a) the appropriateness of the macro- economic forecasts used;
b) the appropriateness of PD, LGD and EAD used in the ECL calculation;
c) the reasonableness of the model predictions by comparing them against actual results;
d) key data sources and assumptions including economic forecasts, PD, LGD assumptions and qualitative adjustments impacting ECL calculations;
e) the completeness and accuracy of data used for ECL calculation through sample testing;

We found the judgements, estimates and assumptions used in determining the expected credit loss to be reasonable and appropriate.</td></tr>
</table>

Independent Auditors' Report to the Members of MauBank Ltd (Cont'd)

Other information

The directors are responsible for the other information. The other information comprises the corporate information, the directors' report, the corporate governance report, the statement of compliance, the statement of management's responsibility for financial reporting, the report from the secretary, the management discussion and analysis and the administrative information, which we obtained prior to the date of this auditor's report and the chairman's statement and the chief executive's statement, which are expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

Corporate Governance Report

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

Responsibilities of directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate 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/or the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 management.

Auditor's responsibilities for the audit of the consolidated and separate financial statements (cont'd)

- 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Banking Act 2004

- In our opinion, the consolidated and separate financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and

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

Use of this report

This report is made solely to the Bank's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte.

Deloitte
Chartered Accountants

28 September 2021

Agrawal.

Vishal Agrawal, FCA
Licensed by FRC

Statements of Financial Position

as at

	Notes	The Group 30 June 2021	The Group 30 June 2020	The Group 30 June 2019	The Bank 30 June 2021	The Bank 30 June 2020	The Bank 30 June 2019
		Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Cash and cash equivalents	9(a)	**3,486,404,504**	4,287,385,039	4,117,331,280	**3,486,404,504**	4,287,385,039	4,117,331,280
Placements with banks	10	**-**	2,447,872	73,722,466	**-**	2,447,872	73,722,466
Derivative assets	29	**34,680,427**	45,718,645	2,830,728	**34,680,427**	45,718,645	2,830,728
Trading assets	11	**1,798,297,228**	3,637,975,739	1,620,255,263	**1,798,297,228**	3,637,975,739	1,620,255,263
Investment securities	12	**5,383,284,842**	3,568,483,878	1,927,225,589	**5,383,284,842**	3,568,483,878	1,927,225,589
Loans and advances to banks	13	**863,031,847**	-	-	**863,031,847**	-	-
Loans and advances to customers	14	**16,839,341,532**	15,406,607,530	14,935,784,208	**17,010,456,691**	15,597,383,181	15,146,836,349
Property, plant and equipment	15(a)	**1,282,448,583**	1,782,530,259	1,723,756,990	**989,296,441**	1,479,141,150	1,484,210,276
Intangible assets	15(b)	**169,649,217**	196,854,243	215,650,705	**169,649,217**	196,854,243	215,650,705
Right-of-use assets	15(c)	**91,387,106**	112,090,590	-	**160,298,340**	212,919,603	-
Investment properties	16	**519,300,000**	79,300,000	66,460,000	**519,300,000**	79,300,000	66,460,000
Investment in subsidiary	17	**-**	-	-	**100,000**	100,000	100,000
Current tax assets	38(c)	**6,146,240**	5,613,241	6,920,064	**5,905,506**	5,081,483	6,293,906
Deferred tax assets	38(d)	**31,885,088**	44,034,416	77,699,731	**41,790,390**	54,366,696	76,340,528
Other assets	18	**2,408,452,498**	2,294,404,529	2,048,901,636	**2,446,494,368**	2,332,427,701	2,086,924,806
Total assets		**32,914,309,112**	31,463,445,981	26,816,538,660	**32,908,989,801**	31,499,585,230	26,824,181,896
LIABILITIES							
Deposits from customers	19(a)	**28,378,179,745**	26,313,109,402	23,056,443,423	**28,378,198,595**	26,314,518,873	23,064,500,010
Derivative liabilities	29(i)	**541,620,944**	289,498,366	2,382,221	**541,620,944**	289,498,366	2,382,221
Other borrowed funds	20	**-**	1,089,390,019	198,345,266	**-**	1,089,390,019	198,345,266
Lease liabilities	21	**60,424,535**	74,526,375	-	**156,588,681**	203,309,885	-
Payable to fellow subsidiary	41	**40,059,363**	10,141,366	38,180,968	**40,059,363**	10,141,366	38,180,968
Other liabilities	22	**643,617,900**	564,861,615	647,754,912	**643,062,372**	564,256,445	647,184,796
Retirement benefit obligations	23	**117,305,558**	127,035,127	109,812,754	**117,305,558**	127,035,127	109,812,754
Total liabilities		**29,781,208,045**	28,468,562,270	24,052,919,544	**29,876,835,513**	28,598,150,081	24,060,406,015
SHAREHOLDERS' EQUITY							
Stated capital	24	**2,466,420,956**	2,466,420,956	2,466,420,956	**2,466,420,956**	2,466,420,956	2,466,420,956
Statutory reserve	25	**18,880,341**	1,619,995	1,619,995	**18,880,341**	1,619,995	1,619,995
Retained earnings/ (Accumulated losses)		**49,758,948**	(158,302,462)	(271,066,429)	**25,290,092**	(175,273,101)	(279,941,657)
Net owned funds		**2,535,060,245**	2,309,738,489	2,196,974,522	**2,510,591,389**	2,292,767,850	2,188,099,294
General banking reserve	26	**-**	90,709,840	90,709,840	**-**	90,709,840	90,709,840
Fair value reserve	12(c)	**(32,051,990)**	(21,167,091)	(2,510,450)	**(32,051,990)**	(21,167,091)	(2,510,450)
Other reserve	27(b)	**27,299,586**	12,809,247	5,978,082	**27,299,586**	12,809,247	5,978,082
Revaluation reserve	27(a)	**602,793,226**	602,793,226	472,467,122	**526,315,303**	526,315,303	481,499,115
Total equity		**3,133,101,067**	2,994,883,711	2,763,619,116	**3,032,154,288**	2,901,435,149	2,763,775,881
Total liabilities and equity		**32,914,309,112**	31,463,445,981	26,816,538,660	**32,908,989,801**	31,499,585,230	26,824,181,896

The notes on pages 51 to 166 form an integral part of these financial statements.

Statements of Financial Position

as at

	Notes	The Group			The Bank		
		30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
		Rs	Rs	Rs	Rs	Rs	Rs
Contingent liabilities							
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	28(b)	**1,268,065,494**	1,981,028,082	1,300,989,705	**1,268,065,494**	1,981,028,082	1,300,989,705
Credit commitments	30	**1,717,380,639**	1,908,076,512	2,260,463,823	**1,717,380,639**	1,908,076,512	2,260,463,823

Approved by the Board of Directors and authorised for issue on **28 September 2021** 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. Muhammad Javed Codabux
Director
On behalf of Board of Directors

Date: 28 September 2021

Ebène 72201, Republic of Mauritius

The notes on pages 51 to 166 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended

	Notes	The Group			The Bank		
		30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
		Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Interest income		**922,278,312**	1,022,567,961	1,042,446,380	**931,170,812**	1,034,815,135	1,056,574,734
Interest expense		**(203,718,292)**	(443,779,554)	(458,530,017)	**(206,710,419)**	(447,614,361)	(458,530,017)
Net interest income	31	**718,560,020**	578,788,407	583,916,363	**724,460,393**	587,200,774	598,044,717
Fee and commission income		**254,172,826**	245,444,634	247,563,800	**254,172,826**	245,444,634	247,563,800
Fee and commission expense		**(48,120,471)**	(46,381,840)	(42,882,639)	**(48,120,471)**	(46,381,840)	(42,882,639)
Net fee and commission income	32	**206,052,355**	199,062,794	204,681,161	**206,052,355**	199,062,794	204,681,161
Net trading income	33	**164,439,542**	253,953,093	176,188,288	**164,439,542**	253,953,093	176,188,288
Net gain from derecognition of financial assets measured at FVTOCI		**20,561,607**	76,513,331	63,243,771	**20,561,607**	76,513,331	63,243,771
Other income	34	**27,023,378**	40,859,821	25,956,727	**27,023,378**	40,859,821	25,956,727
		212,024,527	371,326,245	265,388,786	**212,024,527**	371,326,245	265,388,786
Operating income		**1,136,636,902**	1,149,177,446	1,053,986,310	**1,142,537,275**	1,157,589,813	1,068,114,664
Personnel expenses	36	**(513,900,757)**	(515,504,836)	(541,210,930)	**(513,900,757)**	(515,504,836)	(541,210,930)
Operating lease expenses	44(b)(i)	**(13,386,550)**	(16,416,286)	(42,596,467)	**(13,386,550)**	(16,416,286)	(73,512,306)
Depreciation and amortisation	15	**(157,199,096)**	(147,701,532)	(157,176,216)	**(178,879,906)**	(171,852,378)	(146,505,977)
Other expenses	37	**(273,940,707)**	(274,995,202)	(300,493,635)	**(268,589,287)**	(269,681,907)	(299,857,292)
Profit before impairment and income tax		**178,209,792**	194,559,590	12,509,062	**167,780,775**	184,134,406	7,028,159
Net impairment loss on financial assets	35	**(40,769,430)**	(56,354,532)	(732,062)	**(40,769,430)**	(56,354,532)	(732,062)
Profit after impairment but before income tax		**137,440,362**	138,205,058	11,777,000	**127,011,345**	127,779,874	6,296,097
Income tax expense	38(b)	**(14,873,173)**	(21,905,722)	(354,581,772)	**(11,942,373)**	(19,575,949)	(352,833,568)
Profit/(loss) for the year	39	**122,567,189**	116,299,336	(342,804,772)	**115,068,972**	108,203,925	(346,537,471)
Earnings/(loss) per share	40	**0.02**	0.02	(0.05)	**0.02**	0.02	(0.05)

The notes on pages 51 to 166 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended (Cont'd)

	Notes	The Group			The Bank		
		30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
		Rs	Rs	Rs	Rs	Rs	Rs
Profit/(loss) for the year		**122,567,189**	116,299,336	(342,804,772)	**115,068,972**	108,203,925	(346,537,471)
Other comprehensive income:							
Items that will not be reclassified subsequently to profit or loss:							
Gain on revaluation of property, plant and equipment		**-**	105,778,447	-	**-**	34,589,069	-
Deferred tax on revaluation of property, plant and equipment		**-**	(14,686,149)	-	**-**	(2,583,955)	-
Effect of tax rate change on deferred tax on revaluation of property, plant and equipment	27(a)	**-**	-	45,278,393	**-**	-	45,278,393
Gain on revaluation of Right-of-use assets	27(a)	**-**	39,233,806	-	**-**	12,811,074	-
Actuarial gain /(loss) for the year	23(iii)	**12,678,660**	(3,721,441)	(34,294,652)	**12,678,660**	(3,721,441)	(34,294,652)
Deferred tax (charge)/credit on actuarial gain/(loss)	38(d)	**(633,933)**	186,072	1,714,733	**(633,933)**	186,072	1,714,733
Items that may be classified subsequently to profit or loss:							
Change in fair value of assets at FVTOCI	12(c)	**(10,884,899)**	(18,656,641)	19,229,212	**(10,884,899)**	(18,656,641)	19,229,212
Credit impairment charge on financial assets at FVTOCI	27(b)	**14,490,339**	6,831,165	4,135,850	**14,490,339**	6,831,165	4,135,850
Other comprehensive income for the year, net of tax		**15,650,167**	114,965,259	36,063,536	**15,650,167**	29,455,343	36,063,536
Total comprehensive income for the year attributable to equity holders of the parent		**138,217,356**	231,264,595	(306,741,236)	**130,719,139**	137,659,268	(310,473,935)
Transfer to Statutory Reserve	25	**17,260,346**	-	-	**17,260,346**	-	-

Approved by the Board of Directors and authorised for issue on **28 September 2021** 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. Muhammad Javed Codabux
Director
On behalf of Board of Directors

Date: 28 September 2021

Ebène 72201, Republic of Mauritius

The notes on pages 51 to 166 form an integral part of these financial statements.

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
Profit for the year	-	-	122,567,189	-	-	-	-	122,567,189
Transfer of general banking reserve to retained earnings (Note 26)	-	-	90,709,840	(90,709,840)	-	-	-	-
Transfer to statutory reserve (Note 25)	-	17,260,346	(17,260,346)	-	-	-	-	-
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Gain on revaluation of Right-of-use assets	-	-	-	-	-	-	-	-
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(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	-	-	12,678,660	-	-	-	-	12,678,660
Deferred tax charge on actuarial gain	-	-	(633,933)	-	-	-	-	(633,933)
At 30 June 2021	2,466,420,956	18,880,341	49,758,948	-	(32,051,990)	27,299,586	602,793,226	3,133,101,067

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 2019	2,466,420,956	1,619,995	(271,066,429)	90,709,840	(2,510,450)	5,978,082	472,467,122	2,763,619,116
Profit for the year	-	-	116,299,336	-	-	-	-	116,299,336
Transfer to statutory reserve (Note 25)	-	-	-	-	-	-	-	-
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	105,778,447	105,778,447
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	(14,686,149)	(14,686,149)
Gain on revaluation of Right-of-use assets	-	-	-	-	-	-	39,233,806	39,233,806
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(18,656,641)	-	-	(18,656,641)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	6,831,165	-	6,831,165
Actuarial loss for the year	-	-	(3,721,441)	-	-	-	-	(3,721,441)
Deferred tax on actuarial loss	-	-	186,072	-	-	-	-	186,072
At 30 June 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

The notes on pages 51 to 166 form an integral part of these financial statements.

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 2018	2,466,420,956	1,619,995	135,936,241	90,709,840	(21,739,662)	-	426,370,194	3,099,317,564
Impact of transition to IFRS 9	-	-	(30,799,444)	-	-	1,842,232	-	(28,957,212)
	2,466,420,956	1,619,995	105,136,797	90,709,840	(21,739,662)	1,842,232	426,370,194	3,070,360,352
Loss for the year	-	-	(342,804,772)	-	-	-	-	(342,804,772)
Transfer from revaluation reserve to retained earnings	-	-	(818,535)		-	-	818,535	-
Transfer to statutory reserve (Note 25)	-	-	-	-	-	-	-	-
Effect of tax rate change on deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	45,278,393	45,278,393
Change in fair value of financial assets held at FVTOCI	-	-	-	-	19,229,212	-	-	19,229,212
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	4,135,850	-	4,135,850
Actuarial loss for the year	-	-	(34,294,652)	-	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	1,714,733	-	-	-	-	1,714,733
At 30 June 2019	2,466,420,956	1,619,995	(271,066,429)	90,709,840	(2,510,450)	5,978,082	472,467,122	2,763,619,116

The notes on pages 51 to 166 form an integral part of these financial statements.

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 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
Profit for the year	-	-	115,068,972	-	-	-	-	115,068,972
Transfer of general banking reserve to retained earnings (Note 26)	-	-	90,709,840	(90,709,840)	-	-	-	-
Transfer to statutory reserve (Note 25)	-	17,260,346	(17,260,346)	-	-	-	-	-
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Gain on revaluation of Right-of-use assets	-	-	-	-	-	-	-	-
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(10,884,899)	-	-	(10,884,899)
Credit impairment reversal on financial assets at FVTOCI	-	-	-	-	-	14,490,339	-	14,490,339
Actuarial gain for the year	-	-	12,678,660	-	-	-	-	12,678,660
Deferred tax charge on actuarial gain	-	-	(633,933)	-	-	-	-	(633,933)
At 30 June 2021	2,466,420,956	18,880,341	25,290,092	-	(32,051,990)	27,299,586	526,315,303	3,032,154,288

The notes on pages 51 to 166 form an integral part of these financial statements.

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 Bank								
At 01 July 2019	2,466,420,956	1,619,995	(279,941,657)	90,709,840	(2,510,450)	5,978,082	481,499,115	2,763,775,881
Profit for the year	-	-	108,203,925	-	-	-	-	108,203,925
Transfer to statutory reserve (Note 25)	-	-	-	-	-	-	-	-
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	34,589,069	34,589,069
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	(2,583,955)	(2,583,955)
Gain on revaluation of Right-of-use assets	-	-	-	-	-	-	12,811,074	12,811,074
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(18,656,641)	-	-	(18,656,641)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	6,831,165	-	6,831,165
Actuarial loss for the year	-	-	(3,721,441)	-	-	-	-	(3,721,441)
Deferred tax on actuarial loss	-	-	186,072	-	-	-	-	186,072
At 30 June 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

The notes on pages 51 to 166 form an integral part of these financial statements.

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 Bank								
At 01 July 2018	2,466,420,956	1,619,995	130,793,712	90,709,840	(21,739,662)	-	435,402,187	3,103,207,028
Impact of transition to IFRS 9	-	-	(30,799,444)	-	-	1,842,232	-	(28,957,212)
	2,466,420,956	1,619,995	99,994,268	90,709,840	(21,739,662)	1,842,232	435,402,187	3,074,249,816
Loss for the year	-	-	(346,537,471)	-	-	-	-	(346,537,471)
Transfer from revaluation reserve to retained earnings	-	-	(818,535)	-	-	-	818,535	-
Transfer to statutory reserve (Note 25)	-	-	-	-	-	-	-	-
Effect of tax rate change on deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	45,278,393	45,278,393
Change in fair value of financial assets held at FVTOCI	-	-	-	-	19,229,212	-	-	19,229,212
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	4,135,850	-	4,135,850
Actuarial loss for the year	-	-	(34,294,652)	-	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	1,714,733	-	-	-	-	1,714,733
At 30 June 2019	2,466,420,956	1,619,995	(279,941,657)	90,709,840	(2,510,450)	5,978,082	481,499,115	2,763,775,881

The notes on pages 51 to 166 form an integral part of these financial statements.

Statements of Cash Flows

for year ended

	Notes	The Group 30 June 2021 Rs	The Group 30 June 2020 Rs	The Group 30 June 2019 Rs	The Bank 30 June 2021 Rs	The Bank 30 June 2020 Rs	The Bank 30 June 2019 Rs
Cash from operating activities							
Profit before income tax		**137,440,362**	138,205,058	11,777,000	**127,011,345**	127,779,874	6,296,097
Adjustments for:							
Finance charge	21	**1,830,575**	1,964,193.00	-	**4,822,702**	5,799,000	-
Impairment losses on loans and advances	35	**43,952,231**	70,597,541	13,270,754	**43,952,231**	70,597,541	13,270,754
Depreciation of property, plant and equipment	15(a)	**79,449,672**	84,702,299	112,735,865	**69,212,703**	75,544,696	102,065,626
Amortisation of intangible assets	15(b)	**46,224,988**	40,761,489	44,440,351	**46,224,988**	40,761,489	44,440,351
Depreciation of right-of-use assets	15(c)	**31,524,436**	22,237,744	-	**63,442,215**	55,546,193	-
Profit/(loss) on disposal of property, plant and equipment	34	**(192,340)**	-	283,776	**(192,340)**	-	283,776
Loss/(profit) on revaluation of investment securities at FVTPL	33	**6,893,246**	(6,406,590)	(5,396,743)	**6,893,246**	(6,406,590)	(5,396,743)
Profit on revaluation of investment properties	16	**-**	(12,840,000)	-	**-**	(12,840,000)	-
Retirement Benefit Obligations		**2,949,091**	13,500,932	10,303,133	**2,949,091**	13,500,932	10,303,133
		350,072,261	352,722,666	187,414,136	**364,316,181**	370,283,135	171,262,994
Changes in operating assets and liabilities							
Decrease/(increase) in trading assets		**1,834,628,400**	(2,012,612,597)	(423,578,399)	**1,834,628,400**	(2,012,612,597)	(423,578,399)
Increase in loans and advances to banks		**(863,869,801)**	-	-	**(863,869,801)**	-	-
Increase in loans and advances to customers		**(1,461,140,943)**	(535,219,521)	(3,809,879,753)	**(1,441,480,451)**	(514,943,031)	(3,793,510,696)
Decrease in receivable from fellow subsidiary		**-**	-	5,135,758,698	**-**	-	5,135,758,698
Increase/(decrease) in payable to fellow subsidiary		**29,917,997**	(28,039,602)	-	**29,917,997**	(28,039,602)	-
Increase in deposits from customers		**2,065,070,343**	3,256,665,980	720,328,923	**2,063,679,721**	3,250,018,863	717,998,810
(Increase)/decrease in other assets		**(122,823,128)**	(245,502,893)	26,553,434	**(122,841,827)**	(245,502,894)	26,553,434
Increase in net derivative liabilities		**263,160,796**	244,228,228	26,325	**263,160,796**	244,228,228	26,325
Increase/(decrease) in other liabilities		**78,527,015**	(82,377,633)	(29,849,972)	**78,576,661**	(82,412,688)	(29,873,974)
Cash generated from operations		**2,173,542,940**	949,864,628	1,806,773,392	**2,206,087,677**	981,019,414	1,804,637,192
Tax paid	38(c)	**(9,544,959)**	(8,368,695)	(8,378,332)	**(5,946,447)**	(5,096,451)	(5,457,034)
Tax refund received	38(c)	**5,654,182**	6,935,034	785,098	**5,122,424**	6,308,874	-
Net cash from operating activities		**2,169,652,163**	948,430,967	1,799,180,158	**2,205,263,654**	982,231,837	1,799,180,158
Cash from investing activities							
(Increase)/decrease in securities		**(970,741,847)**	(1,658,616,219)	1,033,682,343	**(970,741,847)**	(1,658,616,219)	1,033,682,343
Net placements with correspondent banks		**2,448,174**	71,390,637	240,628,904	**2,448,174**	71,390,637	240,628,904
Acquisition of property, plant and equipment	15(a)	**(17,115,723)**	(37,697,123)	(63,035,735)	**(17,115,723)**	(35,886,502)	(63,035,735)
Acquisition of intangibles	15(b)	**(12,614,768)**	(21,965,027)	(28,931,545)	**(12,614,768)**	(21,965,027)	(28,931,545)
Proceeds from disposal of property, plant and equipment		**310,036**	-	7,697,761	**310,036**	-	7,697,761
Net cash (used in)/from investing activities		**(997,714,128)**	(1,646,887,732)	1,190,041,728	**(997,714,128)**	(1,645,077,111)	1,190,041,728
Cash from financing activities							
Net (decrease)/increase in other borrowed funds	9(b)	**(1,089,390,019)**	891,044,753	(201,086,473)	**(1,089,390,019)**	891,044,753	(201,086,473)
Decrease in lease liabilities	21	**(26,753,367)**	(22,532,346)	-	**(62,364,858)**	(58,143,837)	-
Net cash (used in)/from financing activities		**(1,116,143,386)**	868,512,407	(201,086,473)	**(1,151,754,877)**	832,900,916	(201,086,473)
Net increase in cash and cash equivalents		**55,794,649**	170,055,642	2,788,135,413	**55,794,649**	170,055,642	2,788,135,413
Cash and cash equivalents, at start of the year		**4,287,397,007**	4,117,341,365	1,329,205,952	**4,287,397,007**	4,117,341,365	1,329,205,952
Cash and cash equivalents, at end of the year	9	**4,343,191,656**	4,287,397,007	4,117,341,365	**4,343,191,656**	4,287,397,007	4,117,341,365

The notes on pages 51 to 166 form an integral part of these financial statements.

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, Ebène, 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 28 September 2021 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 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 IASB and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are effective for accounting period beginning on 01 July 2020 and relevant to its operations.

2.1 New and revised IFRSs applied 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 treatment for future transactions or arrangements.

Amendments to IAS 1 and IAS 8 Definition of material	The Group and the Bank have adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term ‘material’ to ensure consistency.

Notes to the Financial Statements

For year ended 30 June 2021

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

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023)
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)

The directors anticipate that these amendments will be applied in the Group's and the Bank's financial statements at the above effective dates in future periods.

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 the 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.

3. Summary of significant accounting policies (Cont'd)

3.2 Basis of consolidation (Cont'd)

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.

3.3 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.

Notes to the Financial Statements

For year ended 30 June 2021

3. Summary of significant accounting policies (Cont'd)

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 5.1, 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.

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.

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 5.1. 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 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 or loss. 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 trading income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

3. Summary of significant accounting policies (Cont'd)

3.4 Financial instruments (Cont'd)

Financial assets (Cont'd)

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

Debt instruments (Cont'd)

- 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 using the effective interest method.

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.

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 measures all equity investments at fair value through profit or loss, except where the Group's and the Bank's management has 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.

Notes to the Financial Statements

For year ended 30 June 2021

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 ("ECL") 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.

No impairment loss is recognised on equity investments.

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 recognises 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 it retains 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.

Where 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.

Notes to the Financial Statements

For year ended 30 June 2021

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 financial year.

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 6.1.5); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

3.5 Cash and cash equivalents

Cash and cash equivalents consist notes and coins in 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 its short-term liquidity commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3. Summary of significant accounting policies (Cont'd)

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 re-measured 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.

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 hold 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 year ended 30 June 2021

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% per annum.

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, fixtures 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 properties

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.

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.

Notes to the Financial Statements

For year ended 30 June 2021

3. Summary of significant accounting policies (Cont'd)

3.13 Leases (Cont'd)

The right-of-use assets comprise of 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 contracts 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.

(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.

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. Summary of significant accounting policies (Cont'd)

3.13 Leases (Cont'd)

(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.

IAS 17 was applicable until 30 June 2019 and the following accounting policies were applied:

(a) The Group and the Bank as a lessor

Finance leases

Under finance leases, amount due from lessees are recorded under loans and advances as net investment in the statement of financial position. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. Rental income is recognised on a straight line basis over the lease term.

(b) The Group and the Bank as a lessee

Rental payable under operating leases is charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the term of the relevant lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

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.

Notes to the Financial Statements

For year ended 30 June 2021

3. Summary of significant accounting policies (Cont'd)

3.15 Income taxes (Cont'd)

(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.

(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

As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy was calculated at 10% on chargeable income. No levy was paid in a year where the Group and the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceding year.

Following changes brought by the Finance Act 2018, special levy on Banks falls under VAT Act 2018 as from assessment year 2019/2020 (accounting period 01 July 2018 to 30 June 2019). As per Section 53J of the VAT Act, special levy is calculated at 5.5% where leviable income is less than or equal to Rs 1.2 Billion or at 4.5% where leviable income is greater than Rs 1.2 billion. Leviable income means the sum of net interest income and other income from Banking transactions with residents, before deduction of expenses. No levy shall be paid for an accounting period where a Bank incurred a loss in the accounting period.

3. Summary of significant accounting policies (Cont'd)

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 operates two defined benefit schemes, which are fully funded. The assets of the funds are held independent and administered by the Swan Life Ltd and Aon Hewitt Ltd. 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 2019 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.

(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.

Notes to the Financial Statements

For year ended 30 June 2021

3. Summary of significant accounting policies (Cont'd)

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.

3.23 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 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. Summary of significant accounting policies (Cont'd)

3.24 Net fee and commission income

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.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including any significant payment terms and the related revenue recognition p

Type of service	Nature and timing of satisfaction of performance obligations, including any significant payment terms	Revenue recognition policies under IFRS 15
Retail, corporate and global banking services	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. 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. 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. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank.	Revenue from account services and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at a point in time when the transactions take place.

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 and dividends.

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.

Notes to the Financial Statements

For year ended 30 June 2021

3. Summary of significant accounting policies (Cont'd)

3.26 Foreign currency (Cont'd)

(b) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency are 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 investments 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 investments' 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 year ended 30 June 2021 is disclosed in note 5. For the years ended 30 June 2019 and 30 June 2020, information on Segment B was not significant in relation to the entire business of the Group and was consequently not disclosed.

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

In certain circumstances, property is repossessed following the foreclosure of loans that are in default. Repossessed properties are measured at the higher of fair value less costs of disposal and value in use and reported within "Other assets". Realised loss/gain on disposal of repossessed property is taken to the statement of profit or loss and other comprehensive income. No depreciation is charged on repossessed property.

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.

3.31 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.

Notes to the Financial Statements

For year ended 30 June 2021

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")

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")

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.

(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 (Note 6).

(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 23.

5. Operating segments

In compliance with the Mauritius Banking Act 2004, the banking business of a licensed bank is divided into two segments. Segment B relates to the banking business that gives 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.

	As at 30 June 2021
	Rs
Assets	
Cash and cash equivalent	967,072,059
Loans and advances to banks	863,031,847
Loans and advances to customers	599,701,499
Trading assets	407,713,953
Investment securities	1,595,055,572
Other assets	34,043,727
Total assets	4,466,618,657
Liabilities	
Deposits from customers	2,767,427,620
Total liabilities	2,767,427,620

	For year ended 30 June 2021
	Rs
Interest income	69,236,350
Interest expense	(1,143,271)
Net interest income	68,093,079
Other operating income	33,552,279
Total operating income	101,645,358

Notes to the Financial Statements

For year ended 30 June 2021

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 Audit Committee, Conduct Review Committee and Board 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 a 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 Bank measures 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 Bank uses 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.

6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.1 Credit risk measurement (Cont'd)

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.

6.1.2 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.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. 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 authorisation 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 short-term commitments.

6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3 (a) Impairment and provisioning policies

In line with the Bank of Mauritius Guideline on Credit Impairment and Income Recognition, the Group and the Bank have its Credit Impairment and Income Recognition Policy, where the impairment and provisioning policies are defined. The Group and the Bank assess at each reporting date whether there is objective evidence that loans and advances are impaired. The criteria that the Group and the Bank use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the borrower;
- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of Bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred losses at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collectively assessed impairment allowances are provided for:

(i) Portfolios of homogeneous 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 judgement and statistical techniques.

(b) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to note 6.1.3.1 for a description of how the Group and the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Note 6.1.3.4 includes an explanation of how the Bank has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Post model adjustment

- Management have evaluated the impact of COVID-19 on different sector loan and advances to determine which client may encounter difficulties and have reclassified these clients amounting to **Rs 233 Mn** (2020: Rs 147 Mn) from stage 1 to stage 2 for the purpose of overlay provision in addition to the provision as per the ECL model of the Bank.

An additional overlay provision of **Rs 10 Mn** has been made in this regard (2020: Rs 17 Mn)

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

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)

6.1.3.1 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. These include but are not limited to the following set of 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 assessment of SICR is performed on a quarterly basis at a portfolio level for all Retail and Corporate financial instruments held by 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 and have been 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 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 2021 (30 June 2020: 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.

Notes to the Financial Statements

For year ended 30 June 2021

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 (Cont'd)

6.1.3.1 Significant increase in credit risk (SICR) (Cont'd)

30+DPD Rebuttal

Regardless of the indicators used by 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 Bank shall rebut the 30+ DPD (Days Past Due) 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.

6.1.3.2 Definition of default and credit-impaired assets

The Bank's definition of default is aligned with the Bank of Mauritius guidelines 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 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.

Notes to the Financial Statements

For year ended 30 June 2021

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 (Cont'd)

6.1.3.4 Forward-looking information incorporated in the ECL models

(i) The calculation of ECL incorporate forward-looking information. The Bank has 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, International Monetary Fund (IMF) and World Economic Outlook (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 (60%), 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 Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within 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. Gross Domestic Product (GDP) and core inflation given the significant impact on individual and Bank's performance and collateral valuations.
3. World inflation forecast for significant impact on the Bank's performance.
4. Real GDP growth rate, current accounts balance and Consumer Price Index (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 2021 stand at 1%. If the loss rate increases or decreases by 5%, the impact on the statement of comprehensive income would be as follows:

	Impact on Statement of Comprehensive Income
	Rs
Increase in loss rate by 5%	(8,740,169)
Decrease in loss rate by 5%	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

	Retail					
	2021				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Gross carrying amount	4,739,174,198	281,473,456	64,234,546	5,084,882,200	4,813,548,327	4,550,646,117
Loss allowance	(32,756,070)	(44,027,702)	(25,714,132)	(102,497,904)	(102,957,488)	(76,163,661)
Carrying amount	4,706,418,128	237,445,754	38,520,414	4,982,384,296	4,710,590,839	4,474,482,456

	Corporate					
	2021				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Gross carrying amount	11,929,826,389	523,358,593	766,347,912	13,219,532,894	11,188,769,655	10,938,472,232
Loss allowance	(38,452,472)	(59,567,138)	(229,896,851)	(327,916,461)	(301,465,119)	(265,757,100)
Carrying amount	11,891,373,917	463,791,455	536,451,061	12,891,616,433	10,887,304,536	10,672,715,132

	Investment securities					
	2021				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Gross carrying amount	5,365,344,562	-	-	5,365,344,562	3,551,200,463	1,911,240,884
Loss allowance	(27,299,586)	-	-	(27,299,586)	(12,809,248)	(5,978,082)
Carrying amount	5,338,044,976	-	-	5,338,044,976	3,538,391,215	1,905,262,802

	Off-balance sheet					
	2021				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Gross carrying amount	1,268,065,494	-	-	1,268,065,494	1,981,028,082	1,300,989,705
Loss allowance	(773,212)	-	-	(773,212)	(543,944)	(1,059,610)
Carrying amount	1,267,292,282	-	-	1,267,292,282	1,980,484,138	1,299,930,095

	Cash and cash equivalents and placement					
	2021				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Gross carrying amount	853,985,750	-	-	853,985,750	2,997,072,814	1,484,949,327
Loss allowance	-	-	-	-	(12,270)	(126,431)
Carrying amount	853,985,750	-	-	853,985,750	2,997,060,544	1,484,822,896

Notes to the Financial Statements

For year ended 30 June 2021

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		
	2021	2020	2019
	Maximum exposure to credit risk	Maximum exposure to credit risk	Maximum exposure to credit risk
	Rs	Rs	Rs
Financial assets designated at fair value through profit and loss:			
Trading assets	**1,798,297,228**	3,637,975,739	1,620,255,263
Equity investments	**17,940,280**	17,283,415	15,984,705
Derivatives	**34,680,427**	45,718,645	2,830,728

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 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 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:

2021	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**
- Others	**-**	**-**	**-**	**-**
Total credit-impaired assets	**830,582,459**	**255,610,982**	**574,971,477**	**1,171,789,618**

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)

6.1.4.3 Risk Limit Control and Mitigation Policies (Cont'd)

Collaterals and other credit enhancements (Cont'd)

2020	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	3,857,356	3,855,296	2,060	50,000
- Term loans	25,486,003	11,475,377	14,010,626	41,145,009
- Mortgages	13,851,644	5,681,097	8,170,547	50,016,420
Loans to corporate entities:				
- Large corporate customers	419,351,601	136,513,021	282,838,580	1,547,200,000
- Small and medium-sized enterprises (SMEs)	194,860,859	60,436,328	134,424,531	309,947,922
Total credit-impaired assets	**657,407,463**	**217,961,119**	**439,446,344**	**1,948,359,351**

2019	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	1,824,309	1,824,309	-	-
- Term loans	8,656,732	3,168,342	5,488,390	18,854,301
- Mortgages	10,005,996	5,055,272	4,950,724	24,474,305
Loans to corporate entities:				
- Large corporate customers	536,360,638	154,542,029	381,818,610	1,030,854,584
- Small and medium-sized enterprises (SMEs)	153,538,114	5,271,937	148,266,177	372,739,192
Total credit-impaired assets	**710,385,789**	**169,861,889**	**540,523,901**	**1,446,922,382**

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

	2021	2020	2019
Mortgage portfolio – LTV distribution	**Credit-impaired (Gross carrying amount)**	**Credit-impaired (Gross carrying amount)**	**Credit-impaired (Gross carrying amount)**
	Rs	Rs	Rs
Lower than 50%	**19,031,764**	12,158,431	9,803,797
50 to 60%	**883,780**	-	-
60 to 70%	**7,867,591**	-	-
70 to 80%	**-**	1,194,897	-
80 to 90%	**1,001,521**	-	-
90 to 100%	**926,915**	498,316	202,199
Total	**29,711,571**	**13,851,644**	**10,005,996**

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6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.5 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 derecognised 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.

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:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Loss allowance as at 1 July 2018	**35,710,661**	**26,396,292**	**1,049,381**	**63,156,334**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1				
Transfer from Stage 1 to Stage 2	(1,621,957)	15,648,779	-	**14,026,822**
Transfer from Stage 1 to Stage 3	(154,072)	-	7,436,997	**7,282,925**
Transfer from Stage 2 to Stage 1	1,613,241	(15,900,965)	-	**(14,287,724)**
Transfer from Stage 2 to Stage 3	-	(664,317)	1,962,904	**1,298,587**
Transfer from Stage 3 to Stage 1	5,486	-	(576)	**4,910**
Transfer from Stage 3 to Stage 2	-	-	-	**-**
New financial assets originated or purchased	9,915,101	3,807,620	633,407	**14,356,128**
Change in existing	1,205,637	(893,285)	-	**312,352**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Unwind of discount	-	-	-	**-**
FX and other movements	-	-	-	**-**
Total net P&L charge during the period	-	-	-	**-**
Other movements with no P&L impact	-	-	-	**-**
Financial assets derecognized during the period	(5,365,917)	(3,586,566)	(1,034,191)	**(9,986,674)**
Closed Accounts	-	-	-	**-**
Write-offs	-	-	-	**-**
Loss allowance as at 30 June 2019	**41,308,180**	**24,807,558**	**10,047,922**	**76,163,660**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	-	-	-	**-**
Transfer from Stage 1 to Stage 2	(3,181,189)	21,578,171	-	**18,396,982**
Transfer from Stage 1 to Stage 3	(174,220)	-	5,709,403	**5,535,183**
Transfer from Stage 2 to Stage 1	771,428	(11,903,305)	-	**(11,131,877)**
Transfer from Stage 2 to Stage 3	-	(3,909,195)	5,110,217	**1,201,022**
Transfer from Stage 3 to Stage 1	1,114	-	(54,743)	**(53,629)**
Transfer from Stage 3 to Stage 2	-	-	-	**-**
New financial assets originated or purchased	9,543,947	2,307,734	406,692	**12,258,373**
Change in existing	7,949,262	(978,213)	(129,180)	**6,841,869**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Unwind of discount	-	-	-	**-**
FX and other movements	-	-	-	**-**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Financial assets derecognized during the period	(4,778,270)	(1,345,642)	(130,184)	**(6,254,096)**
Closed Accounts	-	-	-	**-**
Write-offs	-	-	-	**-**
Loss allowance as at 30 June 2020	**51,440,252**	**30,557,108**	**20,960,127**	**102,957,487**

Notes to the Financial Statements

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6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Retail	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	-	-	-	-
Transfer from Stage 1 to Stage 2	(4,465,764)	31,276,086	-	26,810,322
Transfer from Stage 1 to Stage 3	(449,196)	-	9,981,699	9,532,503
Transfer from Stage 2 to Stage 1	858,033	(13,999,129)	-	(13,141,096)
Transfer from Stage 2 to Stage 3	-	(1,604,213)	1,292,338	(311,875)
Transfer from Stage 3 to Stage 1	26,875	-	(683,985)	(657,110)
Transfer from Stage 3 to Stage 2	-	3,225	-	3,225
New financial assets originated or purchased	7,571,228	3,008,037	105,655	10,684,920
Change in existing	(18,346,962)	(3,622,698)	(380,492)	(22,350,152)
Modification of contractual cash flows of financial assets	-	-	-	-
Unwind of discount	-	-	-	-
FX and other movements	-	-	-	-
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Financial assets derecognized during the period	(3,878,396)	(1,590,714)	(5,561,210)	(11,030,320)
Closed Accounts	-	-	-	-
Write-offs	-	-	-	-
Loss allowance as at 30 June 2021	32,756,070	44,027,702	25,714,132	102,497,904

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)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Loss allowance as at 1 July 2018	90,269,225	29,920,665	146,174,148	**266,364,038**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	-	-	-	**-**
Transfer from Stage 1 to Stage 2	(3,267,689)	19,998,990	-	**16,731,301**
Transfer from Stage 1 to Stage 3	(654,543)	-	11,063,007	**10,408,464**
Transfer from Stage 2 to Stage 1	2,003,409	(18,276,315)	-	**(16,272,906)**
Transfer from Stage 2 to Stage 3	-	(204,405)	444,674	**240,269**
Transfer from Stage 3 to Stage 1	2,764,245	-	(4,590,108)	**(1,825,863)**
Transfer from Stage 3 to Stage 2	-	16,125	(168,466)	**(152,341)**
New financial assets originated or purchased	30,328,428	2,836,381	10,072,805	**43,237,614**
Change in existing	(18,109,368)	(3,198,562)	(1,184,050)	**(22,491,980)**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Unwind of discount	-	-	-	**-**
FX and other movements	-	-	-	**-**
Total net P&L charge during the period	-	-	-	**-**
Other movements with no P&L impact	-	-	-	**-**
Transfers	-	-	-	**-**
Transfer from Stage 1 to Stage 2	-	-	-	**-**
Financial assets derecognized during the period	(26,331,279)	(2,152,173)	(1,998,044)	**(30,481,496)**
Write-offs	-	-	-	**-**
Closed Accounts	-	-	-	**-**
Loss allowance as at 30 June 2019	**77,002,428**	**28,940,706**	**159,813,966**	**265,757,100**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	-	-	-	**-**
Transfer from Stage 1 to Stage 2	(2,901,711)	21,401,861	-	**18,500,150**
Transfer from Stage 1 to Stage 3	(2,913,450)	-	56,015,062	**53,101,612**
Transfer from Stage 2 to Stage 1	1,177,235	(20,588,210)	-	**(19,410,975)**
Transfer from Stage 2 to Stage 3	-	(1,192,944)	1,168,947	**(23,997)**
Transfer from Stage 3 to Stage 1	1,010,437	-	(5,771)	**1,004,666**
Transfer from Stage 3 to Stage 2	-	1,384,652	(4,067,203)	**(2,682,551)**
New financial assets originated or purchased	20,024,401	4,828,250	2,624,298	**27,476,949**
Change in existing	(14,639,448)	(1,236,040)	(18,527,392)	**(34,402,880)**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Unwind of discount	-	-	-	**-**
FX and other movements	-	-	-	**-**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Transfers	-	-	-	**-**
Transfer from Stage 1 to Stage 2	-	-	-	**-**
Financial assets derecognized during the period	(6,680,732)	(1,140,267)	(33,956)	**(7,854,955)**
Write-offs	-	-	-	**-**
Closed Accounts	-	-	-	**-**
Loss allowance as at 30 June 2020	**72,079,160**	**32,398,008**	**196,987,951**	**301,465,119**

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6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Corporate	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	-	-	-	-
Transfer from Stage 1 to Stage 2	(5,469,234)	43,384,795	-	37,915,561
Transfer from Stage 1 to Stage 3	(530,736)	-	8,383,467	7,852,731
Transfer from Stage 2 to Stage 1	1,524,332	(23,281,533)	-	(21,757,201)
Transfer from Stage 2 to Stage 3	-	(290,115)	529,206	239,091
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	446,530	-	446,530
New financial assets originated or purchased	11,410,587	5,866,245	359,922	17,636,754
Change in existing	(32,779,203)	2,709,731	23,939,626	(6,129,846)
Modification of contractual cash flows of financial assets	-	-	-	-
Unwind of discount	-	-	-	-
FX and other movements	-	-	-	-
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Transfers	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period	(7,782,434)	(1,666,523)	(303,321)	(9,752,278)
Write-offs	-	-	-	-
Closed Accounts	-	-	-	-
Loss allowance as at 30 June 2021	38,452,472	59,567,138	229,896,851	327,916,461

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)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Loss allowance as at 1 July 2018	**1,842,232**	**-**	**-**	**1,842,232**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	**-**	**-**
New financial assets originated or purchased	4,467,257	-	**-**	**4,467,257**
Modification of contractual cash flows of financial assets	-	-	**-**	**-**
Unwind of discount	-	-	**-**	**-**
FX and other movements	-	-	**-**	**-**
Changes in existing	152,397	-	**-**	**152,397**
Total net P&L charge during the period	-	-	**-**	**-**
Other movements with no P&L impact	-	-	**-**	**-**
Transfers				
Transfer from Stage 1 to Stage 2	-	-	**-**	**-**
Financial assets derecognized during the period	(483,804)	-	**-**	**(483,804)**
Write-offs	-	-	**-**	**-**
Loss allowance as at 30 June 2019	5,978,082	-	**-**	**5,978,082**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	**-**	**-**
New financial assets originated or purchased	7,013,669	-	**-**	**7,013,669**
Financial assets derecognized during the period	(312,669)			**(312,669)**
Modification of contractual cash flows of financial assets	-	-	**-**	**-**
Unwind of discount	-	-	**-**	**-**
FX and other movements	-	-	**-**	**-**
Changes in existing	130,166	-	**-**	**130,166**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Transfers				
Transfer from Stage 1 to Stage 2	-	-	**-**	**-**
Financial assets derecognized during the period	-	-	**-**	**-**
Write-offs	-	-	**-**	**-**
Loss allowance as at 30 June 2020	12,809,248	-	**-**	**12,809,248**

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6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Investment securities	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
New financial assets originated or purchased	21,497,501	-	-	21,497,501
Financial assets derecognized during the period	(4,201,005)			(4,201,005)
Modification of contractual cash flows of financial assets	-	-	-	-
Unwind of discount	-	-	-	-
FX and other movements	-	-	-	-
Changes in existing	(2,806,158)	-	-	(2,806,158)
Total net P&L charge during the period	-	-	-	-
Other movements with no P&L impact	-	-	-	-
Transfers				
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period	-	-	-	-
Write-offs	-	-	-	-
Loss allowance as at 30 June 2021	27,299,586	-	-	27,299,586

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:

	Stage 1 12-month ECL Rs	Stage 2 Lifetime ECL Rs	Stage 3 Lifetime ECL Rs	Total Rs
Retail				
Gross carrying amount as at 1 July 2018	**3,836,027,612**	**130,602,091**	**1,690,861**	**3,968,320,564**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	72,882,276	(79,585,796)	-	**(6,703,520)**
Transfer from Stage 1 to Stage 3	(14,046,089)	-	13,119,487	**(926,602)**
Transfer from Stage 1 to Stage 2	(85,813,524)	79,240,418	-	**(6,573,106)**
Transfer from Stage 2 to Stage 3	-	(2,927,884)	2,543,822	**(384,062)**
Transfer from Stage 3 to Stage 2	-	-	-	**-**
Transfer from Stage 3 to Stage 1	394,049	-	(506,845)	**(112,796)**
Financial assets derecognized during the period other than write-offs	(486,804,587)	(17,128,603)	(481,406)	**(504,414,596)**
New financial assets originated or purchased	1,369,837,108	19,152,869	4,097,915	**1,393,087,892**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Change in existing	(288,217,668)	(3,453,191)	23,203	**(291,647,656)**
FX and other movements	-	-	-	**-**
Closed accounts	-	-	-	**-**
Gross carrying amount as at 30 June 2019	**4,404,259,177**	**125,899,904**	**20,487,037**	**4,550,646,118**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	53,594,875	(59,396,692)	-	**(5,801,817)**
Transfer from Stage 1 to Stage 3	(9,875,192)	-	9,547,384	**(327,808)**
Transfer from Stage 1 to Stage 2	(133,751,572)	124,085,386	-	**(9,666,186)**
Transfer from Stage 2 to Stage 3	-	(19,185,107)	14,309,492	**(4,875,615)**
Transfer from Stage 3 to Stage 2	-	-	-	**-**
Transfer from Stage 3 to Stage 1	74,406	-	(402,236)	**(327,830)**
Financial assets derecognized during the period other than write-offs	(417,425,405)	(6,788,297)	(163,212)	**(424,376,914)**
New financial assets originated or purchased	957,474,366	18,104,163	1,484,746	**977,063,275**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Change in existing	(266,420,954)	(2,655,120)	291,176	**(268,784,898)**
FX and other movements	-	-	-	**-**
Closed accounts	-	-	-	**-**
Gross carrying amount as at 30 June 2020	**4,587,929,701**	**180,064,237**	**45,554,387**	**4,813,548,325**

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For year ended 30 June 2021

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)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Retail	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(212,625,267)	209,289,023	-	(3,336,244)
Transfer from Stage 1 to Stage 3	(23,686,876)	-	24,194,625	507,749
Transfer from Stage 2 to Stage 1	74,145,318	(82,949,468)	-	(8,804,150)
Transfer from Stage 2 to Stage 3	-	(7,872,779)	7,663,726	(209,053)
Transfer from Stage 3 to Stage 2	-	121,727	(232,595)	(110,868)
Transfer from Stage 3 to Stage 1	1,168,558	-	(1,427,011)	(258,453)
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	1,293,252,742	22,094,342	378,449	1,315,725,533
Modification of contractual cash flows of financial assets	-	-	-	-
Change in existing	(570,411,352)	(27,546,668)	(2,724,501)	(600,682,521)
FX and other movements	-	-	-	-
Closed accounts	-	-	-	-
Gross carrying amount as at 30 June 2021	4,739,174,198	281,473,456	64,234,546	5,084,882,200

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)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 1 July 2018	**6,916,908,929**	**146,184,962**	**697,220,438**	**7,760,314,329**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(125,378,435)	124,022,507	-	**(1,355,928)**
Transfer from stage 2 to stage 1	63,161,500	(76,718,217)	-	**(13,556,717)**
Transfer from stage 1 to stage 3	(46,354,871)	-	39,038,266	**(7,316,605)**
Transfer from stage 2 to stage 3	-	(1,881,799)	1,680,632	**(201,167)**
Transfer from stage 3 to stage 1	41,036,171	-	(49,587,324)	**(8,551,153)**
Transfer from stage 3 to stage 2	-	106,317	(1,216,355)	**(1,110,038)**
Financial assets derecognized during the period other than write-offs	(2,640,785,876)	(17,021,676)	(156,172,621)	**(2,813,980,173)**
New financial assets originated or purchased	6,084,464,024	30,257,353	199,274,583	**6,313,995,960**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Changes in existing	(240,532,648)	(8,894,759)	(40,338,865)	**(289,766,272)**
FX and other movements	-	-	-	**-**
Closed accounts	-	-	-	**-**
Write offs	-	-	-	**-**
Gross carrying amount as at 30 June 2019	**10,052,518,794**	**196,054,688**	**689,898,754**	**10,938,472,236**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(196,968,114)	154,596,971	-	**(42,371,143)**
Transfer from stage 2 to stage 1	107,833,248	(117,023,399)	-	**(9,190,151)**
Transfer from stage 1 to stage 3	(45,677,171)	-	48,633,526	**2,956,355**
Transfer from stage 2 to stage 3	-	(41,702,949)	45,576,098	**3,873,149**
Transfer from stage 3 to stage 1	127,608,627	-	(125,369,962)	**2,238,665**
Transfer from stage 3 to stage 2	-	7,832,249	(8,951,701)	**(1,119,452)**
Financial assets derecognized during the period other than write-offs	(1,145,549,066)	(10,086,958)	(49,554,729)	**(1,205,190,753)**
New financial assets originated or purchased	1,603,850,920	33,668,236	27,493,513	**1,665,012,669**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Changes in existing	(61,857,937)	(1,757,063)	38,879,391	**(24,735,609)**
FX and other movements	-	-	-	**-**
Closed accounts	-	-	-	**-**
Write offs	-	-	-	**-**
Gross carrying amount as at 30 June 2020	**10,441,759,301**	**221,581,775**	**666,604,890**	**11,329,945,966**

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6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Corporate	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(404,414,724)	391,771,197	-	(12,643,527)
Transfer from stage 2 to stage 1	123,418,965	(143,625,484)	-	(20,206,519)
Transfer from stage 1 to stage 3	(154,524,422)	-	153,562,519	(961,903)
Transfer from stage 2 to stage 3	-	(3,554,833)	2,735,749	(819,084)
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2,288,325	(2,327,421)	(39,096)
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	3,869,617,705	84,183,392	749,964	3,954,551,061
Modification of contractual cash flows of financial assets	-	-	-	-
Changes in existing	106,851,001	(4,374,992)	113,559,281	216,035,290
FX and other movements	-	-	-	-
Closed accounts	-	-	-	-
Write offs	-	-	-	-
Gross carrying amount as at 30 June 2021	11,987,881,864	523,358,593	924,786,160	13,436,026,617

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)

	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 1 July 2018	**2,925,694,016**	-	-	**2,925,694,016**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(2,292,172,173)	-	-	**(2,292,172,173)**
New financial assets originated or purchased	1,248,565,973	-	-	**1,248,565,973**
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Changes in existing	29,153,069	-	-	**29,153,069**
Gross carrying amount as at 30 June 2019	**1,911,240,885**	-	-	**1,911,240,885**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	-	-	-	-
New financial assets originated or purchased	3,290,544,907	-	-	**3,290,544,907**
Financial assets derecognized during the period other than write-offs	(1,661,629,776)			**(1,661,629,776)**
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Changes in existing	11,044,448	-	-	**11,044,448**
Gross carrying amount as at 30 June 2020	**3,551,200,464**	-	-	**3,551,200,464**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	-	-	-	-
New financial assets originated or purchased	**3,286,160,734**	-	-	**3,286,160,734**
Financial assets derecognized during t he period other than write-offs	**(1,330,586,921)**			**(1,330,586,921)**
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Changes in existing	**(141,429,715)**	-	-	**(141,429,715)**
Gross carrying amount as at 30 June 2021	**5,365,344,562**	-	-	**5,365,344,562**

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For year ended 30 June 2021

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 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 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 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 Bank monitors the subsequent performance of modified assets. 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 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 Bank's restructuring activities and their respective effect on the Bank's financial performance:

	Loans and advances to customers	Loans and advances to customers	Loans and advances to customers
	2021	**2020**	**2019**
Retail	**Rs**	**Rs**	**Rs**
Amortised cost before modification	**368,883,841**	405,616,194	191,404,182
Net modification (loss)	**-**	(150,957)	1,027,402

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 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Cash and cash equivalents	**3,282,315,703**	4,013,028,794	3,969,826,577	**3,282,315,703**	4,013,028,794	3,969,826,577
Placements with banks	**-**	2,447,872	73,722,466	**-**	2,447,872	73,722,466
Derivative assets	**34,680,427**	45,718,645	2,830,728	**34,680,427**	45,718,645	2,830,728
Trading assets	**1,798,297,228**	3,637,975,739	1,620,255,263	**1,798,297,228**	3,637,975,739	1,620,255,263
Investment securities	**5,365,344,562**	3,551,200,463	1,911,240,884	**5,365,344,562**	3,551,200,463	1,911,240,884
Loans and advances to banks	**863,031,847**	-	-	**863,031,847**	-	-
Loans and advances to customers	**16,839,341,532**	15,406,607,530	14,935,784,208	**17,010,456,691**	15,597,383,181	15,146,836,349
Other assets*	**190,209,679**	138,769,714	166,829,863	**228,251,550**	176,792,884	204,853,033
	28,373,220,978	26,795,748,757	22,680,489,989	**28,582,378,008**	27,024,547,578	22,929,565,300

*Other assets include amount due from the subsidiary, balances due in clearing and receivables.

Credit risk exposures relating to off-balance sheet items are as follows:

	The Group			The Bank		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**1,268,065,494**	1,981,028,082	1,300,989,705	**1,268,065,494**	1,981,028,082	1,300,989,705
Credit commitments	**1,717,380,639**	1,908,076,512	2,260,463,823	**1,717,380,639**	1,908,076,512	2,260,463,823

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2021, 30 June 2020 and 30 June 2019, 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:

- **90.48%** (2020:92.85%; 2019: 90.20%) of the loans and advances portfolio is backed by collaterals:
- **85.07%** (2020:90.93%; 2019: 90.43%) of the loans and advances portfolio is considered to be neither past due nor impaired; and,
- **Rs 2,733Mn** (2020: Rs 1,451Mn; 2019: Rs 1,481Mn) of the loans and advances have been assessed on an individual basis and **Rs 831Mn** (2020:Rs 657Mn; 2019: Rs 710Mn) is considered impaired.

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6 Financial instrument risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.10 Loans and Advances

Loans and Advances are summarised as follows:

	The Group			The Bank		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**15,400,425,756**	14,359,093,393	13,797,028,695	**15,571,540,915**	14,549,869,044	14,008,080,836
Past due but not impaired	**1,902,291,722**	795,041,474	770,651,724	**1,902,291,722**	795,041,474	770,651,724
Individually impaired	**830,582,458**	657,407,464	710,385,789	**830,582,458**	657,407,464	710,385,789
Gross amount	**18,133,299,936**	15,811,542,331	15,278,066,208	**18,304,415,095**	16,002,317,982	15,489,118,349
Less allowance for credit impairment	**(430,926,557)**	(404,934,801)	(342,282,000)	**(430,926,557)**	(404,934,801)	(342,282,000)
Net amount	**17,702,373,379**	15,406,607,530	14,935,784,208	**17,873,488,538**	15,597,383,181	15,146,836,349

At 30 June 2021, the total impairment provision for loans and advances was **Rs 430,926,557** (2020: Rs 404,934,801 and 2019: Rs 342,282,000) of which **Rs 255,610,982** (2020: Rs 217,961,119 and 2019: Rs 169,861,888) represented the expected credit losses for stage 3 on impaired loans and the remaining amount of Rs 175,315,575 (2020: Rs 186,973,682 and 2019: Rs 172,420,112) 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 13 and 14.

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.

(a) Loans and Advances past due but not impaired

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Past due up to 90 days	**1,794,737,136**	795,041,474	770,651,724
Past due 91-180 days	**93,690,593**	-	-
Past due more than 180 days	**13,863,993**	-	-
	1,902,291,722	795,041,474	770,651,724

(b) Loans and Advances individually impaired

The gross amount of individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held along with the fair value of related collaterals held by the Group and the Bank as security is as follows:

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Individually impaired loans	**830,582,458**	657,407,464	710,385,789
Fair value of collaterals	**1,171,789,618**	1,948,359,351	1,562,442,382

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)

(c) Loans and Advances renegotiated

The Group and the Bank

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status only if the account is properly serviced for a period of three months. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. 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 totaled **Rs 7,897,232** (30 June 2020: Rs 9,298,765 and 30 June 2019: Rs 7,287,664) for the period under review.

6.1.11 Repossessed Collaterals

During the year under review, the Group and the Bank obtained assets by taking possession of collaterals held as security and the carrying amount of repossessed collaterals is as follows:

Nature of Assets

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Land and buildings	-	-	11,005,785

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed assets are classified in the statement of financial position within other assets.

Notes to the Financial Statements

For year ended 30 June 2021

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.12 Concentration of loans and advances to customers with credit risk exposure

The following table breaks down the Group's and the Bank's main credit exposure for loans and advances to customers at their gross amounts, as categorised by the industry sectors:

	The Group			The Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Agriculture and Fishing	**755,527,346**	972,915,324	999,251,288	**755,527,346**	972,915,324	999,251,288
Manufacturing	**778,637,520**	736,788,069	633,071,394	**778,637,520**	736,788,069	633,071,394
Tourism	**1,725,546,524**	838,502,009	859,213,727	**1,725,546,524**	838,502,009	859,213,727
Transport	**389,725,082**	376,123,859	350,220,489	**389,725,082**	376,123,859	350,220,489
Construction	**4,782,134,802**	4,328,144,954	4,136,330,100	**4,953,249,961**	4,518,920,605	4,347,382,241
Financial and Business Services	**4,161,811,160**	4,998,050,177	4,945,850,445	**4,161,811,160**	4,998,050,177	4,945,850,445
Traders	**1,364,952,643**	1,053,149,453	1,028,811,324	**1,364,952,643**	1,053,149,453	1,028,811,324
New Economy	**24,462,226**	16,771,031	29,754,170	**24,462,226**	16,771,031	29,754,170
Personal	**1,662,176,396**	1,529,660,023	1,394,744,818	**1,662,176,396**	1,529,660,023	1,394,744,818
Education	**119,569,035**	136,422,874	130,053,382	**119,569,035**	136,422,874	130,053,382
Professional	**49,148,675**	45,199,612	30,632,144	**49,148,675**	45,199,612	30,632,144
Foreign Governments	**214,925,009**	-	-	**214,925,009**	-	-
Global Business Licence Holders	**380,448,239**	304,701,738	300,772,810	**380,448,239**	304,701,738	300,772,810
Others	**860,365,478**	475,113,208	439,360,117	**860,365,478**	475,113,208	439,360,117
	17,269,430,135	15,811,542,331	15,278,066,208	**17,440,545,294**	16,002,317,982	15,489,118,349

6.1.13 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 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 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.13 Country Risk Management (Cont'd)

At 30 June 2020, 47.65 % of the risk weighted exposures were in AA+u countries, 14.57 % were in B+ countries and the remaining 37.78 % spread between A+ to BB. The highest exposures were in Africa represented by 38.84 %, 48.10 % in North America, 11.64 % in Europe, and 1.42% in East Asia.

At 30 June 2019, 42.29 % of the risk weighted exposures were in AA+u countries, 40.98 % were in BB countries, 14.54 % were in AAu countries, and the remaining 2.19 % spread between A to BBB-u. The highest exposures were in Africa represented by 40.98 %, 43.69 % in North America, 14.60 % in Europe, and the remaining were spread among East Asia (0.59 %), and India (0.14 %).

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.

6.2.1 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 2021.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies.

The following table summarises the Group's exposure to the foreign exchange rate risk at 30 June 2021, 30 June 2020 and 30 June 2019.

Notes to the Financial Statements

For year ended 30 June 2021

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	OTHERS	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 banks and 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	(430,927)	-	-	-	-	(430,927)
	21,146,532	1,058,319	5,984,062	323,184	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	(4,659,067)	350,843	3,279,034	(16,000)	(2,701)	(1,047,891)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,268,065
Credit commitments						1,717,381
Total off-balance sheet amount						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 2020 (The Group)	MUR	EURO	USD	GBP	OTHERS	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	256,012	6,897	3,984,125	8,188	32,176	4,287,398
Placements with banks	-	-	-	-	2,448	2,448
Derivative assets	45,719	-	-	-	-	45,719
Trading assets	3,637,976	-	-	-	-	3,637,976
Investment securities	2,337,373	-	1,231,111	-	-	3,568,484
Loans and advances to customers	14,167,880	942,498	492,105	208,986	74	15,811,543
Other assets	106,747	-	32,023	-	-	138,770
Total assets	20,551,707	949,395	5,739,364	217,174	34,698	27,492,338
Less allowance for credit impairment	(404,947)	-	-	-	-	(404,947)
	20,146,760	949,395	5,739,364	217,174	34,698	27,087,391
Liabilities						
Deposits from customers	22,623,107	730,975	2,718,056	220,040	20,932	26,313,110
Derivative liabilities	289,498	-	-	-	-	289,498
Other borrowed funds	1,087,509	1,881	-	-	-	1,089,390
Payable to fellow subsidiary	10,141	-	-	-	-	10,141
Other liabilities	530,670	14,381	2,447	837	2,735	551,070
Lease liabilities	74,526	-	-	-	-	74,526
Total liabilities	24,615,451	747,237	2,720,503	220,877	23,667	28,327,735
Net on-balance sheet position	(4,468,691)	202,158	3,018,861	(3,703)	11,031	(1,240,344)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,981,028
Credit commitments						1,908,077
Total off-balance sheet amount						3,889,105

Notes to the Financial Statements

For year ended 30 June 2021

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 2019 (The Group)	MUR	EURO	USD	GBP	OTHERS	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	2,121,045	103,733	1,829,804	45,957	16,802	4,117,341
Placements with banks	71,418	-	-	-	2,421	73,839
Derivative assets	2,831	-	-	-	-	2,831
Trading assets	1,620,255	-	-	-	-	1,620,255
Investment securities	1,919,726	-	7,500	-	-	1,927,226
Loans and advances to customers	13,612,598	956,277	496,610	212,517	64	15,278,066
Other assets	138,963	-	27,867	-	-	166,830
Total assets	19,486,836	1,060,010	2,361,781	258,474	19,287	23,186,388
Less allowance for credit impairment	(342,408)	-	-	-	-	(342,408)
	19,144,428	1,060,010	2,361,781	258,474	19,287	22,843,980
Liabilities						
Deposits from customers	19,486,891	468,914	2,896,785	177,357	26,496	23,056,443
Derivative liabilities	2,382	-	-	-	-	2,382
Other borrowed funds	-	198,345	-	-	-	198,345
Payable to fellow subsidiary	38,181	-	-	-	-	38,181
Other liabilities	610,543	1,324	11,164	1,166	53	624,250
Total liabilities	20,137,997	668,583	2,907,949	178,523	26,549	23,919,601
Net on-balance sheet position	(993,569)	391,427	(546,168)	79,951	(7,262)	(1,075,621)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,300,990
Credit commitments						2,260,464
Total off-balance sheet amount						3,561,454

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	OTHERS	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 banks and 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	(430,927)	-	-	-	-	(430,927)
	21,355,689	1,058,319	5,984,062	323,184	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
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,130	25	213	228	97	622,693
Lease liabilities	156,589	-	-	-	-	156,589
Total liabilities	25,901,620	707,476	2,705,028	339,184	85,853	29,739,161
Net on-balance sheet position	(4,545,931)	350,843	3,279,034	(16,000)	(2,701)	(934,755)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,268,065
Credit commitments						1,717,381
Total off-balance sheet amount						2,985,446

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For year ended 30 June 2021

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 2020 (The Bank)	MUR	EURO	USD	GBP	OTHERS	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	256,012	6,897	3,984,125	8,188	32,176	4,287,398
Placements with banks	-	-	-	-	2,448	2,448
Derivative assets	45,719	-	-	-	-	45,719
Trading assets	3,637,976	-	-	-	-	3,637,976
Investment securities	2,337,373	-	1,231,111	-	-	3,568,484
Loans and advances to customers	14,358,655	942,498	492,105	208,986	74	16,002,318
Other assets	144,770	-	32,023	-	-	176,793
Total assets	20,780,505	949,395	5,739,364	217,174	34,698	27,721,136
Less allowance for credit impairment	(404,947)	-	-	-	-	(404,947)
	20,375,558	949,395	5,739,364	217,174	34,698	27,316,189
Liabilities						
Deposits from customers	22,624,516	730,975	2,718,056	220,040	20,932	26,314,519
Derivative liabilities	289,498	-	-	-	-	289,498
Other borrowed funds	1,087,509	1,881	-	-	-	1,089,390
Payable to fellow subsidiary	10,141	-	-	-	-	10,141
Other liabilities	530,458	14,381	2,447	837	2,735	550,858
Lease liabilities	203,310	-	-	-	-	203,310
Total liabilities	24,745,432	747,237	2,720,503	220,877	23,667	28,457,716
Net on-balance sheet position	(4,369,874)	202,158	3,018,861	(3,703)	11,031	(1,141,527)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,981,028
Credit commitments						1,908,077
Total off-balance sheet amount						3,889,105

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 2019 (The Bank)	MUR	EURO	USD	GBP	OTHERS	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	2,121,045	103,733	1,829,804	45,957	16,802	4,117,341
Placements with banks	71,418	-	-	-	2,421	73,839
Derivative assets	2,831	-	-	-	-	2,831
Trading assets	1,620,255	-	-	-	-	1,620,255
Investment securities	1,919,726	-	7,500	-	-	1,927,226
Loans and advances to customers	13,823,650	956,277	496,610	212,517	64	15,489,118
Other assets	176,986	-	27,867	-	-	204,853
Total assets	19,735,911	1,060,010	2,361,781	258,474	19,287	23,435,463
Less allowance for credit impairment	(342,408)	-	-	-	-	(342,408)
	19,393,503	1,060,010	2,361,781	258,474	19,287	23,093,055
Liabilities						
Deposits from customers	19,494,948	468,914	2,896,785	177,357	26,496	23,064,500
Derivative liabilities	2,382	-	-	-	-	2,382
Other borrowed funds	-	198,345	-	-	-	198,345
Payable to fellow subsidiary	38,181	-	-	-	-	38,181
Other liabilities	610,369	1,324	11,164	1,166	53	624,076
Total liabilities	20,145,880	668,583	2,907,949	178,523	26,549	23,927,484
Net on-balance sheet position	(752,377)	391,427	(546,168)	79,951	(7,262)	(834,429)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,981,028
Credit commitments						1,908,077
Total off-balance sheet amount						3,889,105

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For year ended 30 June 2021

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)

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, DKK/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 2021:

	30 June 2021	30 June 2020	30 June 2019
	% change	% change	% change
The Group and the Bank			
United States Dollar	**6.00%**	13.00%	2.00%
EURO	**13.00%**	11.00%	0.00%
Great Britain Pound	**20.00%**	9.00%	1.00%
Australian Dollar	**16.00%**	10.00%	3.00%
Canadian Dollar	**17.00%**	8.00%	4.00%
Danish Krone	**13.00%**	11.00%	0.00%
Hong Kong Dollar	**6.00%**	14.00%	3.00%
Indian Rupee	**8.00%**	3.00%	1.00%
Japanese Yen	**4.00%**	13.00%	5.00%
New Zealand Dollar	**16.00%**	8.00%	2.00%
Singapore Dollar	**10.00%**	9.00%	3.00%
South African Rand	**29.00%**	8.00%	0.00%
Swiss Franc	**9.00%**	16.00%	4.00%
Saudi Arabian Riyal	**6.00%**	13.00%	2.00%
United Arab Emirates Dirham	**6.00%**	13.00%	2.00%
Chinese Yuan	**16.00%**	10.00%	1.00%

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 2021.

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 2021		30 June 2020		30 June 2019	
	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	**(263,049)**	**263,049**	386,678,121	(386,678,121)	368,745	(368,745)
Euro	**12,561**	**(12,561)**	23,435,018	(23,435,018)	-	-
Great Britain Pound	**(3,259,348)**	**3,259,348**	(333,284)	333,284	717	(717)
Australian Dollar	**(63,806)**	**63,806**	219,741	(219,741)	(196)	196
Canadian Dollar	**(10,572)**	**10,572**	(26,049)	26,049	(411)	411
Danish Krone	**-**	**-**	-	-	-	-
Hong Kong Dollar	**(38)**	**38**	14,034	(14,034)	939	(939)
Indian Rupee	**(685)**	**685**	(83,749)	83,749	2,282	(2,282)
Japanese Yen	**(491)**	**491**	1,322,554	(1,322,554)	(534)	534
New Zealand Dollar	**32,284**	**(32,284)**	11,323	(11,323)	2,641	(2,641)
Singapore Dollar	**280**	**(280)**	(232,259)	232,259	4,085	(4,085)
South African Rand	**(168,359)**	**168,359**	68,353	(68,353)	-	-
Swiss Franc	**306,255**	**(306,255)**	74,125	(74,125)	6,284	(6,284)
Saudi Arabian Riyal	**2,735**	**(2,735)**	2,382	(2,382)	2,037	(2,037)
United Arab Emirates Dirham	**-**	**-**	(496)	496	(68)	68
Chinese Yuan	**6,237**	**(6,237)**	5,372	(5,372)	709	(709)
Total	**(3,405,996)**	**3,405,996**	411,155,186	(411,155,186)	387,230	(387,230)

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 the Group's Asset and Liability Management Committee.

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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 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 banks and 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)

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 2020:

At 30 June 2020 (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	-	2,994,625	-	-	-	-	-	1,292,773	4,287,398
Placements with banks	-	2,448	-	-	-	-	-	-	2,448
Derivative assets	-	-	-	-	-	-	-	45,719	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	144,206	189,610	-	328,242	508,656	904,923	1,475,564	17,283	3,568,484
Loans and advances to customers	14,366,092	25,430	904,042	2,645	26,626	77,541	409,166	-	15,811,542
Other assets	-	-	-	-	-	-	-	138,770	138,770
Total Assets	14,510,298	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,494,545	27,492,337
Less allowance for credit impairment	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	14,510,298	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,089,598	27,087,390

At 30 June 2020	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	19,579,364	902,508	1,633,928	569,788	1,112,200	1,542,729	972,593	-	26,313,110
Derivative liabilities	-	-	-	-	-	-	-	289,498	289,498
Other borrowed funds	1,014,385	75,005	-	-	-	-	-	-	1,089,390
Lease liabilities	-	-	6,786	5,505	10,326	35,415	16,494	-	74,526
Payable to fellow subsidiary	-	-	-	-	-	-	-	10,141	10,141
Other liabilities	-	-	-	-	-	-	-	551,070	551,070
Total liabilities	20,593,749	977,513	1,640,714	575,293	1,122,526	1,578,144	989,087	850,709	28,327,735
Net on-balance sheet interest sensitivity gap	(6,083,451)	3,120,620	77,746	407,563	698,325	(595,680)	895,643	238,889	(1,240,345)

Notes to the Financial Statements

For year ended 30 June 2021

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 2019:

At 30 June 2019 (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	-	1,411,111	-	-	-	-	-	2,706,230	4,117,341
Placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	-	-	-	-	-	-	2,831	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	13,948,154	71,622	58,285	14,172	44,679	677,619	463,535	-	15,278,066
Other assets	-	-	-	-	-	-	-	166,830	166,830
Total Assets	13,948,154	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,891,876	23,186,388
Less allowance for credit impairment	-	-	-	-	-	-	-	(342,408)	(342,408)
Total assets	13,948,154	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,549,468	22,843,980

At 30 June 2019	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	18,058,580	493,487	517,128	1,145,825	742,553	1,036,045	1,062,825	-	23,056,443
Derivative liabilities	-	-	-	-	-	-	-	2,382	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Payable to fellow subsidiary	-	-	-	-	-	-	-	38,181	38,181
Other liabilities	-	-	-	-	-	-	-	624,250	624,250
Total liabilities	18,058,580	493,487	677,179	1,171,354	753,629	1,037,734	1,062,825	664,813	23,919,601
Net on-balance sheet interest sensitivity gap	(4,110,426)	1,224,490	(29,002)	(1,039,410)	516,910	137,599	339,563	1,884,655	(1,075,621)

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 banks and 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)

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For year ended 30 June 2021

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 2020:

At 30 June 2020 (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	-	2,994,625	-	-	-	-	-	1,292,773	4,287,398
Placements with banks	-	2,448	-	-	-	-	-	-	2,448
Derivative assets	-	-	-	-	-	-	-	45,719	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	144,206	189,610	-	328,242	508,656	904,923	1,475,564	17,283	3,568,484
Loans and advances to customers	14,556,868	25,430	904,042	2,645	26,626	77,541	409,166	-	16,002,318
Other assets	-	-	-	-	-	-	-	176,793	176,793
Total Assets	14,701,074	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,532,568	27,721,136
Less allowance for credit impairment	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	14,701,074	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,127,621	27,316,189

At 30 June 2020	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	19,580,773	902,508	1,633,928	569,788	1,112,200	1,542,729	972,593	-	26,314,519
Derivative liabilities	-	-	-	-	-	-	-	289,498	289,498
Other borrowed funds	1,014,385	75,005	-	-	-	-	-	-	1,089,390
Lease liabilities	-	-	14,569	13,730	26,937	103,200	44,874	-	203,310
Payable to fellow subsidiary	-	-	-	-	-	-	-	10,141	10,141
Other liabilities	-	-	-	-	-	-	-	550,858	550,858
Total liabilities	20,595,158	977,513	1,648,497	583,518	1,139,137	1,645,929	1,017,467	850,497	28,457,716
Net on-balance sheet interest sensitivity gap	(5,894,084)	3,120,620	69,963	399,338	681,714	(663,465)	867,263	277,124	(1,141,527)

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 2019:

At 30 June 2019 (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	-	1,411,111	-	-	-	-	-	2,706,230	4,117,341
Placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	-	-	-	-	-	-	2,831	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	14,159,206	71,622	58,285	14,172	44,679	677,619	463,535	-	15,489,118
Other assets	-	-	-	-	-	-	-	204,853	204,853
Total Assets	14,159,206	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,929,899	23,435,463
Less allowance for credit impairment	-	-	-	-	-	-	-	(342,408)	(342,408)
Total assets	14,159,206	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,587,491	23,093,055

At 30 June 2019	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	18,066,637	493,487	517,128	1,145,825	742,553	1,036,045	1,062,825	-	23,064,500
Derivative liabilities	-	-	-	-	-	-	-	2,382	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Payable to fellow subsidiary	-	-	-	-	-	-	-	38,181	38,181
Other liabilities	-	-	-	-	-	-	-	624,076	624,076
Total liabilities	18,066,637	493,487	677,179	1,171,354	753,629	1,037,734	1,062,825	664,639	23,927,484
Net on-balance sheet interest sensitivity gap	(3,907,431)	1,224,490	(29,002)	(1,039,410)	516,910	137,599	339,563	1,922,852	(834,429)

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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 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 2021 given an increase or a decrease of 2% in interest rates.

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Increase	**86,862**	53,511	11,839	**86,862**	53,511	11,839

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 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)

6.2.2 Interest Rate Sensitivity (Cont'd)

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2020				
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	4.67	N/A	1.61
- FVTPL	N/A	N/A	N/A	0.86
Loans and advances to customers	4.31	3.23	3.89	4.71
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.001	0.56	0.35	1.11
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	0.68	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	2.65

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2019				
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	N/A	N/A	3.95
- FVTPL	N/A	N/A	N/A	3.37
Loans and advances to customers	4.34	5.17	3.85	6.21
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.26	0.18	1.36	1.88
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Subordinated debt	N/A	N/A	N/A	N/A
Borrowings from Central Bank	0.70	N/A	N/A	N/A

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For year ended 30 June 2021

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

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

The Bank is currently in the process of amending or preparing to amend contractual terms in response to IBOR reform and expects to complete all transitional reforms by the end of 2021 whereby some benchmarks including LIBOR will be replaced with alternative risk-free benchmark rates that will meet regulatory and market requirements. For this purpose, the Bank has set up a cross business unit task force, comprising Finance, Compliance, IT, Treasury and Risk to monitor and implement the IBOR reform.

The Bank has financial instruments comprising loans and advances on its balance sheet with exposures pegged to LIBOR and other related reference rates, accounting for 12.6% of its gross loans balances at 30 June 2021. The Bank also has a floating-rate cross currency swap of USD 99.75 m against MUR with a floating leg which is indexed to the LIBOR. The Bank thus anticipates that IBOR reform will have major operational, risk management and accounting impacts.

Nevertheless, the Bank considers the main risks to which it is exposed as a result of IBOR reform as being mostly operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk; which the Bank will continue addressing through the different channels in place.

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 do 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 and the Bank 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 and the Bank's liquidity policy requires establishment and maintenance of three lines of defence:

- Cashflow management where the Group and the Bank create 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 and the Bank's Asset and Liability Committee.

6 Financial instrument risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity Analysis (Cont'd)

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 2021 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	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 banks and 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

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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 2020 (The Group)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	4,287,398	-	-	-	-	-	-	-	4,287,398
Placements with banks	2,448	-	-	-	-	-	-	-	2,448
Derivative assets	-	45,719	-	-	-	-	-	-	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	-	189,610	-	328,242	508,656	930,575	1,594,116	17,283	3,568,482
Loans and advances to customers	-	301,584	2,887,060	370,855	135,760	1,173,760	10,942,524	-	15,811,543
Other assets	-	-	-	-	-	-	-	138,770	138,770
	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,104,335	12,536,640	156,053	27,492,336
Less allowance for credit losses	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,104,335	12,536,640	(248,894)	27,087,389
Liabilities									
Deposits from customers	745,102	3,011,481	2,587,744	1,549,317	3,176,369	5,142,973	10,100,123	-	26,313,109
Derivative liabilities	-	289,498	-	-	-	-	-	-	289,498
Other borrowed funds	75,005	1,012,504	1,881	-	-	-	-	-	1,089,390
Payable to fellow subsidiary	-	10,141	-	-	-	-	-	-	10,141
Other liabilities	-	-	-	-	-	-	-	551,070	551,070
Lease liabilities	-	-	6,786	5,505	10,326	35,415	16,494	-	74,526
Total liabilities	820,107	4,323,624	2,596,411	1,554,822	3,186,695	5,178,388	10,116,617	551,070	28,327,734
Net on-balance sheet liquidity gap	3,469,739	(2,900,691)	1,105,067	(203,756)	(1,256,710)	(3,074,053)	2,420,023	(799,964)	(1,240,345)

At 30 June 2019 (The Group)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	4,117,341	-	-	-	-	-	-	-	4,117,341
Placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	2,831	-	-	-	-	-	-	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	-	420,644	2,379,155	155,925	169,291	1,653,147	10,499,904	-	15,278,066
Other assets	-	-	-	-	-	-	-	166,830	166,830
	4,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,438,757	182,815	23,186,388
Less allowance for credit losses	-	-	-	-	-	-	-	(342,408)	(342,408)
Total assets	4,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,438,757	(159,593)	22,843,980
Liabilities									
Deposits from customers	557,017	2,311,332	1,512,975	2,267,042	2,587,173	4,658,996	9,161,908	-	23,056,443
Derivative liabilities	-	2,382	-	-	-	-	-	-	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Payable to fellow subsidiary	-	38,181	-	-	-	-	-	-	38,181
Other liabilities	15,113	-	-	-	-	-	-	609,137	624,250
Total liabilities	572,130	2,351,895	1,673,026	2,292,571	2,598,249	4,660,685	9,161,908	609,137	23,919,601
Net on-balance sheet liquidity gap	3,545,211	(1,693,176)	1,296,021	(2,018,874)	(1,203,098)	(2,509,824)	2,276,849	(768,730)	(1,075,621)

6 Financial instrument risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity Analysis (Cont'd)

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 2021 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	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 banks and 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)

6.3 Liquidity Analysis (Cont'd)

At 30 June 2020 (The Bank)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	4,287,398	-	-	-	-	-	-	-	4,287,398
Placements with banks	2,448	-	-	-	-	-	-	-	2,448
Derivative assets	-	45,719	-	-	-	-	-	-	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	-	189,610	-	328,242	508,656	930,575	1,594,116	17,283	3,568,482
Loans and advances to customers	-	301,584	2,887,060	370,855	135,760	1,190,335	11,116,725	-	16,002,319
Other assets	-	-	-	-	-	-	-	176,793	176,793
	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,120,910	12,710,841	194,076	27,721,135
Less allowance for credit losses	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,120,910	12,710,841	(210,871)	27,316,188
Liabilities									
Deposits from customers	745,130	3,011,594	2,587,786	1,549,359	3,176,496	5,143,185	10,100,969	-	26,314,519
Derivative liabilities	-	289,498	-	-	-	-	-	-	289,498
Other borrowed funds	75,005	1,012,504	1,881	-	-	-	-	-	1,089,390
Payable to fellow subsidiary	-	10,141	-	-	-	-	-	-	10,141
Other liabilities	-	-	-	-	-	-	-	550,858	550,858
Lease liabilities	-	-	14,569	13,730	26,937	103,200	44,874	-	203,310
Total liabilities	820,135	4,323,737	2,604,236	1,563,089	3,203,433	5,246,385	10,145,843	550,858	28,457,716
Net on-balance sheet liquidity gap	3,469,711	(2,900,804)	1,097,242	(212,023)	(1,273,448)	(3,125,475)	2,564,998	(761,729)	(1,141,528)

At 30 June 2019 (The Bank)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	4,117,341	-	-	-	-	-	-	-	4,117,341
Placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	2,831	-	-	-	-	-	-	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	-	420,644	2,379,155	155,925	169,291	1,653,147	10,710,956	-	15,489,118
Other assets	-	-	-	-	-	-	-	204,853	204,853
	4,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,649,809	220,838	23,435,463
Less allowance for credit losses	-	-	-	-	-	-	-	(342,408)	(342,408)
Total assets	4,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,649,809	(121,570)	23,093,055
Liabilities									
Deposits from customers	557,178	2,311,976	1,513,217	2,267,284	2,587,898	4,660,204	9,166,743	-	23,064,500
Derivative liabilities	-	2,382	-	-	-	-	-	-	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Payable to fellow subsidiary	-	38,181	-	-	-	-	-	-	38,181
Other liabilities	15,113	-	-	-	-	-	-	608,963	624,076
Total liabilities	572,291	2,352,539	1,673,268	2,292,813	2,598,974	4,661,893	9,166,743	608,963	23,927,484
Net on-balance sheet liquidity gap	3,545,050	(1,693,820)	1,295,779	(2,019,116)	(1,203,823)	(2,511,032)	2,483,066	(730,533)	(834,429)

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 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Financial assets						
Financial assets at fair value through profit or loss:						
Derivative assets	**34,680,427**	45,718,645	2,830,728	**34,680,427**	45,718,645	2,830,728
Trading assets	**1,798,297,228**	3,637,975,739	1,620,255,263	**1,798,297,228**	3,637,975,739	1,620,255,263
Equity investments	**17,940,280**	17,283,415	15,984,705	**17,940,280**	17,283,415	15,984,705
	1,850,917,935	3,700,977,799	1,639,070,696	**1,850,917,935**	3,700,977,799	1,639,070,696
Financial assets at fair value through OCI						
Government securities	**2,576,025,466**	1,826,016,276	1,462,109,523	**2,576,025,466**	1,826,016,276	1,462,109,523
Other securities	**2,789,319,096**	1,725,184,187	449,131,361	**2,789,319,096**	1,725,184,187	449,131,361
	5,365,344,562	3,551,200,463	1,911,240,884	**5,365,344,562**	3,551,200,463	1,911,240,884
Financial assets at amortised cost						
Cash and cash equivalents	**3,486,404,504**	4,287,385,039	4,117,331,280	**3,486,404,504**	4,287,385,039	4,117,331,280
Placements with banks	**-**	2,447,872	73,722,466	**-**	2,447,872	73,722,466
Loans and advances to banks	**863,031,847**	-	-	**863,031,847**	-	-
Loans and advances to customers	**16,839,341,532**	15,406,607,530	14,935,784,208	**17,010,456,691**	15,597,383,181	15,146,836,349
Other assets	**190,209,679**	138,769,714	166,829,863	**228,251,550**	176,792,884	204,853,033
	21,378,987,562	19,835,210,155	19,293,667,817	**21,588,144,592**	20,064,008,976	19,542,743,128
Total financial assets	**28,595,250,059**	27,087,388,417	22,843,979,397	**28,804,407,089**	27,316,187,238	23,093,054,708
Financial liabilities						
Financial liabilities at fair value through profit or loss:						
Derivative liabilities	**541,620,944**	289,498,366	2,382,221	**541,620,944**	289,498,366	2,382,221
Financial liabilities measured at amortised cost:						
Deposits from customers	**28,378,179,745**	26,313,109,402	23,056,443,423	**28,378,198,595**	26,314,518,873	23,064,500,010
Other borrowed funds	**-**	1,089,390,019	198,345,266	**-**	1,089,390,019	198,345,266
Lease liabilities	**60,424,535**	74,526,375	-	**156,588,681**	203,309,885	-
Payable to fellow subsidiary	**40,059,363**	10,141,366	38,180,968	**40,059,363**	10,141,366	38,180,968
Other liabilities	**622,853,451**	551,069,614	624,250,166	**622,692,551**	550,857,264	624,076,166
	29,101,517,094	28,038,236,776	23,917,219,823	**29,197,539,190**	28,168,217,407	23,925,102,410
Total financial liabilities	**29,643,138,038**	28,327,735,142	23,919,602,044	**29,739,160,134**	28,457,715,773	23,927,484,631

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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 2021	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	11 and 12(b)	**-**	**1,798,297,228**	**17,940,280**	**1,816,237,508**
Financial assets at FVTOCI	12(a)	**-**	**5,365,344,562**	**-**	**5,365,344,562**
Derivative financial assets	30	**-**	**34,680,427**	**-**	**34,680,427**
Derivative financial liabilities	30	**-**	**(541,620,944)**	**-**	**(541,620,944)**
Fair value		**-**	**6,656,701,273**	**17,940,280**	**6,674,641,553**

30 June 2020	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	11 and 12(b)	-	3,637,975,739	17,283,415	3,655,259,154
Financial assets at FVTOCI	12(a)	-	3,551,200,463	-	3,551,200,463
Derivative financial assets	30	-	45,718,645	-	45,718,645
Derivative financial liabilities	30	-	(289,498,366)	-	(289,498,366)
Fair value		-	6,945,396,481	17,283,415	6,962,679,896

30 June 2019	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Trading assets	11	-	1,620,255,263	15,984,705	1,636,239,968
Available-for-sale financial assets	12	-	1,911,240,884	-	1,911,240,884
Derivative financial assets	30	-	2,830,728	-	2,830,728
Derivative financial liabilities	30	-	(2,382,221)	-	(2,382,221)
Fair value		-	3,531,944,654	15,984,705	3,547,929,359

Management does not consider the unquoted equity investments to be material for warranting further disclosures under IFRS 13.

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

The methods used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(ii) FVTPL and FVTOCI financial assets

The fair values of the Group's investments in Treasury Bills, Treasury Bond and Treasury Notes have been determined by reference to the mark to market prices at the reporting date.

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 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

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7 Fair value measurement (Cont'd)

7.2 Fair value of financial assets and liabilities not carried at fair value (Cont'd)

	30 June 2020			
	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	4,287,385,039	4,287,385,039	4,287,385,039	4,287,385,039
Placement with banks	2,447,872	2,447,872	2,447,872	2,447,872
Loans and advances to customers	15,406,607,530	15,407,036,654	15,597,383,181	15,597,812,305
Other assets	138,769,714	138,769,714	176,792,884	176,792,884
Total financial assets	19,835,210,155	19,835,639,279	20,064,008,976	20,064,438,100
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	26,313,109,402	26,502,708,067	26,314,518,873	26,504,117,538
Other borrowed funds	1,089,390,019	1,089,390,019	1,089,390,019	1,089,390,019
Lease liabilities	74,526,375	74,526,375	203,309,885	203,309,885
Payable to fellow subsidiary	10,141,366	10,141,366	10,141,366	10,141,366
Other liabilities	551,069,614	551,069,614	550,857,264	550,857,264
Total financial liabilities	28,038,236,776	28,227,835,441	28,168,217,407	28,357,816,072

	30 June 2019			
	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	4,117,331,280	4,117,331,280	4,117,331,280	4,117,331,280
Placement with banks	73,722,466	73,722,466	73,722,466	73,722,466
Loans and advances to customers	14,935,784,208	14,936,132,866	15,146,836,349	15,147,185,007
Other assets	166,829,863	166,829,863	204,853,033	204,853,033
Total financial assets	19,293,667,817	19,294,016,475	19,542,743,128	19,543,091,786
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	23,056,443,423	23,111,633,140	23,064,500,010	23,119,689,727
Other borrowed funds	198,345,266	198,345,266	198,345,266	198,345,266
Payable to fellow subsidiary	38,180,968	38,180,968	38,180,968	38,180,968
Other liabilities	624,250,166	624,250,166	624,076,166	624,076,166
Total liabilities	23,917,219,823	23,972,409,540	23,925,102,410	23,980,292,127

7 Fair value measurement (Cont'd)

7.3 Fair value measurement of non-financial assets

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	-	-	**1,167,621,508**	**1,167,621,508**
Investment properties	-	-	**519,300,000**	**519,300,000**

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	-	-	**876,160,343**	**876,160,343**
Investment properties	-	-	**519,300,000**	**519,300,000**

30 June 2020	Level 1	Level 2	Level 3	Total
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,628,581,159	1,628,581,159
Investment properties	-	-	79,300,000	79,300,000

30 June 2020	Level 1	Level 2	Level 3	Total
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,330,599,998	1,330,599,998
Investment properties	-	-	79,300,000	79,300,000

30 June 2019	Level 1	Level 2	Level 3	Total
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,547,960,527	1,547,960,527
Investment properties	-	-	66,460,000	66,460,000

30 June 2019	Level 1	Level 2	Level 3	Total
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,317,901,260	1,317,901,260
Investment properties	-	-	66,460,000	66,460,000

The fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date. Further information is set out below.

Freehold land and buildings are revalued as indicated in note 3.6. 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 2020.

The appraisal is carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

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.

Notes to the Financial Statements

For year ended 30 June 2021

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: stated 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. However, in the face of the challenges posed by the COVID-19 pandemic, the implementation of the capital conservation buffer of 2.5% which was effective as from 01 January 2020 has been deferred to 01 April 2022 such that banks are required to maintain a capital conservation of 1.875% until 31 March 2022.

The Bank has also entered the transitional arrangements introduced by the Bank of Mauritius in January 2021 whereby financial institutions are allowed to add back a portion of the stage 1 and stage 2 provisions for expected credit losses under IFRS 9 to its regulatory capital. The transitional arrangements are over a four year period, from which the Bank can opt out at any time.

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) accumulated losses

  (ii) The Bank has no Additional Tier 1 (AT1) capital as at 30 June 2021

- 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 2021, 30 June 2020 and 30 June 2019 respectively. During the year ended 30 June 2021, the Bank complied with all of the externally imposed capital requirements to which it is subject. At 30 June 2021, capital adequacy ratio was **13.88%** as compared to 14.22% at 30 June 2020 and 15.29% at 30 June 2019.

	The Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs'000	**Rs'000**	**Rs'000**
Tier 1 Capital			
Common Equity Tier 1 Capital: instruments and reserves			
Paid up share capital	**2,466,421**	2,466,421	2,466,421
Accumulated profit/(losses)	**25,290**	(175,273)	(279,941)
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	**14,128**	(6,738)	5,087
Common equity Tier 1 Capital before regulatory adjustments	**2,505,839**	2,284,410	2,191,567
Common equity Tier 1 Capital: regulatory adjustments	**(186,019)**	(255,974)	(296,095)
Common equity Tier 1 Capital after regulatory adjustments	**2,319,820**	2,028,436	1,895,472
Additional Tier 1 Capital: instrument	**-**	-	-
Additional Tier 1 Capital: regulatory adjustments	**-**	-	-
Additional Tier 1 capital	**-**	-	-
Tier 1 Capital	**2,319,820**	2,028,436	1,895,472
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Instruments issued by the Bank that meet the criteria for inclusion in Tier 2 Capital	**-**	-	-
Provisions and loan loss reserves	**179,584**	195,989	170,507
Surplus arising from revaluation of land and buildings owned by the Bank	**236,842**	231,077	216,675
Tier 2 Capital before regulatory adjustments	**416,426**	427,066	387,182
Tier 2 Capital: regulatory adjustments	**(5,032)**	(4,752)	(4,103)
Tier 2 Capital	**411,394**	422,314	383,079
Total Regulatory Capital (Rs)	**2,731,214**	2,450,750	2,278,551
Risk Weighted Assets (Rs)	**19,677,164**	17,238,223	14,903,808
Common Equity Tier 1 Capital Adequacy Ratio (%)	**11.79**	11.77	12.72
Tier 1 Capital Adequacy Ratio (%)	**11.79**	11.77	12.72
Capital Adequacy Ratio (%)	**13.88**	14.22	15.29

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9 (a) Cash and cash equivalents

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Cash in hand	**184,396,526**	246,082,612	129,173,347
Foreign currency notes and coins	**19,692,275**	28,285,598	18,341,441
Balances with banks in Mauritius and abroad	**984,647,004**	1,011,482,690	688,458,916
Unrestricted balances with the Central Bank (Note (a))	**1,443,682,949**	6,921,467	1,870,257,145
Placements with banks (Note (b))	**853,985,750**	2,994,624,640	1,411,110,516
	3,486,404,504	4,287,397,007	4,117,341,365
Expected credit losses	**-**	(11,968)	(10,085)
	3,486,404,504	4,287,385,039	4,117,331,280
Current	**3,486,404,504**	4,287,397,007	4,117,341,365

(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 up to three months.

(b) Analysis of cash and cash equivalents

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Cash and cash equivalents	**3,486,404,504**	4,287,397,007	4,117,341,365
Treasury and BOM bills with original maturity of less than 3 months	**856,787,152**	-	-
	4,343,191,656	4,287,397,007	4,117,341,365

9 (c) 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 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 (Note 20)	**1,089,390,019**	**1,000,000,000**	**(2,089,390,019)**	**-**	**-**	**-**
Lease liabilities (Note 21)	**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 Group

	01 July 2019	Financing cash inflows	Financing cash outflows	Non Cash flow movement	Interest expense	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Other borrowed funds (Note 20)	198,345,266	2,172,504,109	(1,281,459,356)	-	-	1,089,390,019
Lease liabilities (Note 21)	70,800,999	-	(22,532,346)	24,293,529	1,964,193	74,526,375
	269,146,265	2,172,504,109	(1,303,991,702)	24,293,529	1,964,193	1,163,916,394

The Group

	01 July 2018	Financing cash inflows	Financing cash outflows	Non Cash flow movement	Interest expense	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Other borrowed funds (Note 20)	399,431,739	3,447,450,602	(3,648,537,075)	-	-	198,345,266

The Bank

	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 (Note 20)	**1,089,390,019**	**1,000,000,000**	**(2,089,390,019)**	**-**	**-**	**-**
Lease liabilities (Note 21)	**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**

The Bank

	01 July 2019	Financing cash inflows	Financing cash outflows	Non Cash flow movement	Interest expense	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Other borrowed funds (Note 20)	198,345,266	2,172,504,109	(1,281,459,356)	-	-	1,089,390,019
Lease liabilities (Note 21)	62,824,927	-	(58,143,837)	192,829,795	5,799,000	203,309,885
	261,170,193	2,172,504,109	(1,339,603,193)	192,829,795	5,799,000	1,292,699,904

The Bank

	01 July 2018	Financing cash inflows	Financing cash outflows	Non Cash flow movement	Interest expense	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Other borrowed funds (Note 20)	399,431,739	3,447,450,602	(3,648,537,075)	-	-	198,345,266

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10 Placements with banks

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
In Mauritius	**-**	-	71,417,867
Outside Mauritius	**-**	2,448,174	2,420,944
	-	2,448,174	73,838,811
Expected credit losses	**-**	(302)	(116,345)
	-	2,447,872	73,722,466
Remaining term to maturity			
- Within 3 months	**-**	2,448,174	2,420,944
- Over 3 and up to 6 months	**-**	-	-
- Over 6 months	**-**	-	71,417,867
	-	2,448,174	73,838,811
Current	**-**	2,448,174	73,838,811
Non-Current	**-**	-	-
	-	2,448,174	73,838,811

11 Trading assets

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Securities held at FVTPL:			
Treasury bills	**1,390,583,275**	3,637,975,739	1,620,255,263
Other investments	**407,713,953**	-	-
	1,798,297,228	3,637,975,739	1,620,255,263
Remaining terms to maturity			
- Within 3 months	**1,711,784,281**	1,700,437,962	669,851,525
- Over 3 and up to 6 months	**-**	651,969,170	117,771,505
- Over 6 and up to 12 months	**86,512,947**	1,285,568,607	832632233
	1,798,297,228	**3,637,975,739**	**1,620,255,263**

12 Investment securities

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Financial assets at FVTOCI (Note (a) below)	**5,365,344,562**	3,551,200,463	1,911,240,884
Equity investments at FVTPL (Note (b) below)	**17,940,280**	17,283,415	15,984,705
	5,383,284,842	3,568,483,878	1,927,225,589

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Remaining terms to maturity			
- Within 3 months	**1,613,311,378**	189,610,083	152,863,450
- Over 3 and up to 6 months	**258,725,811**	328,242,431	-
- Over 6 and up to 12 months	**425,361,228**	508,656,379	271,660,621
- Over 1 and up to 3 years	**1,490,043,640**	947,858,846	563,849,078
- Over 3 and up to 5 years	**726,152,437**	1,027,587,787	525,788,426
- Over 5 years	**869,690,348**	566,528,352	413,064,014
	5,383,284,842	3,568,483,878	1,927,225,589
Current	**2,297,398,417**	1,026,508,893	424,524,071
Non-Current	**3,085,886,425**	2,541,974,985	1,502,701,518
	5,383,284,842	3,568,483,878	1,927,225,589

(a) Financial assets at FVTOCI

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Government Stocks	**233,087,015**	260,655,451	662,675,017
Treasury Notes	**424,839,542**	1,185,490,661	799,434,506
BOM Bonds	**166,059,082**	379,870,164	-
Treasury Bills	**1,752,039,827**	-	-
Corporate Bonds	**1,203,072,046**	502,882,238	449,131,361
Foreign Bonds	**1,372,810,207**	1,021,664,827	-
Foreign Treasury Bills	**213,436,843**	200,637,122	-
	5,365,344,562	3,551,200,463	1,911,240,884

The Bank has pledged part of its securities as collateral to secure borrowings facilities from the Central Bank (Note 43).

(b) Financial assets at FVTPL

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Equity investments	**17,940,280**	17,283,415	15,984,705

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12 Investment securities (Cont'd)

(c) Fair value reserve

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Balance at start of year	**(21,167,091)**	(2,510,450)	(21,739,662)
Change in fair value of assets held at FVTOCI	**(10,884,899)**	(18,656,641)	19,229,212
Balance at end of year	**(32,051,990)**	(21,167,091)	(2,510,450)

13 Loans and Advances to banks

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Loans and advances to banks			
- In Mauritius	**-**	-	-
- Outside Mauritius	**863,869,801**	-	-
	863,869,801	-	-
Less allowance for credit impairment	**(837,954)**	-	-
Net	**863,031,847**	-	-

(a) Remaining term to maturity

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
- Within 3 months	**222,269,598**	-	-
- Over 3 and up to 6 months	**-**	-	-
- Over 6 and up 12 months	**428,029,492**	-	-
- Over 1 and up to 3 years	**213,570,711**	-	-
- Over 3 and up to 5 years	**-**	-	-
- Over 5 years	**-**	-	-
	863,869,801	-	-
Current	**650,299,090**	-	-
Non-Current	**213,570,711**	-	-
	863,869,801	-	-

13 Loans and Advances to banks (Cont'd)

(b) Allowance for credit impairment

	ECL allowances under stage 3	ECL allowances under stages 1 and 2	Rescheduled advances allowances	Total
	Rs	Rs	Rs	Rs
The Group and the Bank				
Balance at 01 July 2020	-	-	-	-
Provision for credit impairment for the year	-	837,954	-	837,954
Balance at 30 June 2021	-	837,954	-	837,954

14 Loans and Advances to customers

	The Group			The Bank		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Retail customers						
- Credit cards	**77,819,749**	77,599,927	84,571,104	**77,819,749**	77,599,927	84,571,104
- Mortgages	**3,393,960,334**	3,023,016,262	2,805,144,743	**3,393,960,334**	3,023,016,262	2,805,144,743
- Other retail loans	**1,797,156,026**	1,738,776,197	1,655,021,013	**1,797,156,026**	1,738,776,197	1,655,021,013
Corporate customers	**11,610,098,606**	10,597,419,452	10,633,424,422	**11,781,213,765**	10,788,195,103	10,844,476,563
Entities outside Mauritius	**323,183,117**	307,258,933	93,995,670	**323,183,117**	307,258,933	93,995,670
Others	**67,212,303**	67,471,560	5,909,256	**67,212,303**	67,471,560	5,909,256
	17,269,430,135	15,811,542,331	15,278,066,208	**17,440,545,294**	16,002,317,982	15,489,118,349
Less allowance for credit impairment	**(430,088,603)**	(404,934,801)	(342,282,000)	**(430,088,603)**	(404,934,801)	(342,282,000)
Net	**16,839,341,532**	15,406,607,530	14,935,784,208	**17,010,456,691**	15,597,383,181	15,146,836,349
Of which						
Gross investment in finance lease	**1,083,502,566**	990,770,174	820,153,395	**1,083,502,566**	990,770,174	820,153,395
Less allowance for credit impairment	**(31,477,790)**	(38,483,257)	(18,601,988.00)	**(31,477,790)**	(38,483,257)	(18,601,988)
	1,052,024,776	**952,286,917**	**801,551,407**	**1,052,024,776**	**952,286,917**	**801,551,407**

(a) Remaining term to maturity

	The Group			The Bank		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**2,028,792,891**	3,188,643,240	2,799,799,041	**2,028,792,891**	3,188,643,240	2,799,799,041
- Over 3 and up to 6 months	**658,770,637**	370,855,036	155,925,287	**664,431,987**	370,855,036	155,925,287
- Over 6 and up 12 months	**976,100,575**	135,760,167	169,291,379	**976,100,575**	135,760,167	169,291,379
- Over 1 and up to 3 years	**1,300,775,108**	1,173,760,096	1,653,146,694	**1,300,775,108**	1,190,334,599	1,653,146,694
- Over 3 and up to 5 years	**2,246,458,559**	1,574,910,966	1,638,719,303	**2,246,458,559**	1,574,910,966	1,638,719,303
- Over 5 years	**10,058,532,365**	9,367,612,826	8,861,184,504	**10,223,986,174**	9,541,813,974	9,072,236,645
	17,269,430,135	15,811,542,331	15,278,066,208	**17,440,545,294**	16,002,317,982	15,489,118,349
Current	**3,663,664,103**	3,695,258,443	3,125,015,707	**3,669,325,453**	3,695,258,443	3,125,015,707
Non-Current	**13,605,766,032**	12,116,283,888	12,153,050,501	**13,771,219,841**	12,307,059,539	12,364,102,642
	17,269,430,135	15,811,542,331	15,278,066,208	**17,440,545,294**	16,002,317,982	15,489,118,349

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14 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				
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**
2020				
Gross investment in finance leases	285,544,198	743,826,667	87,132,846	1,116,503,711
Less unearned finance income	(46,476,224)	(76,195,862)	(3,061,451)	(125,733,537)
Net investment in finance leases	239,067,974	667,630,805	84,071,395	990,770,174
2019				
Gross investment in finance leases	259,838,998	620,176,483	73,046,453	953,061,934
Less unearned finance income	(48,949,967)	(80,239,542)	(3,719,030)	(132,908,539)
Net investment in finance leases	210,889,031	539,936,941	69,327,423	820,153,395

A finance lease contract is prepared for these facilities which gives 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 credit impairment

	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 2018	147,243,528	176,860,325	324,103,853
Impact of IFRS 9 transition	-	6,805,159	6,805,159
Provision for /(Reversal of) credit impairment for the year	22,618,360	(11,245,372)	11,372,988
Balance at 30 June 2019	169,861,888	172,420,112	342,282,000
Provision for credit impairment for the year	48,099,230	14,553,571	62,652,801
Balance at 30 June 2020	**217,961,118**	**186,973,683**	**404,934,801**
Written off against provision	**(3,253,138)**	**-**	**(3,253,138)**
Provision for /(Reversal of) credit impairment for the year	**40,903,002**	**(12,496,062)**	**28,406,940**
Balance at 30 June 2021	**255,610,982**	**174,477,621**	**430,088,603**

14 Loans and advances to customers (Cont'd)

(c) Allowance for credit impairment (Cont'd)

Allowance for credit impairment by industry sector

	Gross amount of loans 30 June 2021	Non-Performing loans 30 June 2021	Expected credit loss stage 3 30 June 2021	Expected credit loss stage 1-2 30 June 2021	Total allowances for credit impairment 30 June 2021	Total allowances for credit impairment 30 June 2020	Total allowances for credit impairment 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
Agriculture and Fishing	755,527,346	131,704,295	71,298,220	3,318,817	74,617,037	57,035,454	15,461,587
Manufacturing	778,637,520	164,235,076	131,959,832	5,669,352	137,629,184	136,966,494	133,705,110
Tourism	1,725,546,524	84,505,624	959,754	35,154,917	36,114,671	16,901,595	11,865,018
Transport	389,725,082	5,473,270	1,370,928	14,090,945	15,461,873	22,654,070	6,317,558
Construction	4,782,134,802	50,155,886	6,840,279	69,787,109	76,627,388	73,769,941	73,996,478
Financial and Business Services	4,161,811,160	314,641,338	246,998	107,594	354,592	6,329,644	38,816,691
Traders	1,364,952,643	13,587,235	9,209,364	15,894,132	25,103,496	25,441,074	22,987,559
Information Technology	24,462,226	449,299	122,635	175,565	298,200	225,395	250,430
Personal	1,662,176,396	25,742,160	17,776,086	19,216,127	36,992,213	32,471,359	21,554,071
of which credit card	*77,819,749*	*4,426,219*	*4,426,219*	*1,834,003*	*6,260,222*	*6,537,510*	*2,402,274*
Education	119,569,035	326,147	32,230	2,615,604	2,647,834	7,078,809	6,557,086
Professional	49,148,675	793,228	793,228	1,254,536	2,047,764	1,506,145	926,190
Foreign Governments	214,925,009	-	-	1,076	1,076	-	-
Global Business Licence Holders	380,448,239	-	-	116,507	116,507	2,767,994	633,491
Others	860,365,478	38,968,901	15,001,428	7,075,340	22,076,768	21,786,827	9,210,731
	17,269,430,135	830,582,459	255,610,982	174,477,621	430,088,603	404,934,801	342,282,000
The Bank							
Agriculture and Fishing	755,527,346	131,704,295	71,298,220	3,318,817	74,617,037	57,035,454	15,461,587
Manufacturing	778,637,520	164,235,076	131,959,832	5,669,352	137,629,184	136,966,494	133,705,110
Tourism	1,725,546,524	84,505,624	959,754	35,154,917	36,114,671	16,901,595	11,865,018
Transport	389,725,082	5,473,270	1,370,928	14,090,945	15,461,873	22,654,070	6,317,558
Construction	4,953,249,961	50,155,886	6,840,279	69,787,109	76,627,388	73,769,941	73,996,478
Financial and Business Services	4,161,811,160	314,641,338	246,998	107,594	354,592	6,329,644	38,816,691
Traders	1,364,952,643	13,587,235	9,209,364	15,894,132	25,103,496	25,441,074	22,987,559
Information Technology	24,462,226	449,299	122,635	175,565	298,200	225,395	250,430
Personal	1,662,176,396	25,742,160	17,776,086	19,216,127	36,992,213	32,471,359	21,554,071
of which credit card	*77,819,749*	*4,426,219*	*4,426,219*	*1,834,003*	*6,260,222*	*6,537,510*	*2,402,274*
Education	119,569,035	326,147	32,230	2,615,604	2,647,834	7,078,809	6,557,086
Professional	49,148,675	793,228	793,228	1,254,536	2,047,764	1,506,145	926,190
Foreign Governments	214,925,009	-	-	1,076	1,076	-	-
Global Business Licence Holders	380,448,239	-	-	116,507	116,507	2,767,994	633,491
Others	860,365,478	38,968,901	15,001,428	7,075,340	22,076,768	21,786,827	9,210,731
	17,440,545,294	830,582,459	255,610,982	174,477,621	430,088,603	404,934,801	342,282,000

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15 (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 2020	**1,709,292,011**	**209,562,614**	**337,695,365**	**13,056,758**	**-**	**2,269,606,748**
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 (Note16)	**(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)**
At 30 June 2021	**1,242,828,626**	**217,130,807**	**345,500,673**	**11,916,122**	**1,583,176**	**1,818,959,404**
Depreciation						
At 01 July 2020	**80,710,852**	**133,417,792**	**266,511,725**	**6,436,116**	**-**	**487,076,485**
Disposal during the year	**-**	**(1,202,902)**	**-**	**(2,349,049)**	**-**	**(3,551,951)**
Transfer to investment property (Note16)	**(26,463,385)**	**-**	**-**	**-**	**-**	**(26,463,385)**
Charge for the year	**20,959,651**	**28,839,573**	**28,030,315**	**1,620,133**	**-**	**79,449,672**
At 30 June 2021	**75,207,118**	**161,054,463**	**294,542,040**	**5,707,200**	**-**	**536,510,821**
Carrying amount						
At 30 June 2021	**1,167,621,508**	**56,076,344**	**50,958,633**	**6,208,922**	**1,583,176**	**1,282,448,583**

The Group	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	Rs	**Rs**	**Rs**	**Rs**	**Rs**
Cost/Valuation					
At 01 July 2019	1,601,702,943	191,465,600	319,905,879	13,056,758	2,126,131,180
Additions during the year	1,810,621	18,097,014	17,789,486	-	37,697,121
Revaluation during the year	105,778,447	-	-	-	105,778,447
At 30 June 2020	1,709,292,011	209,562,614	337,695,365	13,056,758	2,269,606,748
Depreciation					
At 01 July 2019	53,742,416	106,452,036	237,111,144	5,068,594	402,374,190
Charge for the year	26,968,436	26,965,756	29,400,584	1,367,523	84,702,299
At 30 June 2020	80,710,852	133,417,792	266,511,728	6,436,117	487,076,489
Carrying amount					
At 30 June 2020	1,628,581,159	76,144,822	71,183,637	6,620,641	1,782,530,259

15 (a) Property, plant and equipment (Cont'd)

	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs
The Group					
Cost/Valuation					
At 01 July 2018	1,608,618,900	553,824,287	489,273,482	12,066,870	2,663,783,539
Retirement	-	(386,178,097)	(190,572,755)	(142,665)	(576,893,517)
Reclassification	-	(27,528,658)	13,767,484	-	(13,761,174)
Additions during the year	-	51,348,068	7,437,668	4,250,000	63,035,736
Disposal during the year	(6,915,957)	-	-	(3,117,447)	(10,033,404)
At 30 June 2019	1,601,702,943	191,465,600	319,905,879	13,056,758	2,126,131,180
Depreciation					
At 01 July 2018	26,925,303	462,921,275	375,436,044	6,511,250	871,793,872
Retirement	-	(386,178,097)	(190,572,755)	(142,665)	(576,893,517)
Reclassification		(10,065,735)	6,855,572		(3,210,163)
Charge for the year	26,946,554	39,774,593	45,392,283	622,435	112,735,865
Disposal during the year	(129,441)	-	-	(1,922,426)	(2,051,867)
At 30 June 2019	53,742,416	106,452,036	237,111,144	5,068,594	402,374,190
Carrying amount					
At 30 June 2019	1,547,960,527	85,013,564	82,794,735	7,988,164	1,723,756,990

	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
The Bank	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**
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 (Note16)	**(466,463,385)**	**-**	**-**	**-**	**-**	**(466,463,385)**
Disposal during the year	**-**	**(1,320,597)**	**-**	**(2,349,050)**	**-**	**(3,669,647)**
At 30 June 2021	**929,649,360**	**212,998,121**	**319,884,664**	**9,558,163**	**1,583,176**	**1,473,673,484**
Depreciation						
At 01 July 2020	**65,512,747**	**127,216,206**	**246,180,294**	**6,270,430**	**-**	**445,179,677**
Disposal during the year	**-**	**(1,202,903)**	**-**	**(2,349,049)**	**-**	**(3,551,952)**
Transfer to investment property (Note16)	**(26,463,385)**	**-**	**-**	**-**	**-**	**(26,463,385)**
Charge for the year	**14,439,655**	**28,729,137**	**24,423,778**	**1,620,133**	**-**	**69,212,703**
At 30 June 2021	**53,489,017**	**154,742,440**	**270,604,072**	**5,541,514**	**-**	**484,377,043**
Carrying amount						
At 30 June 2021	**876,160,343**	**58,255,681**	**49,280,592**	**4,016,649**	**1,583,176**	**989,296,441**

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For year ended 30 June 2021

15 (a) Property, plant and equipment (Cont'd)

The Bank	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 July 2019	1,361,523,676	187,332,913	294,289,869	10,698,799	1,853,845,257
Additions during the year	-	18,097,014	17,789,487	-	35,886,501
Revaluation during the year	34,589,069	-	-	-	34,589,069
At 30 June 2020	1,396,112,745	205,429,927	312,079,356	10,698,799	1,924,320,827
Depreciation					
At 01 July 2019	43,622,416	100,360,887	220,748,771	4,902,907	369,634,981
Charge for the year	21,890,331	26,855,319	25,431,523	1,367,523	75,544,696
At 30 June 2020	65,512,747	127,216,206	246,180,294	6,270,430	445,179,677
Carrying amount					
At 30 June 2020	1,330,599,998	78,213,721	65,899,062	4,428,369	1,479,141,150

The Bank	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 July 2018	1,368,439,633	535,576,898	477,424,957	9,708,911	2,391,150,399
Retirement	-	(385,830,878)	(190,572,755)	(142,665)	(576,546,298)
Reclassification	-	(13,761,174)	-	-	(13,761,174)
Additions during the year	-	51,348,067	7,437,667	4,250,000	63,035,734
Disposal during the year	(6,915,957)	-	-	(3,117,447)	(10,033,404)
At 30 June 2019	1,361,523,676	187,332,913	294,289,869	10,698,799	1,853,845,257
Depreciation					
At 01 July 2018	21,865,303	451,268,486	369,898,331	6,345,563	849,377,683
Retirement	-	(385,830,878)	(190,572,755)	(142,665)	(576,546,298)
Reclassification	-	(3,210,163)	-	-	(3,210,163)
Charge for the year	21,886,554	38,133,442	41,423,195	622,435	102,065,626
Disposal during the year	(129,441)	-	-	(1,922,426)	(2,051,867)
At 30 June 2019	43,622,416	100,360,887	220,748,771	4,902,907	369,634,981
Carrying amount					
At 30 June 2019	1,317,901,260	86,972,026	73,541,098	5,795,892	1,484,210,276

The Group and the Bank’s freehold land and buildings have been revalued by Aestima Ltd as at 30 June 2020. 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		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Cost	**1,150,950,089**	1,150,950,089	1,150,950,089	**887,068,170**	887,068,170	887,068,170
Accumulated depreciation	**(147,381,474)**	(128,116,118)	(108,850,762)	**(113,450,187)**	(99,462,469)	(85,474,751)
	1,003,568,615	1,022,833,971	1,042,099,327	**773,617,983**	787,605,701	801,593,419

The valuation of the Group's and the Bank’s freehold land and buildings is made every three years. The latest valuation has been done as at 30 June 2020. Based on management assessment, the fair value will not differ from the carrying value at the end of June 2021.

15 (b) Intangible assets

The Group and the Bank	Computer software Rs	Assets in progress Rs	Total Rs
Cost			
At 01 July 2018	667,615,760	-	667,615,760
Retirement	(144,206,703)	-	(144,206,703)
Reclassification	13,761,174	-	13,761,174
Additions during the year	28,931,545	-	28,931,545
At 30 June 2019	566,101,776	-	566,101,776
Additions during the year	21,965,027	-	21,965,027
At 30 June 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)**	**-**
Recognised to expense	**-**	**(146,610)**	**(146,610)**
At 30 June 2021	**600,438,362**	**6,648,403**	**607,086,765**
Amortisation			
At 01 July 2018	447,007,260	-	447,007,260
Retirement	(144,206,703)	-	(144,206,703)
Reclassification	3,210,163	-	3,210,163
Charge for the year	44,440,351	-	44,440,351
At 30 June 2019	350,451,071	-	350,451,071
Charge for the year	40,761,489	-	40,761,489
At 30 June 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**
Carrying amount			
At 30 June 2021	**163,000,814**	**6,648,403**	**169,649,217**
At 30 June 2020	196,854,243	-	196,854,243
At 30 June 2019	215,650,705	-	215,650,705

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15 (c) Right of Use assets

	Land and Building
The Group	**Rs**
Cost/Valuation	
On application of IFRS 16 on 01 July 2019	70,800,999
Additions during the year	24,293,529
Revaluation during the year	39,233,806
At 30 June 2020	**134,328,334**
Additions during the year	**10,820,952**
At 30 June 2021	**145,149,286**
Accumulated Depreciation	
Charge for the year	22,237,744
At 30 June 2020	**22,237,744**
Charge for the year	**31,524,436**
At 30 June 2021	**53,762,180**
Carrying amount	
At 30 June 2021	**91,387,106**
At 30 June 2020	112,090,590

	Land and Building
The Bank	**Rs**
Cost/Valuation	
On application of IFRS 16 on 01 July 2019	62,824,927
Additions during the year	192,829,795
Revaluation during the year	12,811,074
At 30 June 2020	**268,465,796**
Additions during the year	**10,820,952**
At 30 June 2021	**279,286,748**
Accumulated Depreciation	
Charge for the year	55,546,193
At 30 June 2020	**55,546,193**
Charge for the year	**63,442,215**
At 30 June 2021	**118,988,408**
Carrying amount	
At 30 June 2021	**160,298,340**
At 30 June 2020	212,919,603

16 Investment properties

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Balance at start of year	**79,300,000**	**66,460,000**	**66,460,000**
Transfer from property, plant and equipment (Note 15)	**440,000,000**	**-**	**-**
Fair value gain (Note 34)	**-**	**12,840,000**	**-**
Balance at end of year	**519,300,000**	**79,300,000**	**66,460,000**

Rental income of Rs 25.3 Mn was received and operational expenses of Rs 4.3 Mn were incurred during the year under review towards the investment properties. The investment properties were revalued independently by Aestima Ltd, Chartered Valuer, during the year ended 30 June 2020 on a market value basis.

The valuation is based on market value and the valuer has resorted to the Sales Comparison Method, Depreciated Replacement Cost Method and the Income Capitalisation 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

Aestima Ltd is a member of the Royal Institution of Chartered Surveyors and they have the appropriate qualifications and experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions for similar properties.

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.

The valuation of the Bank's investment properties is made every three years. Based on management assessment, the fair value of the investment properties at 30 June 2021 will not differ from the carrying amount.

17 Investment in subsidiary

17.1 Unquoted and at cost

	The Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Balance at end of year	**100,000**	100,000	100,000

17.2 Details of the subsidiary are as follows:

Name of subsidiary	**Principal activity**	**Type of shares**	**% holding**	**30 June 2021**	**30 June 2020**	**30 June 2019**
				Rs	**Rs**	**Rs**
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	100,000	100,000	100,000

Notes to the Financial Statements

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17 Investment in subsidiary (Cont'd)

17.3 The subsidiary was incorporated in the Republic of Mauritius on 17 March 2014 as a private company with liability limited by shares.

17.4 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.

17.5 Management considers that there has been no impairment of the investment in the subsidiary at 30 June 2021.

18 Other Assets

	The Group			The Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Mandatory balances with Central Bank (Note (i) below)	**2,169,201,694**	2,097,155,819	1,817,364,475	**2,169,201,694**	2,097,155,819	1,817,364,475
Due from the subsidiary (Note (ii) below)	**-**	-	-	**32,824,479**	32,805,779	32,805,779
Due from holding company (Note (ii) below)	**1,287,580**	189,637	-	**1,287,580**	189,637	-
Due from fellow subsidiary (Note (ii) below)	**205**	169	1,417,022	**205**	169	1,417,022
Balances due in clearing	**43,593,247**	19,229,219	27,203,982	**43,593,247**	19,229,219	27,203,982
Project costs	**-**	8,775,160	19,943,927	**-**	8,775,160	19,943,927
Prepayments	**40,633,119**	38,707,653	39,271,477	**40,633,119**	38,707,653	39,271,477
Receivables	**112,808,976**	85,099,400	59,316,073	**118,026,367**	90,316,793	64,533,464
Repossessed properties	**32,139,085**	33,377,531	33,386,886	**32,139,085**	33,377,531	33,386,886
Others	**8,788,592**	11,869,941	50,997,794	**8,788,592**	11,869,941	50,997,794
	2,408,452,498	2,294,404,529	2,048,901,636	**2,446,494,368**	2,332,427,701	2,086,924,806
Current	**2,254,715,845**	2,164,057,657	1,905,200,883	**2,254,715,845**	2,164,057,657	1,905,200,883
Non-Current	**153,736,653**	130,346,872	143,700,753	**191,778,523**	168,370,044	181,723,923
	2,408,452,498	2,294,404,529	2,048,901,636	**2,446,494,368**	2,332,427,701	2,086,924,806

(i) At 30 June 2021, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to **Rs 2,169,201,694** (2020: Rs 2,097,155,819 and 2019: Rs 1,817,364,475). 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 expected credit losses allowance has been made on the amount due from the subsidiary, holding company and fellow subsidiary as management has assessed their impact to be immaterial.

19 Deposits from Customers

Retail, Corporate and Government

		The Group			The Bank		
		30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	30 June 2019
		Rs	**Rs**	**Rs**	**Rs**	**Rs**	Rs
(a)	Demand	**7,101,922,778**	4,933,120,698	3,252,489,722	**7,101,941,628**	4,934,530,169	3,260,546,309
	Savings	**13,457,704,742**	12,583,869,649	11,556,178,614	**13,457,704,742**	12,583,869,649	11,556,178,614
	Time deposits	**7,818,552,225**	8,796,119,055	8,247,775,087	**7,818,552,225**	8,796,119,055	8,247,775,087
		28,378,179,745	26,313,109,402	23,056,443,423	**28,378,198,595**	26,314,518,873	23,064,500,010
(b)	Time deposits with remaining term to maturity:						
	- Within 3 months	**1,816,040,435**	2,734,795,306	1,575,849,073	**1,816,040,435**	2,734,795,306	1,575,849,073
	- Over 3 and up to 6 months	**1,190,377,220**	678,390,297	1,594,543,996	**1,190,377,220**	678,390,297	1,594,543,996
	- Over 6 and up to 12 months	**1,875,137,168**	1,550,494,478	1,221,787,381	**1,875,137,168**	1,550,494,478	1,221,787,381
	- Over 1 and up to 3 years	**2,031,061,138**	2,762,151,107	2,600,722,661	**2,031,061,138**	2,762,151,107	2,600,722,661
	- Over 3 and up to 5 years	**893,087,069**	1,014,464,737	1,205,926,642	**893,087,069**	1,014,464,737	1,205,926,642
	- Over 5 years	**12,849,195**	55,823,130	48,945,334	**12,849,195**	55,823,130	48,945,334
		7,818,552,225	8,796,119,055	8,247,775,087	**7,818,552,225**	8,796,119,055	8,247,775,087
	Current	**4,881,554,823**	4,963,680,081	4,392,180,450	**4,881,554,823**	4,963,680,081	4,392,180,450
	Non-Current	**2,936,997,402**	3,832,438,974	3,855,594,637	**2,936,997,402**	3,832,438,974	3,855,594,637
		7,818,552,225	8,796,119,055	8,247,775,087	**7,818,552,225**	8,796,119,055	8,247,775,087

20 Other Borrowed Funds

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Borrowings from the Central Bank	**-**	1,881,098	198,345,266
Borrowings from banks in Mauritius	**-**	1,087,508,921	-
	-	1,089,390,019	198,345,266
Remaining term to maturity			
- Within 3 months	**-**	1,089,390,019	-
- Over 3 and up to 6 months	**-**	-	185,580,629
- Over 6 and up to 12 months	**-**	-	11,075,553
- Over 1 and up to 3 years	**-**	-	1,689,084
- Over 3 and up to 5 years	**-**	-	-
	-	1,089,390,019	198,345,266
Current	-	1,089,390,019	196,656,182
Non-Current	-	-	1,689,084
	-	1,089,390,019	198,345,266

At 30 June 2020, the borrowings from the Central Bank and part of borrowings from banks in Mauritius were secured against Government stocks. As at 30 June 2019 only the borrowings from the Central Bank were secured against Government stocks.

Notes to the Financial Statements

For year ended 30 June 2021

21 Lease liabilities

	The Group	The Bank
	Rs	Rs
On application of IFRS 16 on 01 July 2019	70,800,999	62,824,927
Additions during the year	24,293,529	192,829,795
Finance charge	1,964,193	5,799,000
Repayment during the year	(22,532,346)	(58,143,837)
At 30 June 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**

	The Group		The Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs
Remaining term to maturity				
- Within 3 months	**7,092,282**	6,786,034	**15,054,338**	14,569,159
- Over 3 and up to 6 months	**5,608,116**	5,505,386	**14,048,383**	13,730,342
- Over 6 and up to 12 months	**11,122,200**	10,326,201	**28,168,386**	26,937,485
- Over 1 and up to 3 years	**28,076,512**	35,415,148	**97,658,134**	103,199,192
- Over 3 and up to 5 years	**2,254,722**	9,921,414	**1,659,440**	44,873,707
- Over 5 years	**6,270,703**	6,572,192	**-**	-
	60,424,535	74,526,375	**156,588,681**	203,309,885
Current	**23,822,598**	22,617,621	**57,271,107**	55,236,986
Non-Current	**36,601,937**	51,908,754	**99,317,574**	148,072,899
	60,424,535	74,526,375	**156,588,681**	203,309,885

22 Other liabilities

	The Group			The Bank		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Cheques in clearance	**190,864,338**	53,044,009	108,238,028	**190,864,338**	53,044,009	108,238,028
Due on extinction of guarantees	**179,577,937**	202,660,240	238,792,651	**179,577,937**	202,660,240	238,792,651
Other payables and accruals	**272,322,080**	292,770,668	299,664,623	**271,766,552**	292,165,498	299,094,507
Overdrawn balances on Nostro account	**80,333**	15,842,754	-	**80,333**	15,842,754	-
Provisions for other liabilities	**773,212**	543,944	1,059,610	**773,212**	543,944	1,059,610
	643,617,900	564,861,615	647,754,912	**643,062,372**	564,256,445	647,184,796
Current	**463,266,751**	361,657,431	407,902,651	**462,711,223**	361,052,261	407,332,535
Non-Current	**180,351,149**	203,204,184	239,852,261	**180,351,149**	203,204,184	239,852,261
	643,617,900	564,861,615	647,754,912	**643,062,372**	564,256,445	647,184,796

23 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 15 July 2021 and 24 August 2021 respectively.

(i) Amounts recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Present value of funded obligations	**(192,382,973)**	(194,867,540)	(183,612,772)
Fair value of plan assets	**75,077,415**	67,832,413	73,800,018
Liabilities in the statement of financial position	**(117,305,558)**	(127,035,127)	(109,812,754)

(ii) Amounts recognised in the statements of profit or loss and other comprehensive income:

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Current service cost	**8,922,967**	7,416,452	6,046,445
Past service cost	**-**	-	36,000
Scheme expenses	**393,698**	20,000	20,000
Cost of insuring benefits	**228,696**	228,696	263,064
Interest cost	**6,272,345**	9,433,277	8,362,038
Expected return on plan assets	**(2,675,168)**	(3,597,493)	(4,424,414)
Total included in pension and other costs	**13,142,538**	13,500,932	10,303,133
Actual return on plan assets	**2,183,481**	3,566,788	3,628,713

(iii) Movements in the liability recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
At start	**(127,035,127)**	(109,812,754)	(65,214,969)
Total expenses as above	**(13,142,538)**	(13,500,932)	(10,303,133)
Actuarial losses recognised in other comprehensive income	**12,678,660**	(3,721,441)	(34,294,652)
Employer contributions	**10,193,447**	-	-
At end	**(117,305,558)**	(127,035,127)	(109,812,754)

Notes to the Financial Statements

For year ended 30 June 2021

23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(iv) Movements in defined benefit obligations:

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
At start	**(194,867,540)**	(183,612,772)	(136,896,338)
Current service cost	**(8,922,967)**	(7,416,452)	(6,046,445)
Interest cost	**(6,272,345)**	(9,433,277)	(8,362,038)
Actuarial gains/(losses)	**13,170,347**	(10,667,736)	(35,599,951)
Past service cost	**-**	-	(36,000)
Benefits paid	**4,509,532**	16,262,697	3,328,000
At end	**(192,382,973)**	(194,867,540)	(183,612,772)

(v) Movements in the fair value of plan assets:

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
At start	**67,832,413**	73,800,018	71,681,369
Expected return on plan assets	**2,675,168**	3,597,493	4,424,414
Actuarial (losses)/gain	**(491,687)**	6,946,295	1,305,299
Employer contributions	**9,342,447**	-	-
Scheme expenses	**(393,698)**	(20,000)	(20,000)
Cost of insuring risks benefits	**(228,696)**	(228,696)	(263,064)
Benefits paid	**(3,658,532)**	(16,262,697)	(3,328,000)
At end	**75,077,415**	67,832,413	73,800,018

(vi) Analysis of amount recognized in Other Comprehensive Income:

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Gains/(losses) on pension scheme assets	**(491,687)**	(588,705)	(1,521,701)
Experience gains/ (losses) on the liabilities	**(3,976,929)**	2,315,493	(12,833,118)
Changes in assumptions underlying the present value of the scheme	**17,147,276**	(20,618,229)	(22,766,833)
Change in effect of asset ceiling	**-**	7,535,000	2,827,000
Changes in demographic assumptions	**-**	7,635,000	-
	12,678,660	(3,721,441)	(34,294,652)

23 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 Hewitt 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

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 which is now effectively operated on a defined contribution basis.

The Bank has therefore recognised a net defined benefit liability of Rs nil in its balance sheet as at 30 June 2021 (2020: Rs nil; 2019: Rs nil).

Certain employees of the Bank, whose employment from Ex-National Commercial Bank (NCB) has been transferred to the Bank during the year ended 30 June 2016 pursuant to a transfer of undertaking, are covered under Defined Benefit - Ex BAI (DBBA) and Defined Benefit - Ex Mauritius Leasing (DBML) Plans, Defined Benefit Schemes held with the BAI Group Pension Funds. The Bank has not contributed any amount to the BAI Group Pension Funds of the Schemes since April 2015. The nil liability as at 30 June 2021, 2020 and 2019 have been arrived at based on the following methodology:

(a) The ex-members of the DB sections of the BAI Group Pension Fund (namely DBBA and DBML) within (BAIGPF) will be entitled to a transfer value based on the old DB formulae, assuming accrual cease date of 30 June 2015 and valued on the transfer value basis determined by the Trustees of the Fund and uplifted to take into consideration the available assets.

(b) The ex-members of DBBA have joined the DC scheme with SICOM in December 2018 but their respective transfer values from BAIGPF increased with interest have not yet been injected into the DC scheme. However, the deemed accumulated contributions from 1 July 2015 to 30 November 2018 increased with interest have been injected into the DC scheme. On the other hand, the ex-members of DBML have not yet joined the DC scheme with SICOM and their respective transfer values from BAIGPF as well as their deemed accumulated contributions increased with interest have not yet been injected into the DC scheme. It has been assumed that they will join the DC scheme as from 1 July 2021 (but with effect from 1 July 2015) with their respective transfer values from BAIGPF and deemed accumulated contributions from 1 July 2015 to 30 June 2021 increased with interest.

(c) For this year's exercise, the transfer values to which the ex-members of DBBA and DBML are entitled have been held as a liability as at 30 June 2021. The transfer values as at 30 June 2021 for the current active members and deferred members who left post 30 June 2015 have been obtained by accumulating the transfer values as at 31 October 2018 (as per the winding valuation of the Fund carried out as at 31 October 2018) valued on the Fund's transfer value basis, using the actual investment return on the Fund's assets over the period.

(d) The standard transfer values determined as at 31 October 2018 (as per the winding valuation) were uplifted using the excess assets available at that date. As a result, the total uplifted transfer values will always be expected to be equal to the assets of the Fund, resulting in a net defined benefit liability of nil for both DBBA and DBML pension schemes at all times since both assets and liabilities are assumed to increase with the same net investment return in the future.

The DCUL members of BAIGPF have also joined the DC scheme with SICOM on 1 December 2018 (with effect from 1 April 2015). Their deemed accumulated contributions from 1 April 2015 to 30 November 2018 with interest have been injected in the DC scheme during the year.

The Bank has recognised a defined benefit liability of **Rs 31,118,000** in its balance sheet as at 30 June 2021 (30 June 2020: Rs 43,806,000 and 30 June 2019: Rs 37,389,000) in respect of any additional residual retirement gratuities or full 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.

Notes to the Financial Statements

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23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(viii) Description of the pension plan (Cont'd)

The Bank operates a final salary defined benefit pension plan for some of its employees. The 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.

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 except for data adjustments.

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 86,187,558** in its balance sheet as at 30 June 2021 (30 June 2020: Rs 83,229,127 and 30 June 2019: Rs 72,423,754).

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.

23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes

(a) DBBA Pension Scheme

	30 June 2021	30 June 2020	30 June 2019
	Rs	**Rs**	**Rs**
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	**-**	6,730,000	8,581,000
- Amount recognised in P&L	**-**	538,000	686,000
- Amount recognized in OCI	**-**	(7,268,000)	(2,537,000)
- Closing balance	**-**	-	6,730,000
Allocation of Plan Assets at End of Year	**%**	%	%
- Property – Local	**9**	7	5
- Cash and other	**91**	93	95
Total	**100**	100	100

(b) DBML Pension Scheme

	30 June 2021	30 June 2020	30 June 2019
	Rs	**Rs**	**Rs**
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	**-**	247,000	497,000
- Amount recognised in P&L	**-**	20,000	40,000
- Amount recognized in OCI	**-**	(267,000)	(290,000)
- Closing balance	**-**	-	247,000
Allocation of Plan assets at End of Year	**%**	%	%
- Property – Local	**9**	7	5
- Cash and other	**91**	93	95
Total	**100**	100	100

(c) Retirement Gratuities

	30 June 2021	30 June 2020	30 June 2019
The Group and the Bank			
Principal Assumptions used at End of Year			
- Discount rate	**2.5% - 5.0%**	0.7% - 3.2%	3.1% - 6.1%
- Rate of salary increases	**3.00%**	3.00%	5.00%
- 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

Notes to the Financial Statements

For year ended 30 June 2021

23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes (Cont'd)

(c) Retirement Gratuities (Cont'd)

The Group and the Bank

Sensitivity Analysis on Defined Benefit Obligation at End of Year

	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
- Increase due to 1% decrease in discount rate	**10,551,000**	13,535,000	13,916,000
- Decrease due to 1% increase in discount rate	**8,237,000**	10,589,000	10,777,000

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 2,339,000**	Rs 929,000	Rs Nil
- Weighted average duration of the defined benefit obligation	**20 years**	22 years	23 years

(d) Defined benefit plan with Swan Life

The Group and the Bank	**30 June 2021**	**30 June 2020**	**30 June 2019**
Principal Assumptions used at End of Year			
- Discount rate	**2.80%**	2.80%	4.90%
- Future long-term salary increase	**3.00%**	3.00%	5.00%
- Future guaranteed increase	**- %**	- %	- %
- 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	**(147,798,973)**	(137,507,540)	(128,324,772)
Plan assets	**61,611,415**	54,278,413	55,901,018
Deficit	**(86,187,558)**	(83,229,127)	(72,423,754)
Actuarial losses on plan liabilities	**(6,083,653)**	(4,002,736)	(12,999,951)
Actuarial gains/(losses) on plan assets	**681,313**	743,295	(164,701)

Sensitivity Analysis on Defined Benefit Obligation at End of Year	Rs	Rs	Rs
- Increase due to 1% increase in future long term salary assumption	**9,117,199**	9,660,956	9,675,170
- Decrease due to 1% decrease in future long term salary assumption	**8,156,292**	8,575,414	8,591,144
- Increase due to 1% decrease in discount rate	**8,643,561**	9,196,497	9,172,478
- Decrease due to 1% increase in discount rate	**7,606,070**	8,040,014	8,006,423

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	**8,720,000**	9,150,000	9,740,000
- Weighted average duration of the defined benefit obligation	**6 years**	6 years	7 years

24 Stated capital

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Issued, subscribed and paid up			
At start and end of year	**2,466,420,956**	2,466,420,956	2,466,420,956

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
	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 and end of year	**6,797,973,878**	6,797,973,878	6,797,973,878
Total number of shares in issue	**6,801,813,502**	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 dividends authorised by the Board; and
- an equal share in the distribution of the surplus assets of the Bank.

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25 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 accumulated losses, this transfer is not applicable.

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Balance at start of year	**1,619,995**	1,619,995	1,619,995
Transfer from profit or loss for the year	**17,260,346**	-	-
Balance at end of year	**18,880,341**	1,619,995	1,619,995

26 General Banking Reserve

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Balance at start and end of year	**-**	90,709,840	90,709,840

The General Banking Reserve was kept over and above provisions made on loans assessed individually. The amount of Rs 90,709,840 was transferred to retained earnings during the year as the Bank has adequate provisions for expected credit losses under stage 1 and stage 2 as computed under IFRS 9.

27 (a) Revaluation Reserve

	The Group			The Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Balance at beginning of year	**602,793,226**	472,467,122	426,370,194	**526,315,303**	481,499,115	435,402,187
Transfer to retained earnings	**-**	-	818,535	**-**	-	818,535
Increase arising on revaluation of properties	**-**	105,778,447	-	**-**	34,589,069	-
Deferred tax liability arising on revaluation of properties	**-**	(14,686,149)	-	**-**	(2,583,955)	-
Effect of tax rate change on Deferred tax liability arising on revaluation	**-**	-	45,278,393	**-**	-	45,278,393
Gain on Right-of-use assets	**-**	39,233,806	-	**-**	12,811,074	-
Balance at start and end of year	**602,793,226**	602,793,226	472,467,122	**526,315,303**	526,315,303	481,499,115

(b) Other Reserve

	The Group and the Bank		
	30 June 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Balance at beginning of year	**12,809,247**	5,978,082	-
Impact of transition to IFRS 9	**-**	-	1,842,232
Credit impairment charge on financial assets at FVTOCI during the year	**14,490,339**	6,831,165	4,135,850
Balance at start and end of year	**27,299,586**	12,809,247	5,978,082

28 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 Management 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 2021, the Bank had claims amounting to 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 2021	**30 June 2020**	**30 June 2019**
	Rs	**Rs**	**Rs**
Acceptances on account of customers	**11,329,572**	12,074,036	18,150,612
Guarantees on account of customers	**1,138,599,624**	1,408,175,180	1,170,568,786
Letters of credit and other obligations on account of customers	**4,296,480**	9,770,269	23,291,563
Outward bills for collection	**113,839,818**	551,008,597	88,978,744
	1,268,065,494	1,981,028,082	1,300,989,705

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29 Derivatives

(i) The fair value of derivative instruments is analysed as follows:

The Group and the Bank	Notional principal amount	Fair value	Gain	Loss	Net
	Rs	Rs	Rs	Rs	Rs
30 June 2021					
Foreign exchange forward contracts	**31,381,590**	**31,507,327**	**394,037**	**(519,774)**	**(125,737)**
Foreign exchange swap contracts	**4,611,524,377**	**5,194,505,000**	**34,272,377**	**(617,253,000)**	**(582,980,623)**
Foreign exchange spot contracts	**19,725,763**	**19,725,146**	**14,013**	**(13,396)**	**617**
	4,662,631,730	**5,245,737,473**	**34,680,427**	**(617,786,170)**	**(583,105,743)**
Fair value of cross currency swap as at 30 June 2021	**-**	**(56,604,032)**	**-**	**56,604,032**	**-**
Fair value loss on cross currency swap for the year ended 30 June 2021	**-**		**-**	**-**	**(8,444,290)**
	4,662,631,730	**5,189,133,441**	**34,680,427**	**(561,182,138)**	**(591,550,033)**
Interest receivable on cross currency swap sold		**-**	**-**	**38,902,500**	**-**
Interest payable on cross currency swap bought	**-**	**-**	**-**	**(19,341,306)**	**-**
	4,662,631,730	**5,189,133,441**	**34,680,427**	**(541,620,944)**	**(591,550,033)**
30 June 2020					
Foreign exchange forward contracts	335,719,083	315,381,204	20,339,156	(1,277)	20,337,879
Foreign exchange swap contracts	4,611,034,294	4,953,964,350	25,274,959	(368,205,015)	(342,930,056)
Foreign exchange spot contracts	18,783,434	18,697,912	104,530	(19,008)	85,522
	4,965,536,811	5,288,043,466	45,718,645	(368,225,300)	(322,506,655)
Fair value of cross currency swap as at 30 June 2020		(65,048,322)		65,048,322	65,048,322
	4,965,536,811	5,222,995,144	45,718,645	(303,176,978)	(257,458,333)
Interest receivable on cross currency swap sold	-	-	-	56,782,688	-
Interest payable on cross currency swap bought	-	-	-	(43,104,076)	-
	4,965,536,811	5,222,995,144	45,718,645	(289,498,366)	(257,458,333)
30 June 2019					
Foreign exchange forward contracts	154,939,098	157,742,293	2,803,195	-	2,803,195
Foreign exchange swap contracts	480,386,200	478,051,070	24,509	(2,359,639)	(2,335,130)
Foreign exchange spot contracts	29,055,631	29,036,073	3,024	(22,582)	(19,558)
	664,380,929	664,829,436	2,830,728	(2,382,221)	448,507

29 Derivatives (Cont'd)

(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 Holdings 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.

(iii) Besides the cross currency swap with the holding company, the Bank has 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.

30 Credit commitments

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Loans and other facilities			
Undrawn credit facilities	**1,717,380,639**	1,908,076,512	2,260,463,823

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31 Net interest income

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Interest income on financial instruments measured at amortised cost						
Loans and advances	**674,167,218**	759,780,881	705,678,620	**683,059,718**	772,028,055	719,806,974
Commission on loans and advances	**46,888,478**	37,493,641	17,640,508	**46,888,478**	37,493,641	17,640,508
Finance lease	**55,098,933**	59,362,159	49,027,513	**55,098,933**	59,362,159	49,027,513
Placements	**3,979,559**	32,719,305	20,182,325	**3,979,559**	32,719,305	20,182,325
Trade finance	**36,634,596**	36,688,702	37,175,651	**36,634,596**	36,688,702	37,175,651
Sale of portfolio of loans and advances and other assets	**-**	-	113,124,328	**-**	-	113,124,328
	816,768,784	926,044,688	942,828,945	**825,661,284**	938,291,862	956,957,299
Interest income on financial instruments measured at FVTOCI						
Investment Securities:						
- Government stocks	**2,134,741**	25,460,324	49,613,674	**2,134,741**	25,460,324	49,613,674
- Treasury notes	**5,507,471**	14,110,832	34,205,542	**5,507,471**	14,110,832	34,205,542
- Bank of Mauritius Bonds	**6,279,137**	504,004	-	**6,279,137**	504,004	-
- Corporate Bonds	**38,454,025**	23,504,903	15,798,219	**38,454,025**	23,504,903	15,798,219
- Treasury bonds	**389,484**	-	-	**389,484**	-	-
- Treasury Bills	**488,046**	-	-	**488,046**	-	-
- Bank of Mauritius Bills	**1,163,691**	-	-	**1,163,691**	-	-
- Foreign bonds	**50,479,060**	29,310,097	-	**50,479,060**	29,310,097	-
- Mutual Fund	**-**	2,878,126	-	**-**	2,878,126	-
- Foreign bills	**613,873**	754,987	-	**613,873**	754,987	-
	105,509,528	96,523,273	99,617,435	**105,509,528**	96,523,273	99,617,435
Total interest income calculated using EIR	**922,278,312**	1,022,567,961	1,042,446,380	**931,170,812**	1,034,815,135	1,056,574,734
Interest expense on financial instruments measured at amortised cost						
Deposits from customers	**197,773,774**	421,374,507	456,547,040	**197,773,774**	421,374,507	456,547,040
Finance charge on leases	**1,830,575**	1,964,193	-	**4,822,702**	5,799,000	-
Other borrowed funds	**4,111,453**	19,978,099	383,452	**4,111,453**	19,978,099	383,452
Borrowings from bank of Mauritius	**2,490**	462,755	1,599,525	**2,490**	462,755	1,599,525
Total interest expense	**203,718,292**	443,779,554	458,530,017	**206,710,419**	447,614,361	458,530,017
Net interest income	**718,560,020**	578,788,407	583,916,363	**724,460,393**	587,200,774	598,044,717

32 Net fee and commission income

	The Group and the Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs
Fee and commission income			
Commission on guarantees	**20,304,978**	21,940,225	19,978,562
Commission on insurances and pensions	**17,004,085**	16,468,676	12,389,647
Commission on loans and advances to customers	**5,162,925**	4,932,143	5,851,107
Commission on savings	**33,454,409**	30,750,417	32,180,106
Commission on trade finance	**29,741,188**	31,949,295	23,505,902
Management fees from fellow subsidiary	**59,996,288**	67,194,749	76,463,666
Recovery fees from fellow subsidiary	**56,457,380**	39,947,732	38,255,819
Other fee income from fellow subsidiary	**4,607,426**	5,591,394	9,101,139
Others	**27,444,147**	26,670,003	29,837,852
Total fee and commission income	**254,172,826**	245,444,634	247,563,800
Fee and commission expense			
Credit card expenses	**44,295,983**	43,968,217	40,368,318
Other fees paid	**3,824,488**	2,413,623	2,514,321
Total fee and commission expense	**48,120,471**	46,381,840	42,882,639
Net fee and commission income	**206,052,355**	199,062,794	204,681,161

33 Net trading income

	The Group and the Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs
Foreign exchange transactions	**667,627,687**	398,126,110	96,833,766
(Loss)/gain on fair value of derivative (Note 29)	**(591,550,033)**	(257,458,333)	448,507
Net Revaluation gain on financial instruments	**1,396,627**	2,272,540	-
Interest income on financial assets at FVTPL	**37,038,817**	80,734,321	71,690,234
Profit on sale of financial assets at FVTPL	**1,694,372**	1,407,376	1,819,038
Profit/(Loss) on revaluation of investment securities at FVTPL	**(6,893,246)**	6,406,590	5,396,743
Interest income on cross currency swap sold	**105,624,278**	96,539,048	-
Interest expense on cross currency swap bought	**(50,498,960)**	(74,074,559)	-
	164,439,542	253,953,093	176,188,288

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34 Other income

	The Group and the Bank		
	Year ended 30 June 2021	**Year ended 30 June 2020**	**Year ended 30 June 2019**
	Rs	**Rs**	**Rs**
Gain on revaluation of investment properties	**-**	12,840,000	-
Rental income	**25,256,682**	25,508,393	25,281,281
Profit/(loss) on disposal of property, plant and equipment	**192,340**	-	(283,776)
Profit on disposal of non-banking and other assets	**88,104**	-	778,140
Dividend and other income	**1,486,252**	2,511,428	181,082
	27,023,378	40,859,821	25,956,727

35 Net impairment loss on financial assets

	The Group and the Bank		
	Year ended 30 June 2021	**Year ended 30 June 2020**	**Year ended 30 June 2019**
	Rs	**Rs**	**Rs**
ECL allowance under stage 3 for loans and advances (Note 14 (c))	**40,903,002**	48,099,230	22,618,360
ECL (reversal)/charge under stage 1 and 2 for cash and cash equivalents (Note 9(a))	**(11,968)**	1,883	(32,273)
ECL reversal under stage 1 and 2 for placements (Note 10)	**(302)**	(116,043)	(699,958)
ECL charge under stage 1 and 2 for loans and advances to banks (Note 13 (b))	**837,954**	-	-
ECL (reversal)/charge under stage 1 and 2 for loans and advances to customers (Note 14 (c))	**(12,496,062)**	14,553,573	(11,245,372)
ECL charge under stage 1 and 2 for financial assets at FVTOCI (Note 27(b))	**14,490,339**	6,831,165	4,135,850
ECL charge/(reversal) under stage 1 and 2 for off balance sheet items	**229,268**	(515,666)	(1,505,853)
Bad debts written off for which no provision was made	**-**	1,743,399	-
Bad debts recovered	**(3,182,801)**	(14,243,009)	(12,538,692)
	40,769,430	56,354,532	732,062

36 Personnel expenses

	The Group and the Bank		
	Year ended 30 June 2021	**Year ended 30 June 2020**	**Year ended 30 June 2019**
	Rs	**Rs**	**Rs**
Wages and salaries	**385,602,936**	392,971,128	415,314,000
Compulsory social security obligations	**19,722,870**	16,237,147	16,188,691
Pension costs under defined contribution plan	**23,561,537**	24,062,886	23,882,073
Pension costs under defined benefit plan	**13,142,538**	13,500,932	10,303,133
Contribution to Portable Retirement Gratuity Fund (PRGF)	**245,768**	-	-
Other personnel expenses	**71,625,108**	68,732,743	75,523,033
	513,900,757	515,504,836	541,210,930

37 Other expenses

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**12,484,926**	14,445,639	24,754,489	**12,484,926**	14,445,639	24,754,489
Travel expenses	**1,229,106**	2,881,684	6,113,723	**1,229,106**	2,881,684	6,113,723
Office operating expenses	**32,652,678**	37,288,439	33,530,190	**32,652,678**	37,288,439	33,530,190
Stationeries	**5,830,769**	8,365,062	12,378,164	**5,830,769**	8,365,062	12,378,164
General administration expenses	**17,784,712**	17,931,745	16,853,524	**17,769,099**	17,920,388	16,848,158
Professional fees	**19,254,773**	21,340,466	51,034,142	**18,886,223**	20,979,116	50,552,142
Insurances	**15,028,324**	15,257,466	12,370,261	**14,756,719**	15,012,530	12,221,284
Repairs and maintenance	**112,417,177**	100,692,546	93,843,404	**112,417,177**	100,692,546	93,843,404
Utilities	**50,948,945**	50,349,874	46,684,356	**50,948,945**	50,349,874	46,684,356
Training	**658,463**	799,611	2,700,876	**658,463**	799,611	2,700,876
Other operating expenses	**5,650,834**	5,642,670	230,506	**955,182**	947,018	230,506
	273,940,707	274,995,202	300,493,635	**268,589,287**	269,681,907	299,857,292

38 Income tax expense

(a) Income tax

The applicable tax rate in Mauritius is 5% for the year ended 30 June 2021 (2020: 5%; 2019: 15%). In addition, the Bank is subject to 2% relating to Corporate Social Responsibility for the year ended 30 June 2021 (2020 and 2019: 2%). As at 30 June 2021, the Group had no income tax liability (2019: Rs Nil and 2018: Rs Nil), but instead had an income tax asset of **Rs 6,146,240** (Note 38(c)) (2020: Rs 5,613,241 and 2019: Rs 6,920,064 at that date. At the reporting date, the Bank has net accumulated tax losses of Rs 1,611,659,131of which Rs 1,266,654,245 will expire on 30 June 2023.

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 was calculated at 10% on chargeable income. No levy was 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.

Following changes brought by the Finance Act 2018, special levy on banks falls under VAT Act 2018 as from assessment year 2019/2020 (accounting period 01 July 2018 to 30 June 2019). As per Section 53J of the VAT Act, special levy is calculated at 5.5% where leviable income is less than or equal to Rs 1.2 Billion or at 4.5% where leviable income is greater than Rs 1.2 billion. Leviable income means the sum of net interest income and other income from banking transactions with residents, before deduction of expenses. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period. The levy for a bank in operation as at 30 June 2018 shall be the levy payable as described above or 1.5% times of the levy payable for the assessment year 2017-2018, whichever is the lower. For assessment year 2017-2018, MauBank Ltd did not pay any levy as it incurred losses. Since levy payable is determined with reference to assessment year 2017-2018, MauBank Ltd does not have any levy to pay.

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.

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38 Income tax expense (Cont'd)

(b) Statement of profit or loss and other comprehensive income

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Income tax on adjusted profit for the year	**3,029,165**	2,464,601	2,069,123	**-**	-	-
Movement in deferred taxation	**11,515,395**	19,165,238	352,286,635	**11,942,373**	19,575,949	352,833,568
CSR contribution	**328,613**	275,883	226,014	**-**	-	-
Tax expense	**14,873,173**	21,905,722	354,581,772	**11,942,373**	19,575,949	352,833,568

(c) Statement of financial position

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(5,613,241)**	(6,920,064)	(1,621,967)	**(5,081,483)**	(6,293,906)	(836,872)
Income tax on adjusted profit for the year	**3,029,165**	2,464,601	2,069,123	**-**	-	-
CSR contribution payable	**328,613**	275,883	226,014	**-**	-	-
Tax refund received during the year	**5,654,182**	6,935,034	785,098	**5,122,424**	6,308,874	-
Tax paid during the year	**(2,033,295)**	(1,707,024)	(1,356,081)	**-**	-	-
Tax deducted at source	**(7,511,664)**	(6,661,671)	(7,022,251)	**(5,946,447)**	(5,096,451)	(5,457,034)
Balance at end of year	**(6,146,240)**	(5,613,241)	(6,920,064)	**(5,905,506)**	(5,081,483)	(6,293,906)
Presented as follows:						
Current tax assets	**(6,146,240)**	(5,613,241)	(6,920,064)	**(5,905,506)**	(5,081,483)	(6,293,906)

(d) Deferred tax assets

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(44,034,416)**	(77,699,731)	(380,941,082)	**(54,366,696)**	(76,340,528)	(380,128,812)
Impact of IFRS 9 transition	**-**	-	(2,052,158)	**-**	-	(2,052,158)
	(44,034,416)	(77,699,731)	(382,993,240)	**(54,366,696)**	(76,340,528)	(382,180,970)
Movement during the year						
- Charged to statements of profit or loss	**11,515,395**	19,165,238	352,286,635	**11,942,373**	19,575,949	352,833,568
- Charged/(Credited) to other comprehensive income	**633,933**	14,500,077	(46,993,126)	**633,933**	2,397,883	(46,993,126)
	12,149,328	33,665,315	305,293,509	**12,576,306**	21,973,832	305,840,442
Balance at end of year	**(31,885,088)**	(44,034,416)	(77,699,731)	**(41,790,390)**	(54,366,696)	(76,340,528)

38 Income tax expense (Cont'd)

(d) Deferred tax assets (Cont'd)

The analysis of deferred tax assets is as follows:

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**4,652,493**	12,808,242	12,884,655	**4,999,460**	12,728,229	12,393,932
Provision for credit impairment	**(22,949,968)**	(20,915,012)	(17,472,306)	**(22,949,968)**	(20,915,012)	(17,472,306)
Retirement benefit obligations	**(5,865,278)**	(6,351,756)	(5,490,638)	**(5,865,278)**	(6,351,756)	(5,490,638)
Revaluation of buildings	**31,847,409**	31,750,810	17,064,663	**21,595,140**	21,498,543	18,914,589
Tax losses carried forward	**(39,569,744)**	(61,326,700)	(84,686,105)	**(39,569,744)**	(61,326,700)	(84,686,105)
Balance at end of year	**(31,885,088)**	(44,034,416)	(77,699,731)	**(41,790,390)**	(54,366,696)	(76,340,528)

(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		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Profit before income tax	**137,440,362**	138,205,058	11,777,000	**127,011,345**	127,779,874	6,296,097
Tax at 5%/17%	**6,872,018**	6,910,253	2,002,089	**6,350,567**	6,388,994	1,070,336
Non-allowable items	**13,121,749**	13,889,180	37,690,061	**12,835,125**	13,653,165	36,730,200
Exempt income	**(7,529,656)**	(18,379,056)	(28,601,915)	**(7,449,964)**	(13,395,847)	(28,195,107)
Deferred taxation	**11,515,395**	19,165,238	352,286,635	**11,942,373**	19,575,949	352,833,568
CSR contribution	**328,613**	275,883	226,014	**-**	-	-
Others	**(9,434,946)**	44,224	(9,021,112)	**(11,735,728)**	(6,646,312)	(9,605,429)
Tax expense	**14,873,173**	21,905,722	354,581,772	**11,942,373**	19,575,949	352,833,568

(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 1,611,659,131of which Rs 1,266,654,245 will expire as follows:

	Expiry date	Tax loss carried forward
		Rs
Year Ended		
30 June 2018	30 June 2023	1,266,654,245

The remaining losses of Rs 345,004,886 pertaining to capital allowances can be carried be carried forward indefinitely.

Notes to the Financial Statements

For year ended 30 June 2021

39 Profit for the year

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year is arrived at after charging:						
Depreciation and amortisation	**157,199,096**	147,701,532	157,176,216	**178,879,906**	171,852,378	146,505,977
Directors' emoluments	**17,884,682**	18,302,379	17,799,220	**17,642,682**	18,114,379	17,481,220
Payable to auditors (including VAT):						
- Audit services	**5,229,625**	4,512,600	4,048,000	**5,088,750**	4,382,650	3,910,000
- Fees for other services	**-**	287,500	4,629,009	**-**	287,500	4,629,009
Staff costs (Note 36)	**513,900,757**	515,504,836	541,210,930	**513,900,757**	515,504,836	541,210,930
Operating lease rentals (Note 44(b(i))	**13,386,550**	16,416,286	42,596,467	**13,386,550**	16,416,286	73,512,306
and crediting:						
Rental income (Note 34)	**25,256,682**	25,508,393	25,281,281	**25,256,682**	25,508,393	25,281,281

40 Earnings/(Loss) per share

The Earnings/(Loss) per share for the year ended 30 June 2021 and for the comparative years were calculated as follows:

The Group	**Earnings/(Loss) per share (Rs)**	**Profit/ (Loss) for the year attributable to equity holders of the parent (Rs)**	**Weighted Average Number of shares used**
Year ended 30 June 2021	**0.02**	**122,567,189**	**6,801,813,502**
Year ended 30 June 2020	0.02	116,299,336	**6,801,813,502**
Year ended 30 June 2019	(0.05)	(342,804,772)	**6,801,813,502**

The Bank	**Earnings/(Loss) per share (Rs)**	**Profit/ (Loss) for the year attributable to equity holders of the parent (Rs)**	**Weighted Average Number of shares used**
Year ended 30 June 2021	**0.02**	**115,068,972**	**6,801,813,502**
Year ended 30 June 2020	0.02	108,203,925	**6,801,813,502**
Year ended 30 June 2019	(0.05)	(346,537,471)	**6,801,813,502**

41 Related party transactions

Transactions and balances between the Group and its related parties are as follows:

The Group and the Bank	Directors and Key management personnel Rs
Loans and advances **At 30 June 2021**	**41,151,575**
At 30 June 2020	47,334,395
At 30 June 2019	52,024,466
Deposits **At 30 June 2021**	**89,737,487**
At 30 June 2020	83,154,203
At 30 June 2019	53,046,773
Interest income **Year ended 30 June 2021** **Loans and advances**	**1,252,317**
Year ended 30 June 2020 Loans and advances	1,665,109
Year ended 30 June 2019 Loans and advances	2,094,628
Interest expense	
Year ended 30 June 2021 **Deposits**	**1,010,510**
Year ended 30 June 2020 Deposits	758,293
Year ended 30 June 2019 Deposits	922,633
Key management personnel compensation **(Salaries and short-term employee benefits including directors' emoluments)** **Year ended 30 June 2021**	**81,727,824**
Year ended 30 June 2020	75,937,747
Year ended 30 June 2019	88,655,590
Key management personnel compensation (Post-employment benefits) **Year ended 30 June 2021**	**5,618,958**

Notes to the Financial Statements

For year ended 30 June 2021

41 Related party transactions (Cont'd)

The loans and advances with key management personnel are contracted at the Bank's preferential rates as available to all staff members.

Transactions and balances with the subsidiary, fellow subsidiary and holding company are as follows:

The Bank	30 June 2021 Debit/(Credit) Rs	30 June 2020 Debit/(Credit) Rs	30 June 2019 Debit/(Credit) Rs
Subsidiary (MauBank Investment Ltd)			
Balances:			
Loans and advances	**171,115,159**	190,775,651	211,052,141
Deposits	**(18,849)**	(1,409,471)	(8,056,587)
Amount due	**32,824,479**	32,805,779	32,805,779
Rental deposits	**6,000,000**	6,000,000	6,000,000
Transactions:			
Interest income	**(8,892,500)**	(12,247,175)	(14,128,354)
Rental expense	**36,000,000**	36,000,000	36,000,000
Fellow subsidiary (EAMC Ltd)			
Balances:			
Deposits	**(2,984,714)**	(12,263,663)	(14,238,767)
Amount due on net collection of loans and advances (interest free, unsecured and repayable within 1 year)	**(40,059,363)**	(10,141,366)	(38,180,968)
Transitional receivable	**38,359,620**	20,919,847	-
Amount due for expenses paid	**205**	169	-
Transactions:			
Interest income	**-**	-	(113,124,328)
Management fee income	**(59,996,288)**	(67,194,749)	(76,463,666)
Recovery fee income	**(56,457,380)**	(39,947,732)	(38,255,819)
Other fee income	**(4,607,426)**	(5,591,394)	(9,101,139)
Holding company (MauBank Holdings Ltd)			
Balances:			
Loans and advances	**3,170,409,472**	3,191,995,221	3,186,205,479
Deposits	**(880,375,664)**	(876,742,366)	(280,304,090)
Amount due for expenses paid	**1,287,580**	189,637	-
Interest receivable on cross currency swap sold	**38,902,500**	56,782,688	-
Interest payable on cross currency swap bought	**(19,341,306)**	(43,104,076)	-
Fair value loss on cross currency swap	**(541,087,774)**	(289,350,567)	-
Transactions:			
Interest income	**(210,879,105)**	(239,051,529)	(86,205,479)
Interest expense	**50,498,960**	74,074,559	-

The subsidiary had no transactions with the major shareholders (entities holding at least 10% interest in the Group).

None of the facilities granted to related parties were impaired.

42 Events after the reporting period

There were no major events subsequent to the year-end which require adjustment and/or disclosure.

43 Assets pledged

The following assets have been pledged as collateral to secure borrowing facilities from the Central Bank.

	The Group and the Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs	Rs
Government stocks	**246,000,000**	19,500,000	275,000,000

44 Other commitments

(a) Capital Commitments

	The Group and the Bank		
	30 June 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Approved and contracted for	**8,852,846**	26,235,732	37,994,688

(b) Operating Lease Commitments

(i) The Group and the Bank as a lessee

	The Group			The Bank		
	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
	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	**13,386,550**	16,416,286	42,596,467	**13,386,550**	16,416,286	73,512,306
At the reporting date, the Group and the Bank had outstanding commitment under non-cancellable operating leases, which fall due as follows:						
Within 1 year	**7,355,366**	7,776,045	30,579,715	**7,355,366**	7,776,045	30,191,206
After 1 period and before 5 years	**-**	4,867,644	56,329,354	**-**	4,867,644	54,670,422
After 5 years	**-**	-	13,640,905	**-**	-	5,353,508
	7,355,366	12,643,689	100,549,974	**7,355,366**	12,643,689	90,215,136

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.

Notes to the Financial Statements

For year ended 30 June 2021

44 Other commitments (Cont'd)

(b) Operating Lease Commitments (Cont'd)

(ii) The Group and the Bank as a lessor

Property rental income earned during the year was **Rs 25,256,682** (30 June 2020: Rs 25,508,393 and 30 June 2019: Rs 25,281,281). 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 2021	30 June 2020	30 June 2019
	Rs	Rs	Rs
Within 1 year	**15,662,529**	25,508,397	25,508,397
After 1 year and before 5 years	**47,906,050**	58,507,055	70,170,228
After 5 years	**9,569,100**	16,133,195	29,978,420
	73,137,679	100,148,647	125,657,045

45 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.

Management Discussion and Analysis

Financial review

Key Financial Indicators

Area of Performance	01 July 2020 to 30 June 2021	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
	Twelve Months	**Twelve Months**	**Twelve Months**
	Rs'm	Rs'm	Rs'm
Net Interest Income	**724.46**	587.20	598.04
Non-Interest Income	**418.08**	570.39	470.07
Operating Income	**1,142.54**	1,157.59	1,068.11
Operating Expense (including depreciation)	**(974.76)**	(973.46)	(1,061.09)
Profit before impairment loss and income tax	**167.78**	184.13	7.02
Impairment loss on financial assets	**(40.77)**	(56.35)	(0.73)
Profit after impairment loss but before income tax	**127.01**	127.78	6.29
Income tax expense	**(11.94)**	(19.58)	(352.83)
Profit/(loss) after income tax	**115.07**	108.20	(346.54)
	30 June 2021	30 June 2020	30 June 2020
Total Assets	**32,908.99**	31,499.59	26,824.18
Total Advances	**18,304.42**	16,002.32	15,489.12
Total Deposits	**28,378.20**	26,314.52	23,064.50
Shareholders' Equity	**3,032.15**	2,901.44	2,763.78
Tier 1 Capital	**2,319.82**	2,028.44	1,895.47
Total Regulatory Capital	**2,731.21**	2,450.75	2,278.55
KEY RATIOS			
Cost to Income Ratio	***85.32%***	*84.09%*	*99.34%*
Return on Equity	***3.79%***	*3.73%*	*-12.54%*
Return on Total Assets	***0.35%***	*0.34%*	*-1.29%*
Net Impaired Loans/Total Loans	***4.54%***	*4.11%*	*4.59%*

The table above shows the financials for the year ending 30 June 2021 against the previous reporting periods namely for the year ended 30 June 2020 and the year ended 30 June 2019.

Management Discussion and Analysis

Financial Review (Cont'd)

Bank's Performance

The financial statements presented both the Bank and its subsidiary figures, 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 ended the year ended 30 June 2021 with a profit after tax and impairment of Rs 115.07 Mn against Rs 108.20 Mn in 2020 and a loss of Rs 346.54 Mn in 2019. This represents a continuous improvement in the Bank's result.

Operating income for the year ended 30 June 2021 was Rs 1,142.54 Mn compared to Rs 1,157.59 Mn for the year 2020 and Rs 1,068.11 Mn for the year 2019.

- **Interest income**

The Bank's interest income was Rs 931.17 Mn for the year 2021 against Rs 1,034.82 Mn for the year 2020 and Rs 1,056.57 Mn for the year 2019.

- **Interest expense**

The Bank's interest expense amounted to Rs 206.71 Mn for the year ended 30 June 2021 compared to Rs 447.61 Mn for the year ended 30 June 2020 and Rs 458.53 Mn for the year ended 30 June 2019. The drop in interest expense is mainly due to the fact that is replacing high cost term deposit with lower cost saving and current account deposit. 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 2021, 32.36% of the Bank's assets, or 37.53% of the Bank's deposit base, were invested in liquid assets.

- **Net interest income**

Net Interest Income (NII) for the year ended 30 June 2021 was Rs 724.46 Mn against Rs 587.20 Mn in 2020 and Rs 598.04 Mn in 2019. The improvement in 2021 over last year is due drop in funding costs as explained above.

- **Non-interest income**

Other income and non-interest income relate mainly to management fee and recover fee income on the loans and advances portfolio sold on 30 June 2018, gain on foreign exchange and rental income from the Bank's properties.

- **Non-Interest expenses**

Non-Interest expenses for the year ended 30 June 2021 was Rs 974.76 Mn against Rs 973.46 Mn in 2020 and Rs 1,061.09 Mn in 2019.

The cost to income ratio stood at 85.32% at 30 June 2021 against 84.09% at 30 June 2020 and Rs 99.34% in 2019.

- **Net impairment loss on financial assets**

Net impairment charge on financial assets amounted to Rs 40.77 Mn for the y ear ended 30 June 2021. The non-performing loan ratio stood at 4.54% at 30 June 2021 against 4.11% at 30 June 2020 and 4.59% at 30 June 2019. 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.

For further details, please refer to the following notes within the financial statements:

- Note 14 (c) for breakdown of impairment provisioning by industry sector and by expected credit losses stage
- Note 6.1.7 for restructured credits

- **Taxation**

The Bank reported a tax charge of Rs 11.94 Mn for the year ended 30 June 2021 relating to reversal of deferred tax assets. The Bank had no liability towards Corporate Tax and Corporate Social Responsibility for the year ended 30 June 2021 due to tax loss carried forward as at that date.

Assets

- **Total assets**

The Bank's total assets stood at Rs 32,908.99 Mn at 30 June 2021 compared to Rs 31,499.59 Mn at 30 June 2020 and Rs 26,824.18 Mn at 30 June 2019. The increase of 4.47% in total assets is mainly attributable to an increase of Rs 2.26 Bn in the loans and advances portfolio of the Bank.

- **Capital adequacy**

The Capital Adequacy Ratio (CAR) was 13.88% at 30 June 2021, well above the regulatory minimum of 11.875%, against 14.22% at 30 June 2020 and 15.29% at 30 June 2019.

- **Loans and advances growth**

As at 30 June 2021, the Bank's gross loans and advances portfolio stood at Rs 18,304.42 Mn compared to Rs 16,002.32 Mn at 30 June 2020 and Rs 15,489.12 Mn for the same period as at 30 June 2019.

- **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.

Financial Review (Cont'd)

Assets (Cont'd)

- **Credit quality and provision for credit losses**

Provision for credit losses on loans and advances stood at Rs 430.93 Mn against Rs 404.93 Mn at 30 June 2019 and Rs 342.28 Mn at 30 June 2019.

- **Securities**

The Bank's investment portfolio stood at Rs 7,181.58 Mn at 30 June 2021 against Rs 7,206.45 Mn as at 30 June 2020 and Rs 3,547.48 Mn as at 30 June 2019. The Bank invest in securities with the aim of optimizing the yield of its assets base.

Liabilities

- **Deposits**

Total deposits increased from Rs 26.31 Bn at 30 June 2020 to Rs 28.38 Bn at 30 June 2021. However, the Bank is pursuing its strategy of shifting towards lower cost deposit products. At 30 June 2021, savings and demand deposits represented 72% of the deposit portfolio whilst time deposit accounted for 28% of the portfolio compared against 67% and 33% respectively at 30 June 2020.

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 guidance by 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 duly 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 Forum (CRF), and the Board Risk Management Committee (BRMC).

The Board Risk Management Committee (BRMC) is a sub-committee of the Board having mandate in line with the Bank of Mauritius Guidelines. This committee is 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 this committee. The minutes of the BRMC are escalated to the Board of Directors who takes cognizance amongst others, of the various risk exposures of the Bank.

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, 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 reviewed by the Conduct Review Committee.

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 Appetite 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 on. The Risk Threshold is the amount of risk the Bank will not want to tolerate while the Risk Capacity reflect the maximum amount of risk the organization is willing to take.

Management Discussion and Analysis

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 business has the deepest understanding of its environment, operations and objective, the second line offers an independent perspective based on expertise in 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 explains the process of risk management as the systematic and continuous identification and evaluation of risks as they pertain to the Bank, followed by action risk strategies 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 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 various Board sub-committees, is apprised of the various key risk exposures for decision-making purposes. These key risk information are relayed by the Management committees to the Board and its sub-committees. The Management committees meet frequently 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 the Bank suffering financial loss if any of its customers or market counterparties fails to fulfil their contractual obligations to the Bank.

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)

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.

(a) Loans and advances

The Bank has a retail and corporate credit scoring and rating tool respectively for assessing and measuring credit quality of its borrowers which is benchmarked on international rating norms per the requirement standards of CRISIL Ltd (India). This credit rating and scoring tool is reviewed and updated as and when deemed necessary.

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.

In response to the COVID-19 pandemic outbreak, the Bank of Mauritius introduced a series of measures for Retail and Small and Medium Enterprises (SME) clients as well as households and other economic operators (including Corporate clients) in view of alleviating their financial burden. These facilities have been made available to the Bank's customers who were impacted by the pandemic. The Bank has also, on its own, introduced various schemes adapted to the different business segments, to further assist them during these unprecedented times. The Bank also put in place a set of credit monitoring processes to continually track the performance of its credit portfolio, especially those sectors which have been the mostly hit by the pandemic.

Risk Management (Cont'd)

Credit Risk Measurement

(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 2021 (Rs)	As at 30 June 2020 (Rs)	As at 30 June 2019 (Rs)
Credit related commitments	**2,985,446,133**	3,889,104,594	3,561,453,528

Refer to note 14(c) for disclosures on credit exposures by industry sector.

(c) Bank's 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

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 set in 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) and Country Risk Management Policy with a view to achieving a balanced and well-diversified portfolio. These limits are monitored by the Business Units and escalated to the Credit Risk Forum (CRF) 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 Forum (CRF) 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 2021 were Rs 3,170.41 Mn, Rs 495.03 Mn, Rs 171.12 Mn, Rs 8.21 Mn, Rs 7.61 Mn, and Rs 6.70 Mn, These balances represented respectively 136.67%, 21.34%, 7.37%, 0.36%, 0.33% and 0.28% of the Bank's Tier1 capital. The total top six related parties represented Rs 3,859.07 Mn or 166.35% of Tier 1 capital.

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.

Operational Risk Governance

The Bank is guided by its Operational Risk Policy & Framework which is approved by its Executive Committee (EXCO), Board Risk Management Committee and Board of Directors.

The Operational Risk Team is headed by a Senior Manager, reporting to the Chief Risk Officer (CRO) and the Operational Risk Committee (ORC).

This 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 operational 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.

Operational Risk Capital Charge 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

As a consequence of the COVID-19 pandemic outbreak, the Bank has put in place various COVID-19 Business Continuity Plans (C-19 BCP) to complement its existing Business Continuity Plan (BCP).

The purpose for the Bank to have a specific C-19 BCP in place was:

- To ensure that, over the duration of the pandemic crisis, the Bank will keep operating effectively for as long as possible, while ensuring the safety of customers and staff members;
- To minimise disruption to its operations and ensure that the business remains viable;
- To ensure that the Bank will respond in a consistent and harmonised way to any developments in keeping with directives from relevant authorities and regulators; and
- To ensure that Bank employees are familiar with the different protocols and guiding principles elaborated in the COVID-19 BCP and comply with them during the outbreak period.

Management Discussion and Analysis

Risk Management (Cont'd)

Crisis Management Team (CMT)

As provided for in its BCP, the Bank triggered the setting-up of the CMT for managing the crisis following the COVID-19 pandemic outbreak. The CMT ensured that, as far as possible, the Bank maintained continuity of its activities to serve its customers and the public in general while at the same time mitigating the health 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

The purpose of having an annual Disaster Recovery (DR) exercise is to assess 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 implemented a set of documented procedures with a view to improving the effectiveness and readiness of the Bank to face a SBD.

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 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 and holdings of Government of Mauritius Treasury Bills and Bank of Mauritius Bills.
- Non-trading market risk arising from market movements in exchange rate 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). While the Asset Liability Capital Management (Treasury Middle Office) and Market Operation Teams act as second line of defence in monitoring and reporting. Moreover, Risk Division ensures that there are adequate controls in place while the Compliance Unit 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, interest rate risk and liquidity risk.

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 forum 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.

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.

Risk Management (Cont'd)

Interest Rate Risk (Cont'd)

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

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. 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 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 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, 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 MauBank Ltd'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 MauBank Ltd 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 template average four quarters ending 30 June 2021- 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)	7,810,022,475	7,810,022,475
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits		
4	Less stable deposits	14,275,153,037	1,034,855,995
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties)	9,666,404,968	2,416,601,242
7	Non-operational deposits (all counterparties)	2,219,386,868	1,550,267,959
8	Unsecured debt	6,250,077	6,250,077
9	Secured wholesale funding	104,361,530	-
10	Additional requirements, of which:	-	-
11	Outflows related to derivative exposures and other collateral requirements	236,767,593	236,767,593
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	2,106,009,078	255,511,777
14	Other contractual funding obligations		
15	Other contingent funding obligations	-	-
16	**TOTAL CASH OUTFLOWS**	28,614,333,151	5,500,254,643
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	3,765,061,283	3,623,826,630
19	Other cash inflows	237,668,624	237,668,624
20	**TOTAL CASH INFLOWS**	4,002,729,907	3,861,495,254
			TOTAL ADJUSTED VALUE
21	**TOTAL HQLA**	7,810,022,475	7,810,022,475
22	**TOTAL NET CASH OUTFLOWS**		1,917,367,756
23	**LIQUIDITY COVERAGE RATIO (%)**		407.33%
24	**QUARTERLY AVERAGE OF DAILY HQLA**		7,877,862,282

The reported figures for "quarterly average of bi-monthly observations " are based on bi-monthly figures for April, May and June 2021.

The reported figures for "quarterly average of daily HQLA " are based on business days figures over the period from 1 April 2021 to 30 June 2021.

MauBank Ltd average LCR for the four quarter ended 30 June 2021 stood at 407% with Average Total High Quality Assets (HQLA) over Rs 7.8 Bn against Average Total Net Cash Outflows (NCO) of MUR 1.9 Bn only.

The four quarter average liquidity Coverage Ratio decreased from 439% as at March 2021 to 407% as at June 2021 with increase of MUR0.1Bn in cash outflows arising mainly from operational deposit. MauBank Ltd's HQLA decreased by MUR0.1 Bn from four quarters average ended March 2021 to 30 June 2021. However, the LCR ratio remains well above the regulatory limit of 100%.

Risk Management (Cont'd)

Liquidity 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 uses 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

Country 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.

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

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation 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 adopted the general principles of the Basel Committee on Banking Supervision on Compliance and the Compliance Function in Banks and it stands guided by its Compliance Policy, as approved by the Board of Directors, which sets out the principles and standards for compliance and management of compliance risks in MauBank Ltd with the objective to help business and support units manage effectively compliance risks and obligations inherent in their respective areas.

Management Discussion and Analysis

Risk Management (Cont'd)

Compliance Risk (Cont'd)

The Compliance Function operates independently as per its mandate, with direct access to the Audit Committee and the Board of Directors.

The general approach to mitigate compliance risk at MauBank Ltd is as follows:

1. Establish an appropriate framework covering proper management oversight, system controls and other related matters.

2. Establishing written guidance to staff on the appropriate implementation of policies and procedures.

3. Keeping abreast of regulatory changes and ensure implementation and adoption.

4. Ongoing monitoring of compliance with existing rules and regulations and internal policies.

5. Periodical training to staff on the applicable laws, rules and standards.

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 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 2021, the total capital base stood at Rs 2,731,214,000 compared to Rs 2,450,750,000 for the year ended 30 June 2020 and the total risk weighted assets stood at Rs 19,485,932,000 compared to Rs 17,238,223,000 at 30 June 2020.

CAR was at 13.88% as at 30 June 2021 compared to 14.22% at 30 June 2020.

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.

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 127.

Technology Risk Management

An Information and Technology Risk Management 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, an Information Technology Security policy is in place to ensure that staff members are cognizant with the IT-related risks and ensure compliance thereto. The IT security policy is regularly updated to incorporate best security practices. The Information Technology Security Policy is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Information Risk Measurement and monitoring

IT Security & Risk Management (ITSRM) has in place a quantitative measurement metric to measure the effectiveness of key security controls. Key Risk Indicators (KRI's) are enhanced and measured on a regular basis to ensure that controls are effective and remain at an acceptable level across the organisation.

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 ITSRM 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 Technology Security policy.

Regular vulnerability scanning and penetration testing are conducted on our Mobile Banking and Internet Banking platforms as well as other systems and interfaces. 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.

Risk Management (Cont'd)

Business Continuity Planning: COVID-19 Pandemic

As part of the C-19 BCP, the Work From Home (WFH) concept is a now entrenched in the Bank's culture and working practices. As such, new protocols/guidelines have been put in place to ensure that Bank staff are fully aware of the risks when working from home. Appropriate training and awareness session are conducted to ensure staff are well acquainted with the "Do's and Don'ts" while connecting to the Bank secure environment.

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 related processes and systems.

Management Committees

The daily affairs and running of the Bank have been delegated to the Bank's Management Team. Issues are discussed, risks and reward trade-offs are analysed, and decisions are taken at the different Management Forums/Committees in line with their mandates as per their respective approved Terms of Reference. These Forums/Committees meet regularly and comprise of Senior Management and Management Cadres drawn from different units.

All matters discussed and decisions taken at the said Management Forums/Committees are escalated to their respective Board Committee/ Board Sub-Committee.

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.

4. Credit Risk Forum ("CRF")

The CRF 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 Forum assists the BRMC in fulfilling its oversight responsibilities in credit related matters. The CRF'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 CRF meets on a quarterly basis.

5. Credit Sanctioning Committees ("CSC")

The Bank has three distinct management committees 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.

6. Non-Performing Assets 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: 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 its Bid Evaluation Committee (BEC).

Management Discussion and Analysis

Risk Management (Cont'd)

Management Committees (Cont'd)

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.

The Way Forward

With the above background, the team at MauBank Ltd will continue to strive towards excellence in an endeavour to deliver better service quality every year to its present and prospective customers.

Disclaimer

Several forward-looking statements relating to the Bank's business strategy, plans and objectives have been embedded in the Management Discussion and Analysis document. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Readers of the document are therefore advised not to place undue reliance on the forward-looking statements as a number of factors may cause actual results to differ from targets, expectations and estimates made initially. MauBank Ltd does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

The composition of the Board, as at 30 June 2021, 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 in 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. RAMPERSAD Rabin
Non-Executive Director

Mr. Rabin Rampersad is currently the CEO of SME Mauritius, having spent a major part of his career at senior management positions in the private sector both locally and abroad. He has curated experience in the "Fast-Moving Consumer Goods" (FMCG) sector and has successfully evolved in areas of Operations, Marketing, Logistics and Business development mostly on behalf of multinationals.

Mr. Rampersad is also well versed in strategic development, business restructuring and international business, and as part of the senior management teams, 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 and a Fellow of the Chartered Management Institute, UK.

Mr. MUNGAR Premchand
Chief Executive and Executive Director

Mr. Premchand Mungar is a banker with more than 37 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.

Mr. SOKAPPADU Ramanaidoo
Non-Executive Director

Mr. Ramanaidoo Sokappadu, currently Acting Director, Economy and Finance at the Ministry of Finance, Economic Planning and Development, has been working in the civil service for nearly 38 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 (Cont'd)

The composition of the Board, as at 30 June 2021, is as follows:

Mr. CODABUX Muhammad Javed

Independent Director

Mr. Javed Muhammad Codabux is currently working as Manager at D & S Lines Ltd (Accredited Agent for Jubilee Insurance). Prior to that, 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 also a fellow of the Mauritius Institute of Directors.

Mr. NICOLAS Jean Marie Cyril

Independent Director

Mr. Jean Marie Cyril Nicolas holds a Diploma in Marketing Management, South Africa and a Diploma in Human Resource, South Africa. He is a Registered trainer with MQA since 1988 and President of the Indian Ocean Marketing Association. He is also a Director of Effective Coaching Ltd and has recently been appointed as Consultant for the JSI 'Johannesburg School of Investment' and Director of Secret Hope Ltd (a recycling company).

Mr. NILAMBER Anoop Kumar

Non-Executive Director
(Resignation effective 30 June 2021)

Mr. Anoop Kumar Nilamber is currently the Chief Executive of SBM Bank (Mauritius) Ltd . He was previously on Board of MauBank Ltd, Airports of Mauritius Ltd, State Investment Corporation Ltd, SME Mauritius Ltd and Mauritius Revenue Authority, among others. He was also an Economic Advisor at the Ministry of Finance, Economic Planning and Development.

Mr. Nilamber was a Corporate Finance Banker at HSBC, France and at the Mauritius Commercial Bank Ltd. Also, he was a Part-time Lecturer in Finance at Université Pantheon Assas (Paris II), France where he graduated in Banking and Finance.

Mr. Nilamber resigned on 30 June 2021.

Mr. GOKHOOL Ashvin Jain, FCCA

Independent Director
(Resignation effective 30 September 2020)

Mr. Ashvin Jain Gokhool is a Fellow Member of The Association of Chartered Certified Accountants (UK), a Certified Financial Consultant (USA), an Associate Member of The Association of Certified Fraud Examiners (USA), a Chartered Member of the Chartered Institute of Logistics and Transport (UK), a Member of the Mauritius Institute of Professional Accountants ("MIPA") and a Founder Member of The Institute of Certified Public Accountants of Rwanda ("ICPAR"). He is a qualified stockbroker from the Stock Exchange Commission (Australia) and also holds an Auditor's Licence from the Financial Reporting Council (FRC).

Mr. Gokhool is the Managing Partner at KSi (Mauritius), Public Accountants & Business Advisers and Managing Director of AG Consultants Ltd, Financial and Management Consultants. Both are member firms of Morison KSi (UK). Since 1987, he successively worked for Deloitte (Mauritius), PricewaterhouseCoopers (Mauritius, Paris and London), the Mauritius Tourism Promotion Authority, the Tourism Authority, and the Tourism Employees Welfare Fund. He also served as Advisor to the Minister of Agro Industry and Food Security and the Minister of Tourism. He is an independent Financial Analyst and worked with the Restructuring Working Group of the National Resilience Fund at The State Investment Corporation.

Mr. Gokhool is currently the Chairperson of Morison KSi Africa and sits on the International Board of Directors of Morison KSi. Since 2015, he is the Chairperson of the National Transport Corporation Board. In June 2020, Mr. Gokhool was appointed director on the Endowment and Trust Fund of the Overseas African Caribbean and Pacific States He was an independent Non-Executive Director at the Bank as well as the Chairperson of the Audit Committee, until his resignation on 30th September 2020.

Mr. JEETOO Mohamad Fardeen

Non-Executive Director
(Appointed effective 15 July 2021)

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) as well as a BSc in Business Management from University of Southampton (UK).

He is a member of the Bid Evaluation Committee and the secretary of the Finance Committee of ECCEA.

The composition of the Board, as at 30 June 2021, is as follows:

Mr. SEMJEVEE Sivananda

Independent Director
(Appointed effective 15 July 2021)

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.

Mrs. VASSEUR-SONEEA Alexandra

Independent Director
(Appointed effective 15 July 2021)

Mrs. Alexandra Vasseur-Soneea is a Talent Acquisition Specialist currently working with Morgan Philips Group, one of the biggest recruitment firm 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.

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.

Mr. KOKIL Anil Kumar

Independent Director
(Appointed effective 15 July 2021)

Mr. Anil Kumar Kokil is a former Director (Economic and Finance) of 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. He is presently a Consultant for both local and International Organisations, and a part-time Lecturer at the University of Technology, Mauritius.

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.

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 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.

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

Management Team

Mr. Mungar Premchand
Chief Executive and Executive Director

Please refer to Board of directors section above.

Mr. VYDELINGUM Vishuene
Deputy Chief Executive
(Since 05 August 2019)

Mr. Vydelingum holds a Maitrise – Ingenieur Maitre en Banque et Finance from Université Sorbonne Nord and is also a Licensed Stockbroker of the Mauritius Stock Exchange

He joined the Bank on 20 March 2019. He has over 25 years' experience in banking mainly in corporate banking and treasury management.

Mr. MOHADEB Damodarsingh (Deepak), FCCA
Officer in Charge, Finance Department

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 15 years. He is also a Fellow of the Mauritius Institute of Directors (MIoD).

Mr. MOTEE Ramesh, FCCA
Chief Risk Officer

Mr. Motee holds a Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers, and 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 and financial sector over the past 36 years.

Mr. CHEDUMBRUM Mardaymootoo Pillay (Nanda)
Executive Head - Operations

Mr. Chedumbrum has followed International Programme on both Development Banking and Operational Risk Management.

He has over 43 years of experience in the banking sector at various operations levels, and at Management level.

Mr. RAWOTEEA Yasdeo (Rajesh)
Executive Head – Human Resource

Mr. Rawoteea possesses an MBA from University of Technology Mauritius (UTM), a Bachelor in Business Information Technology from University of Sunderland, a Certificate in Banking Studies from the University of Mauritius, a Project Leader Certificate, Senior Level from Team Synthesis - UTM, and a Graduate certificate in Card Fraud & Risk Management.

He has 35 years of experience in Banking, at various level including Retail Banking, Project Leadership and implementation of IT projects, Card Technologies and Electronic Delivery Channels, and is leading since last 9 years, the Strategic Human Resources of the Bank, while overseeing the IT e-Banking Support and IT Channel Department.

Mrs. ACHARUZ-SAWOKY Sunita, FCCA
Head of Compliance

Mrs. Acharuz-Sawoky is a Fellow member of Association of Chartered Certified Accountants (FCCA). She holds an MBA from the Faculty of Management Studies (FMS), and a Bachelor in Commerce (Honours) from the University of Delhi, both prestigious business schools from India. She is a certified Project Leader (PLC) and Member from Team Synthesis and a Member from the MIoD. She is a registered trainer in the field of Risk Management by the MITD. She has 22 years of Banking experience in both local and international bank, out of which, 16 years in Risk Management, Operational Risk, Internal Control Systems, Corporate Governance and remaining years in Regulatory Compliance.

Mr. KUNDAN Anil Kumar
Executive Head - SME Banking
(From 02 February 2017 to 31 December 2020)

Mr. Kundan possesses a Bachelor of Arts, a Diploma in Automobile Engineering and is a Certified Associate of Indian Institute of Bankers (Part 1).

He has 37 years of experience in the banking sector, of which 10 years at Management level.

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 and the Mauritius Institute of Directors.

Mr. DASARI Venkata Ramana
Chief Information and Digital Officer
(From 04 February 2021)

Holder of an MBA and a B.Com, Mr. Dasari joined MauBank Ltd on 4 February 2021. He has over 20 years of experience in managing large scale complex IT projects across few leading global and Indian Banks across BFSI domain. He was part of the founding team and led the application implementation for IDFC First Bank. He has worked with leading companies like HDFC Bank, HSBC India, Cognizant Technologies, Infosys, IDBI Bank.

His vast experience and insights in the Information Technology field, based on his exposures to the different sectors will add immense value to the Bank's business and technology front.

Mr. MUHEM Dharmarajan
Acting Head – Information & Technology Services
(From 29 March 2019 to 03 February 2021)

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 and a Business Continuity Certified Specialist. He has 29 years of banking and IT experience.

Mr. BHAGAVAN Ramakrishna
Executive Head – Consumer Banking

A Management Graduate in Marketing, Mr. Bhagavan comes with a rich experience of over 20 years in the Retail Banking and Wealth Management space. Mr. Bhagavan is a Consumer Banking veteran, having worked with global banking brands namely HSBC, Kotak Bank and IDFC Bank in India, prior to joining MauBank Ltd in October 2017.

Mr. Bhagavan has led various functions of consumer banking namely Branch Banking, Distribution and Network Management, Wealth Management, Digital Banking Initiatives, Payment Solutions, P&L Management and Product positioning at different stages of his illustrious career. He has been instrumental in turning around and launching new businesses, growing existing ones, elevating employee /client satisfaction levels and building growth strategies in his current and earlier roles.

Mr. CARVER Jean Clifford Eric
Head of Asset Financing

Mr. Carver holds a Master in Business Administration (MBA), specialised in Marketing Management from the University of Technology, Mauritius and a Bachelor of Commerce (B.Com) from the University of Pune.

He holds the post of Head of Asset Financing within the Bank since January 2018. He has been awarded 1st Marketing, Salesmanship and Publicity in the Principal's special award. He is also an affiliate member of the Chartered Institute of Marketers since 2009. He was previously employed as General Manager at Tsusho Capital (Mauritius) Limited, a subsidiary of Toyota Motor Corporation. He had undergone leadership program for Toyota Africa and was selected as most promising leaders. He has 15 years of experience in the service sector including 10 years in banking, 9 years in Asset Financing and 2 years of positioning of property developments. He also implemented Insurance business as non-funded income under Tsusho Capital (Mauritius) Limited.

Mr. VYAPOOREE Govinden Modeliar
Head of Markets

Mr. Vyapooree has over 20 years of experience in the financial services sector and has extensive trading experience on forex, securities, derivatives, hedge funds and investment management.

He holds an MBA from the Heriot Watt University and is an associate of the Chartered Institute of Marketing UK. He also holds the ACI dealing qualification.

Mr. ALBERT Clint
Head of Commercial Banking

Mr. Albert started his banking career in 1989. Over the years he has worked at various levels in different banks, gaining valuable expertise through on the job training and other courses/training attachments.

He has gradually climbed up the ladder and took positions at Management level for the last 20 years, while at the same time consolidating a vast network of customer relationships. Mr. Clint has lately been managing the portfolio of mid segment and large corporate customers, parastatal and Government owned entities.

He is currently Head of the Business Development Team looking after a few projects which cut across all segments of the Bank

Mr. BEEBEEJAUN Muhammad Asif
Head of Special Asset Management

Mr. Beebeejaun holds a BSc financial services/ACIB from University of Manchester Institute of Science and Technology (UMIST) England.

He brings 29 years of banking experience from different Business Units, of which almost 12 years at Senior Management Level. Mr. Beebeejaun joined MauBank Ltd from Barclays Bank Mauritius Ltd, where he worked as Senior Corporate Credit Manager in the Credit Business Unit and Head of Commercial in the Business Banking Unit. Prior to Barclays, he was at The Mauritius Commercial Bank Ltd, as Credit Analyst Corporate and Relationship Manager Business Banking.

Mr. YOUELL Peter Gregory
Head of Credit Risk
(From 05 November 2018 to 02 October 2020)

Mr. Youell has over 20 years of International banking experience from different Business Units, of which 11 years at Senior Manager and Director Level. He joined MauBank Ltd from Barclays Africa Group, where he was the Head Credit Capability & Portfolio for Africa Region.

Administrative Information

Management Team (Cont'd)

Mr. MADHOU Chandrasen Jaynarain

Head of Human Resources
(From 02 February 2021)

Mr. Madhou has a Diploma in Human Resources Management and holds an MBA (Leadership and Innovation) from University of Mauritius. He is a Certified Scotswork Negotiator and Certified Project Leader. Mr. Madhou, additionally, holds a certificate in Public Policy from the University of California, Berkeley and a certificate in Environmental and Social Framework from The World Bank.

Mr. Madhou has over 25 years of experience in Human Resources function in different local conglomerates operating in the Mauritian Economy. He was also a member of the Commission for Conciliation and Mediation from 2013 until 2018 and has served as board member of various organisations. His core competencies are Industrial/Employee Relations, Restructuration and Leadership Development.

Mr. Madhou is a member of the International Labour and Employment Relations Association, under the aegis of the International Labour Organisation, an associate member of Chartered Institute of Arbitrators (UK) and a certified mediator with the Chambre de Médiation et d'Arbitrage de Paris.

Mr. POOLOO Maoumar AL

Head of Correspondent Banking

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.

Mr. POINOOSAWMY Veemarlen

Acting Head of Legal
(From 20 April 2021)

Mr. Poinoosawmy holds a BSc Financial Services with Law and an MBA Financial Risk Management from University of Technology, Mauritius. He is currently completing his LLM course.

Mr. Poinoosawmy joined the Bank in 2013 as Legal officer. He has since April 2021 been acting as Head of the Legal department.

Mr. LUXIMON Sanraj, FCCA

Financial Controller - Special Assets

Mr. Luximon has a BSc (Hons) in Applied Accounting and is an MBA holder. He is also a Fellow member of the Association of Chartered Certified Accountants (FCCA).

He joined the Bank in 2005. Over the years, he has headed different departments, gaining valuable expertise. He has also assumed the duty of Officer-in-Charge of the Bank in 2015 for a transitional period.

Mr. Luximon is presently the Financial Controller – Special Assets and he also overviews the operations of the Bank's sister company, EAMC Ltd.

Mr. SEEBARUTH Balraj Kumar (Rakesh), FCCA

Head of Internal Audit

Mr. Seebaruth is a FCCA, a member of Institute of Internal Audit (IIA) 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 asset management, banking, insurance, manufacturing, retailing and telecommunications.

Mr. RAMJUNUM Gauravsingh

Consultant Legal and Board Matters
(From 01 June 2020 to 06 November 2020)

Mr. Ramjunum joined the Bank in April 2019 as Company Secretary and Manager Legal. Prior to joining the Bank, Mr. Ramjunum was practicing as a Barrister at Law at Madun Gujadhur Chambers which he joined in January 2016. He had also previously worked as legal manager at the Financial Intelligence Unit (Mauritius) from September 2010 to September 2013.

Mr. Ramjunum is a law graduate of the University of Mauritius. He was called at Bar of England and Wales in 2014 and to the Bar in Mauritius in 2016. He also holds an LLM in International Financial Law from the University of Manchester (UK).

Mr. SAHYE Varun Sharma, FCCA, CPA

Acting Company Secretary
(From 16 December 2020)

Mr. Sahye is a Fellow member of the Association of Chartered Certified Accountants (FCCA), and a member of the Chartered Professional Accountant of Ontario, Canada. He holds an MSc in Accounting and Finance from the London South Bank University.

Mr. Sahye joined MauBank Ltd in July 2020 as Senior Manager, Finance. He was previously employed as Finance Manager, AfrAsia Capital Management, an offshore company. Mr. Sahye is a finance professional having worked in London, UK, Canada and Mauritius.

Administrative Information

Business Centre Managers at 30 June 2021

ADJODHYA Kaushalbye
Vacoas

ANSEREEGADOO Dony
Mahebourg

BETCHOO Satyandranath
Flacq

BHUNJUN Pounam
Pope Hennessy, Port-Louis

BUNDHOO Mohammad Khalid
Curepipe

CHAN CHUEN Francois Jerome
Grand Baie

DWARKA Anoukshada
St Pierre

GUNGADIN Kesha
Lallmatie

JOYGOPAUL Hemlata
Terre Rouge

JUGNAUTH Ravin Kumar
Place D'Armes, Port-Louis

LAKHOA Uttam
Rose Belle

LUCKHEE Adesh
Goodlands

MONOHUR Videsh
Ebène

RAJARAMSING Jhusveer
Rose Hill

RAMCHURN PURMESSUR Reena
Quatre Bornes

RAMTOHUL Dhanvesh
Chemin Grenier

RAMTOHUL-REEKHAYE Meeshesta
Riviere Du Rempart

RUGHOOBUR Anjalee
Triolet

EDOUARD Billy Roy
(Acting Business Centre Manager)
Rodrigues

Administrative Information

Business Centre Network at 30 June 2021

CHEMIN GRENIER
Business Centre

Royal Road
Chemin Grenier

CUREPIPE
Business Centre

Royal Road
Curepipe

EBENE
Business Centre

Ground Floor, Bramer House
Cybercity, Ebène

FLACQ
Business Centre

Flacq Shopping Mall
Flacq

GOODLANDS
Business Centre

Royal Road
Goodlands

GRAND BAIE
Business Centre

Richmond Hill Complex
Grand Baie

LALLMATIE
Business Centre

Cnr Royal & Tagore Road
Lallmatie

MAHEBOURG
Business Centre

Cnr Delices & Marianne Streets
Mahebourg

PLACE D'ARMES
Business Centre

1 Queen Street
Place D'Armes, Port-Louis

POPE HENNESSY
Business Centre

Pope Hennessy Street
Port-Louis

RIVIERE DU REMPART
Business Centre

Riverside Shopping Complex
Riviere du Rempart

ROSE BELLE
Business Centre

Royal Road, Baramia
Rose Belle

ROSE HILL
Business Centre

477 Royal Road
Rose Hill

ST PIERRE
Business Centre

Kendra Commercial Centre
St Pierre

TERRE ROUGE
Business Centre

Royal Road
Terre Rouge

TRIOLET
Business Centre

Royal Road, Anand Square
8th Mille, Triolet

VACOAS
Business Centre

Independence Street
Vacoas

QUATRE BORNES
Business Centre

Cnr St Jean & Osman Avenue
Quatre Bornes

RODRIGUES
Business Centre

Rue Max Lucchesi
Port Mathurin, Rodrigues

MauBank Ltd

Tel 405-9400
Fax 404-0333

Administrative Information

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

ANZ NATIONAL BANK LIMITED

ANZ Centre
23-29 Albert St Auckland
Wellington
New Zealand 6010

BANK ALJAZIRA

Olaya Street
P.O Box 20438-Riyadh 11455
Saudi Arabia

BANQUE NATIONALE DU CANADA

National Bank Tower
600 da la Gauchetiere Street West
5th Floor
Montreal, Quebec H3B 4L3

CREDIT SUISSE (SCHWEIZ) AG

Uetlibergstrasse 231
PO Box 400
CH-8070 Zurich

ICICI BANK LTD

International Financial Institution Group
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051
India

JP MORGAN CHASE BANK, N.A.

Wholesale Account Services
10420 Highland Manor Drive
2nd Floor, Tampa
Fl 33610, USA

JP MORGAN CHASE BANK, N.A.

London
England
United Kingdom

JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH (ORGANIZED UNDER THE LAWS OF U.S.A. WITH LIMITED LIABILITY)

18/ F JP Morgan Tower
138 Shatin Rural Committee Road
Shatin, New Territories
Hong Kong

MIZUHO BANK, LTD

10-30 Nihonbashi-Kakigaracho
2 Chome Chuo-Ku
Tokyo 103-8528
Japan

SBM BANK (INDIA) LIMITED

1st Floor Raheja Center,
Free Press Journal Marg,
Nariman Point Mumbai
Maharashtra 400021
India

SOCIETE GENERALE PARIS

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

YES BANK LIMITED

Part Ground Floor, Tower 2, Indiabulls Finance Centre,
Senapati Bapat Marg Lower Parel, Mumbai
Maharashtra 400013

The End