Notes to the Financial Statements

For the year ended 30 June 2023

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

1.1 General information

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

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

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

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

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

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

1.2 Basis of accounting

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

These financial statements have further been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments which are measured at their revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

1.3 Going concern

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

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

3. Summary of Significant Accounting Policies

3.1 Overall considerations

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

3.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

3.3 Business Combinations

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

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

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

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

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

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

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

3.4 Financial Instruments

Recognition and Initial Measurement

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.4 Financial Instruments (Cont'd)

Recognition and Initial Measurement (Cont'd)

Financial Assets

(i) Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

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

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

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

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

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

3.4 Financial Instruments (Cont'd)

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

Financial Assets (Cont'd)

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

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

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

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

Equity instruments

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(ii) Impairment

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

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

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

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

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

(iii) Modification of loans

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

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

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

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

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

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(iv) Derecognition other than on a modification

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

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

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

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

(v) Reclassifications

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

(vi) Offsetting

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

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

(vii) Fair value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(vii) Fair value Measurement (Cont'd)

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

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

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

Financial liabilities

(i) Classification and subsequent measurement

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

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

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

(ii) Derecognition

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

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

(iii) Financial guarantee contracts

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

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

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

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

3.5 Cash and Cash Equivalents

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

3.6 Loans and Advances

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

3.7 Derivative Financial Instruments

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

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

3.8 Trading Assets

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

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

3.9 Investment Securities

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.10 Property, Plant and Equipment

Freehold land and buildings

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

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

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

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

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

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

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

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

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

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

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

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

3.11 Intangibles

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

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

3.12 Investment property

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

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

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

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

3.13 Leases

(a) The Group and the Bank as lessee

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

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

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

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

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.13 Leases (Cont'd)

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

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

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

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

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

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Bank expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

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

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

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

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

3.13 Leases (Cont'd)

(b) The Group and the Bank as lessor

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

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

(i) Recognition and initial measurement for finance lease receivables

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Group and the Bank, and thus the lease payment receivable is treated by the Group and the Bank as repayment of principal and interest income to reimburse and reward the lessor for its investment and services.

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

(ii) Subsequent measurement

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.14 Investment in subsidiary

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

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

3.15 Income Taxes

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

(a) Current tax

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

(b) Deferred taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only when the Group and the Bank have a right and intention to set off current tax assets and liabilities from the same taxation authority.

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

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

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

3.15 Income Taxes (Cont'd)

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

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

(d) Special Levy

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

3.16 Deposits and other Borrowed Funds

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

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

3.17 Retirement and other Post-retirement Benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

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

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

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

(c) State plan

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

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

(d) Short-term employee benefits

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

(e) Termination benefits

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

3.18 Provisions and Contingent Liabilities

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

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

3.19 Equity

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

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

Other reserves represent statutory and non-statutory reserves.

3.20 Acceptances

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

3.21 Guarantees

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

3.22 Off-balance sheet arrangements

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

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

3.23 Net Interest Income

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

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

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

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

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

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

3.24 Net Fee and Commission Income

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

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

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

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

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

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

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

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

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

3.25 Net Trading Income

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

3.26 Foreign Currency

(a) Foreign currency transactions and balances

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

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

(b) Foreign exchange gains and losses

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

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

3.27 Segment Reporting

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

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

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

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

3.28 Repossessed Property

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

3.29 Impairment of Non-financial Assets

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

3.30 Related Parties

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

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

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

3.31 Comparatives

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

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

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

In the application of the Group's and the Bank's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant management judgement

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

(i) *Business model assessment*

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

(ii) *Significant increase of credit risk*

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

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

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

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

(iv) *Models and assumptions used*

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

(v) *Recognition of deferred tax assets*

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

Estimation uncertainty

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

(i) *Estimation in respect of ECL*

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

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

(b) *Probability of default*

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

(c) *Loss Given Default*

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

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

(ii) *Fair value measurement*

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

(iii) *Pension benefits*

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

5 Operating Segments

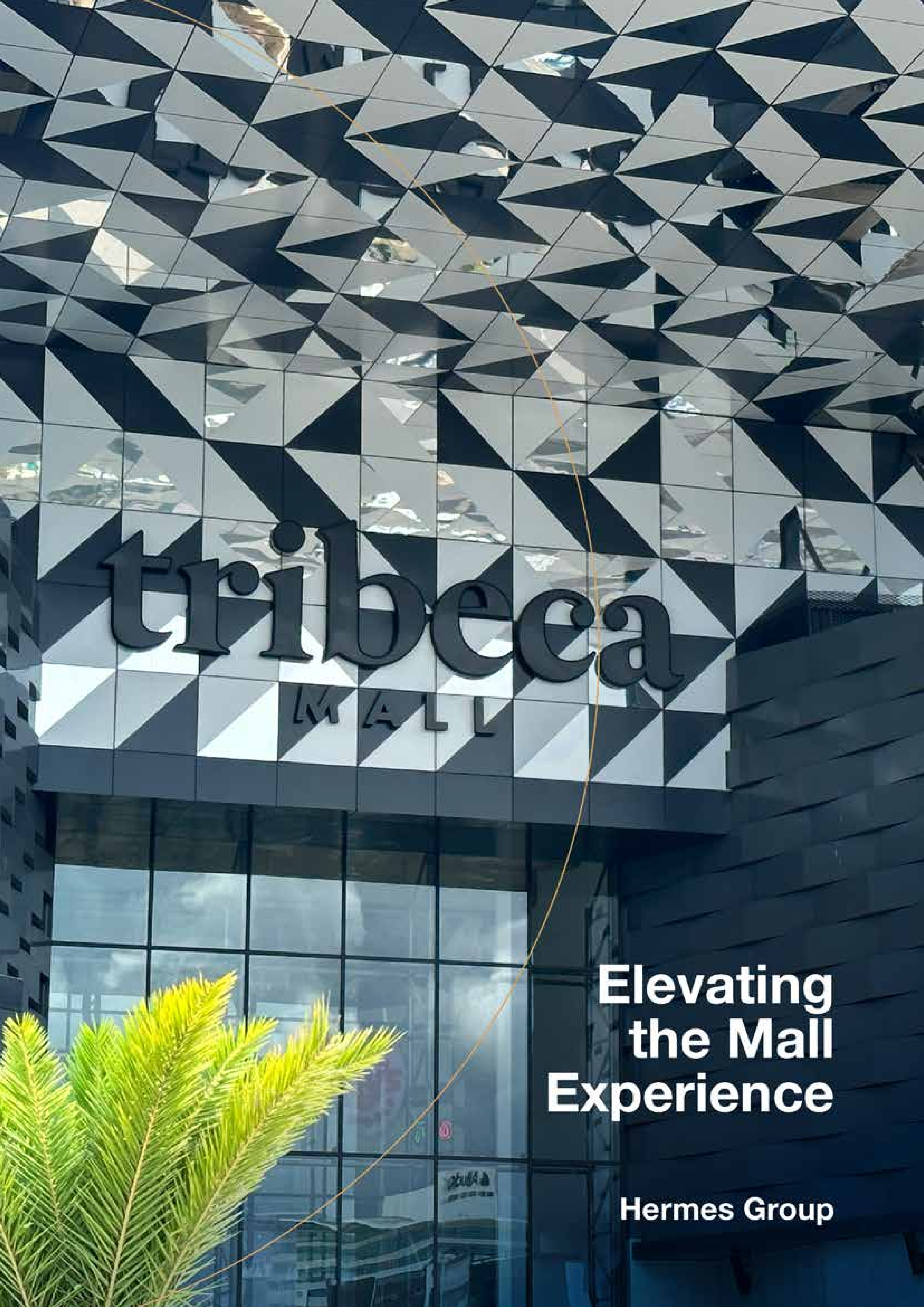
In compliance with the Banking Act 2004, the banking business of a licensed bank is divided into two segments. Segment B relates to the banking business that gives rise to "foreign source income". All other banking business is classified under segment A.

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

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

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

Property Development - Commercial



Elevating the Mall Experience

Hermes Group

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk

Risk management objectives and policies

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

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

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

6.1 Credit risk analysis

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

6.1.1 Credit risk measurement

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

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

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

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

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

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

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

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

6 Financial Instrument Risk (Cont'd)

6.1 Credit risk analysis (Cont'd)

Risk management objectives and policies (Cont'd)

6.1.2 Risk limit, control and mitigation policies

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

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

Some other specific control and mitigation measures are outlined below.

(a) Collateral

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

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

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

(b) Credit-related commitments

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

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

6.1.3 Expected credit loss measurement

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

Risk management objectives and policies (Cont'd)

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

6.1.3 Expected credit loss measurement

Collectively assessed impairment allowances are provided for:

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

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

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

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

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

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

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

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

Post model Adjustments

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

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

6.1.3.1 Significant increase in credit risk (SICR)

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

SICR criteria

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

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3.1 Significant increase in credit risk (SICR)

Qualitative criteria:

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

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

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

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

Low credit risk expedient

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

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

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

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

Backstop

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

30+DPD rebuttal

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3.2 Definition of default and credit-impaired assets

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

Impaired Asset

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

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

Overdraft

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

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

Bills Purchased and Discounted:

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

Investments:

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

6 Financial Instrument Risk (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

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

Loan commitments and letters of credit:

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

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

Financial guarantee contracts:

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

6.1.3.4 Forward-looking information incorporated in the ECL models

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

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

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

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

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

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

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

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

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

5 SEMDEX given its correlation with the general economic conditions.

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

Sensitivity analysis

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

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

6 Financial Instrument Risk (Cont'd)

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

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

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

	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents and placements				
Gross carrying amount	2,277,713,143	-	-	2,277,713,143
Loss allowance	(189,276)	-	-	(189,276)
Carrying amount	2,277,523,867	-	-	2,277,523,867

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.4 Exposure to Credit Risk (Cont'd)

6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment (Cont'd)

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

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

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

6 Financial Instrument Risk (Cont'd)

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.4 Exposure to Credit Risk (Cont'd)

6.1.4.2 Maximum exposure to credit risk - Financial instruments not subject to impairment

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

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

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

6.1.4.3 Risk Limit Control and Mitigation Policies

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

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

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

Some other specific control and mitigation measures are outlined below:

Collaterals and other credit enhancements

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

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

6 Financial Instrument Risk (Cont'd)

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance

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

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

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

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

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

6 Financial Instrument Risk (Cont'd)

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

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

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

6 Financial Instrument Risk (Cont'd)

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

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

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Loss allowance as at 01 July 2020	12,809,248	-	-	12,809,248
Transfers:				
New financial assets originated or purchased	21,497,501	-	-	21,497,501
Financial assets derecognized during the period	(4,201,005)			(4,201,005)
Change in existing	(2,806,158)	-	-	(2,806,158)
Loss allowance as at 30 June 2021	27,299,586	-	-	27,299,586
Loss allowance as at 01 July 2021	27,299,586	-	-	27,299,586
Transfers:				
New financial assets originated or purchased	2,686,770	-	-	2,686,770
Financial assets derecognized during the period	(506,732)			(506,732)
Change in existing	(9,198,912)	-	-	(9,198,912)
Loss allowance as at 30 June 2022	20,280,712	-	-	20,280,712
Loss allowance as at 01 July 2022	**20,280,712**	**-**	**-**	**20,280,712**
Transfers:				
Transfer from Stage 1 to Stage 3	**(1,689,361)**	**-**	**1,689,361**	**-**
Financial assets derecognized during the period other than write-offs	**(1,608,305)**	**-**	**-**	**(1,608,305)**
New financial assets originated or purchased	**109,575**	**-**	**-**	**109,575**
Changes in existing	**(2,219,148)**	**-**	**-**	**(2,219,148)**
Impact on ECL of transfers	**-**	**-**	**132,157,697**	**132,157,697**
Loss allowance as at 30 June 2023	**14,873,473**	**-**	**133,847,058**	**148,720,531**

6 Financial Instrument Risk (Cont'd)

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

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Gross carrying amount as at 01 July 2020	4,587,929,701	180,064,237	45,554,387	4,813,548,325
Transfers:				
Transfer from stage 1 to stage 2	(234,719,609)	234,719,609	-	-
Transfer from stage 1 to stage 3	(24,065,325)	-	24,065,325	-
Transfer from stage 2 to stage 1	82,949,468	(82,949,468)	-	-
Transfer from stage 2 to stage 3	-	(7,872,779)	7,872,779	-
Transfer from stage 3 to stage 1	1,427,011	-	(1,427,011)	-
Transfer from stage 3 to stage 2	-	232,595	(232,595)	-
Financial assets derecognized during the period other than write-offs	(410,598,626)	(11,726,958)	(9,172,534)	(431,498,118)
New financial assets originated or purchased	1,315,725,533	-	-	1,315,725,533
Changes in existing	(579,473,955)	(30,993,780)	(2,425,805)	(612,893,540)
Other movements	-	-	-	-
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2021	4,739,174,198	281,473,456	64,234,546	5,084,882,200
Gross carrying amount as at 01 July 2021	4,739,174,198	281,473,456	64,234,546	5,084,882,200
Transfers:				
Transfer from stage 1 to stage 2	(317,861,742)	317,861,742	-	-
Transfer from stage 1 to stage 3	(58,021,891)	-	58,021,891	-
Transfer from stage 2 to stage 1	197,146,982	(197,146,982)	-	-
Transfer from stage 2 to stage 3	-	(45,932,077)	45,932,077	-
Transfer from stage 3 to stage 1	7,329,324	-	(7,329,324)	-
Transfer from stage 3 to stage 2	-	2,384,680	(2,384,680)	-
				-
Financial assets derecognized during the period other than write-offs	(130,173,604)	(969,452)	(275,404)	(131,418,460)
New financial assets originated or purchased	2,220,059,103	-	-	2,220,059,103
Changes in existing	(237,322,366)	22,153,968	82,179,850	(132,988,548)
Other movements	-	-	-	-
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2022	6,420,330,004	379,825,335	240,378,956	7,040,534,295

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

Notes to the Financial Statements

For the year ended 30 June 2023

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

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

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Gross carrying amount as at 01 July 2022	**6,420,330,004**	**379,825,335**	**240,378,956**	**7,040,534,295**
Transfers:				
Transfer from stage 1 to stage 2	**(311,839,253)**	**311,839,253**	**-**	**-**
Transfer from stage 1 to stage 3	**(22,526,969)**	**-**	**22,526,969**	**-**
Transfer from stage 2 to stage 1	**181,411,418**	**(181,411,418)**	**-**	**-**
Transfer from stage 2 to stage 3	**-**	**(36,050,782)**	**36,050,782**	**-**
Transfer from stage 3 to stage 1	**5,849,806**	**-**	**(5,849,806)**	**-**
Transfer from stage 3 to stage 2	**-**	**1,041,776**	**(1,041,776)**	**-**
Financial assets derecognized during the period other than write-offs	**(521,578,727)**	**(68,850,002)**	**(28,495,324)**	**(618,924,053)**
New financial assets originated or purchased	**1,849,232,591**	**-**	**-**	**1,849,232,591**
Changes in existing	**(324,287,040)**	**(22,836,653)**	**1,275,069**	**(345,848,623)**
Other movements	**-**	**-**	**(13,837,689)**	**(13,837,689)**
Write-offs	**-**	**-**	**(1,143,669)**	**(1,143,669)**
Gross carrying amount as at 30 June 2023	**7,276,591,831**	**383,557,509**	**249,863,511**	**7,910,012,851**

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 01 July 2020	10,401,640,174	221,581,775	565,547,706	11,188,769,655
Transfers:				
Transfer from stage 1 to stage 2	(488,598,116)	488,598,116	-	-
Transfer from stage 1 to stage 3	(155,274,386)	-	155,274,386	-
Transfer from stage 2 to stage 1	143,625,484	(143,625,484)	-	-
Transfer from stage 2 to stage 3	-	(3,554,833)	3,554,833	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2,327,421	(2,327,421)	-
Financial assets derecognized during the period other than write-offs	(1,994,825,962)	(24,910,787)	(10,098,822)	(2,029,835,571)
New financial assets originated or purchased	3,954,551,061	-	-	3,954,551,061
Changes in existing	86,644,482	(17,057,615)	111,778,294	181,365,161
Other movements	(17,936,346)	-	(57,381,066)	(75,317,412)
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2021	11,929,826,391	523,358,593	766,347,910	13,219,532,894

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

6 Financial Instrument Risk (Cont'd)

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

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 01 July 2021	11,929,826,391	523,358,593	766,347,910	13,219,532,894
Transfers:				
Transfer from stage 1 to stage 2	(58,599,291)	58,599,291	-	-
Transfer from stage 1 to stage 3	(16,885,229)	-	16,885,229	-
Transfer from stage 2 to stage 1	327,470,049	(327,470,049)	-	-
Transfer from stage 2 to stage 3	-	(6,445,635)	6,445,635	-
Transfer from stage 3 to stage 1	859,040	-	(859,040)	-
Transfer from stage 3 to stage 2	-	307,424	(307,424)	-
				-
Financial assets derecognized during the period other than write-offs	(2,742,033,304)	(136,128,450)	(285,696)	(2,878,447,450)
New financial assets originated or purchased	1,135,429,731	-	-	1,135,429,731
Changes in existing	(140,313,072)	(11,080,700)	5,077,491	(146,316,281)
Other movements	(4,842,435)	-	(68,976,712)	(73,819,147)
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2022	10,430,911,880	101,140,474	724,327,393	11,256,379,747
Gross carrying amount as at 01 July 2022	**10,430,911,880**	**101,140,474**	**724,327,393**	**11,256,379,747**
Transfers:				
Transfer from stage 1 to stage 2	**(454,303,344)**	**454,303,344**	**-**	**-**
Transfer from stage 1 to stage 3	**(19,561,486)**	**-**	**19,561,486**	**-**
Transfer from stage 2 to stage 1	**51,332,211**	**(51,332,211)**	**-**	**-**
Transfer from stage 2 to stage 3	**-**	**(17,710,350)**	**17,710,350**	**-**
Transfer from stage 3 to stage 1	**8,970,247**	**-**	**(8,970,247)**	**-**
Transfer from stage 3 to stage 2	**-**	**-**	**-**	**-**
Financial assets derecognized during the period other than write-offs	**(8,967,942,966)**	**(248,493,813)**	**(379,288)**	**(9,216,816,067)**
New financial assets originated or purchased	**11,745,548,429**	**-**	**-**	**11,745,548,429**
Changes in existing	**223,993,635**	**8,022,101**	**73,542,835**	**305,558,571**
Other movements	**(75,534)**	**-**	**(64,690,430)**	**(64,765,964)**
Write-offs	**-**	**-**	**(306,728)**	**(306,728)**
Gross carrying amount as at 30 June 2023	**13,018,873,071**	**245,929,545**	**760,795,372**	**14,025,597,988**

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

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	The Group and the Bank			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Gross carrying amount as at 01 July 2020	3,572,367,555	-	-	3,572,367,555
Financial assets derecognized during the period other than write-offs	(1,319,702,022)	-	-	(1,319,702,022)
New financial assets originated or purchased	3,286,160,734	-	-	3,286,160,734
Changes in existing	(141,429,715)	-	-	(141,429,715)
Gross carrying amount as at 30 June 2021	5,397,396,552	-	-	5,397,396,552
Gross carrying amount as at 01 July 2021	5,397,396,552	-	-	5,397,396,552
Financial assets derecognized during the period other than write-offs	(2,759,803,938)	-	-	(2,759,803,938)
New financial assets originated or purchased	4,457,414,957	-	-	4,457,414,957
Changes in existing	(207,776,437)	-	-	(207,776,437)
Gross carrying amount as at 30 June 2022	6,887,231,134	-	-	6,887,231,134
Gross carrying amount as at 01 July 2022	**6,887,231,134**	**-**	**-**	**6,887,231,134**
Transfers:				
Transfer from stage 1 to stage 3	**(307,058,703)**	**-**	**307,058,703**	**-**
Financial assets derecognized during the period other than write-offs	**(4,762,413,096)**	**-**	**-**	**(4,762,413,096)**
New financial assets originated or purchased	**2,694,959,662**	**-**	**-**	**2,694,959,662**
Changes in existing	**172,833,336**	**-**	**37,086,429**	**209,919,765**
Other movements	**-**	**-**	**(25,983,508)**	**(25,983,508)**
Write-offs	**-**	**-**	**-**	**-**
Gross carrying amount as at 30 June 2023	**4,685,552,333**	**-**	**318,161,624**	**5,003,713,957**

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit Risk Analysis (Cont'd)
6.1.6 Write-off Policy

The Group and the Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's and the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

6.1.7 Modification of Financial Assets

The Group and the Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group and the Bank monitors the subsequent performance of modified assets. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

The Group and the Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Group's and Bank's restructuring activities and their respective effect on the Group's and the Bank's financial performance:

	Loans and advances to customers	Loans and advances to customers	Loans and advances to customers
	2023	**2022**	**2021**
Retail	**Rs**	**Rs**	**Rs**
Amortised cost before modification	**1,149,083,224**	8,219,819	368,883,841
Net modification loss	**-**	-	-

6.1.8 Use of Estimates and Judgements

Management discussed the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 6.1.3.3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 6.1.3.1 to 6.1.3.4.

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.9 Maximum Exposure to Credit Risk before Collateral held and other Credit Risk Enhancement

Credit risk exposures are as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cash and cash equivalents	**4,273,915,533**	4,010,449,944	3,282,315,703	**4,273,915,533**	4,010,449,944	3,282,315,703
Derivative assets	**10,883,632**	3,366,270	34,680,427	**10,883,632**	3,366,270	34,680,427
Trading assets	**479,676,718**	687,904,980	1,798,297,228	**479,676,718**	687,904,980	1,798,297,228
Investment securities	**4,695,877,340**	6,696,295,991	5,365,344,562	**4,695,877,340**	6,696,295,991	5,365,344,562
Loans and advances to banks	**940,648,460**	456,317,785	863,031,847.00	**940,648,460**	456,317,785	863,031,847.00
Loans and advances to customers	**20,322,693,887**	17,186,153,643	16,839,341,532	**20,470,401,743**	17,342,460,401	17,010,456,691
Other assets*	**192,596,649**	132,540,356	190,209,679	**231,537,000**	171,480,707	228,251,550
	30,916,292,219	29,173,028,969	28,373,220,978	**31,102,940,426**	29,368,276,078	28,582,378,008

* *Other assets include amount due from the subsidiary (in the Bank 's separate financial statements), balances due in clearing and receivables at the Group and at the Bank.*

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

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**2,119,139,142**	1,388,448,331	1,268,065,494	**2,119,139,142**	1,388,448,331	1,268,065,494
Credit commitments	**1,300,476,500**	1,600,018,622	1,717,380,639	**1,300,476,500**	1,600,018,622	1,717,380,639

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2023, 30 June 2022 and 30 June 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans and advances portfolio as:

- 89.32% (2022:93.37%; 2021: 90.48%) of the loans and advances portfolio is backed by collaterals:
- 83.68% (2022:87.22%; 2021: 85.07%) of the loans and advances portfolio is considered to be neither past due nor impaired; and
- Rs 3,581Mn (2022: Rs 2,338Mn; 2021: Rs 2,733Mn) of the loans and advances have been assessed on an individual basis and Rs 1,010Mn (2022:Rs 965Mn; 2021: Rs 831Mn) is considered impaired.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit risk Analysis (Cont'd)
6.1.10 Loans and Advances

Total Loans and advances to banks and to customers are summarised as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**18,206,941,587**	15,802,338,513	15,400,425,756	**18,354,649,443**	15,958,645,271	15,571,540,915
Past due but not impaired	**2,570,302,513**	1,373,562,420	1,902,291,722	**2,570,302,513**	1,373,562,420	1,902,291,722
Individually impaired	**1,010,658,883**	964,706,350	830,582,458	**1,010,658,883**	964,706,350	830,582,458
Gross amount	**21,787,902,983**	18,140,607,283	18,133,299,936	**21,935,610,839**	18,296,914,041	18,304,415,095
Less allowance for credit impairment	**(552,232,220)**	(498,135,855)	(430,926,557)	**(552,232,220)**	(498,135,855)	(430,926,557)
Net amount	**21,235,670,763**	17,642,471,428	17,702,373,379	**21,383,378,619**	17,798,778,186	17,873,488,538

At 30 June 2023, the total impairment provision for loans and advances was **Rs 552,232,220** (2022: Rs 498,135,855 and 2021: Rs 430,926,557) of which Rs 367,025,860 (2022: Rs 329,877,491 and 2021: Rs 255,610,982) represented the expected credit losses for stage 3 on impaired loans and the remaining amount of **Rs 185,206,359** (2022: Rs 168,258,364 and 2021: Rs 175,315,575) represented the expected credit allowance for stage 1 and 2. Further information on the allowance for credit impairment on loans and advances are provided in Note 12 and 13.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired is assessed by reference to the internal rating system adopted by the Group.

Loans and Advances renegotiated

The Group and the Bank

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached). The Group and the Bank renegotiate loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Bank has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group and the Bank assess whether this modification results in derecognition. In accordance with the Group's and the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Group and the Bank consider the following:

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

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.1 Credit risk Analysis (Cont'd)
6.1.10 Loans and Advances (Cont'd)

Loans and Advances renegotiated

The Group and the Bank

- When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the entity considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation. In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group and the Bank monitor credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms with the remaining lifetime PD at the reporting date based on the modified terms. For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group and the Bank perform an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Group and the Bank calculate the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group and the Bank measure ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

  These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired totalled **Rs 118,612,623** (30 June 2022: Rs 1,840,669 and 30 June 2021: Rs 7,897,232) for the period under review.

6.1.11 Repossessed Collaterals

The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value.

No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in 'other operating income'. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in 'other income'. Gains or losses on disposal of repossessed properties are reported in 'other income'.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.12 Country Risk Management

Cross-border exposures subject banks to country risk, that is the possibility that sovereign borrowers of a particular country may be unable or unwilling, and borrowers unable to fulfill their foreign obligations for reasons beyond the usual credit risk which arises in relation to all lending.

In April 2010, the Bank of Mauritius issued its first guideline on Country Risk Management. In the same year, the Bank put in place its policy on Country Risk Management policy which is a comprehensive document approved by the Board of Directors and which contains the risk appetite of the Group together with a set of techniques on the measurement and monitoring of the Group's country risk exposures.

In September 2020, the Bank of Mauritius issued its first guideline on Cross Border Exposure which was revised in March 2021. Prior to issuance of this guideline by the Central Bank, the Bank already has in place a Cross-Border Investment & Lending Risk Management Policy since October 2019 which is a comprehensive policy dealing with cross border exposures.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this context, MauBank Ltd monitors its country risk exposures at the level of the Asset and Liability Management Committee on a monthly basis.

At 30 June 2023, 25.21 % of the risk weighted exposures were in AA+u countries and the remaining 74.79 % spread between A+ to BBB-u. The highest exposures were in Africa represented by 51.69 %, 25.61 % in North America, 18.51 % in Europe, and 4.14% in East Asia.

At 30 June 2022, 29.67% of the risk weighted exposures were in AA+u countries and the remaining 70.33% spread between A+ to BBB-u. The highest exposures were in Africa represented by 43.95%, 30.00% in North America, 13.53% in Europe, and 12.52% in East Asia.

At 30 June 2021, 25.96% of the risk weighted exposures were in AA+u countries, 18.60% were in B countries and the remaining 55.44% spread between A+ to BBB-u. The highest exposures were in Africa represented by 56.79%, 26.35% in North America, 11.14 % in Europe, and 5.72% in East Asia.

6.2 Market risk analysis

Market risk is the risk of loss resulting from adverse movements in the value of financial instruments. It encompasses exposure to interest rates, foreign exchange rates, equity prices and commodity prices. Sound market risk management practices include the measurement and monitoring of market risk as well as the communication and enforcement of risk limits throughout the Group's trading businesses.

Market risk is monitored consistently and reported to the Group's Asset and Liability Committee (ALCO). Movements of major currencies, trends and forecasts are analysed in the ALCO. Matching of Group's Assets and Liabilities is closely monitored by using gap analysis. Limits and authorisation/approval levels are set in the Bank's Liquidity, Interest Rate and Foreign Exchange Risk Policy. Procedures are strictly followed and adhered to.

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity

Foreign exchange risk is the risk that the Group's earnings and economic value will be adversely affected with the movements in the foreign exchange rate. The Group is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales.

The Group monitors its foreign exchange risk exposure based on limits set in the Group's Foreign Exchange Risk Policy. Authorisation limits are clearly indicated in this policy. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. ALCO is the main forum in which foreign exchange and treasury matters are discussed and analysed.

The Subsidiary is not exposed to any foreign currency risk since it did not have any financial assets or financial liabilities denominated in foreign currencies as at 30 June 2023.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies. The tables on the following summarise the Group's exposure to the foreign exchange rate risk at 30 June 2023, 30 June 2022 and 30 June 2021.

At 30 June 2023 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	345,268	327,375	3,539,154	257,196	97,447	4,566,440
Derivative assets	10,884	-	-	-	-	10,884
Trading assets	-	-	479,677	-	-	479,677
Investment securities	3,301,567	-	1,758,139	-	-	5,059,706
Loans and advances to banks and customers	19,042,574	474,430	2,219,585	51,227	88	21,787,904
Other assets	168,451	-	21,682	-	-	190,133
Total assets	22,868,744	801,805	8,018,237	308,423	97,535	32,094,744
Less allowance for credit impairment	(488,227)	(3,034)	(60,216)	(755)	-	(552,232)
	22,380,517	798,771	7,958,021	307,668	97,535	31,542,512
Liabilities						
Deposits from customers	24,130,247	805,310	5,066,549	348,836	72,103	30,423,045
Derivative liabilities	868,251	-	-	-	-	868,251
Lease liabilities	17,740	-	-	-	-	17,740
Payable to fellow subsidiary	6,575	-	7,075	-	-	13,650
Other liabilities	512,073	-	193	195	17	512,478
Total liabilities	25,534,886	805,310	5,073,817	349,031	72,120	31,835,164
Net on-balance sheet position	(3,154,369)	(6,539)	2,884,204	(41,363)	25,415	(292,652)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	2,015,224	4,309	99,606	-	-	2,119,139
Credit commitments	1,300,477	-	-	-	-	1,300,477
Total off-balance sheet amount	3,315,701	4,309	99,606	-	-	3,419,616

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2022 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	1,008,487	70,563	2,538,376	260,300	373,522	4,251,248
Derivative assets	3,366	-	-	-	-	3,366
Trading assets	-	-	687,905	-	-	687,905
Investment securities	4,470,135	-	2,244,073	-	-	6,714,208
Loans and advances to banks and customers	15,723,805	805,841	1,548,769	62,110	82	18,140,607
Other assets	96,476	-	36,064	-	-	132,540
Total assets	21,302,269	876,404	7,055,187	322,410	373,604	29,929,874
Less allowance for credit impairment	(469,298)	(8,881)	(13,441)	(6,516)	-	(498,136)
	20,832,971	867,523	7,041,746	315,894	373,604	29,431,738
Liabilities						
Deposits from customers	24,314,698	764,152	2,973,751	337,872	396,950	28,787,423
Derivative liabilities	804,854	-	-	-	-	804,854
Lease liabilities	36,602	-	-	-	-	36,602
Payable to fellow subsidiary	14,091	-	2,526	-	-	16,617
Other liabilities	566,789	143	202	208	17	567,359
Total liabilities	25,737,034	764,295	2,976,479	338,080	396,967	30,212,855
Net on-balance sheet position	(4,904,063)	103,228	4,065,267	(22,186)	(23,363)	(781,117)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,267,232	5,633	104,179	-	11,404	1,388,448
Credit commitments	1,600,019	-	-	-	-	1,600,019
Total off-balance sheet amount	2,867,251	5,633	104,179	-	11,404	2,988,467

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2021 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	843,557	41,144	2,439,317	79,315	83,071	3,486,404
Derivative assets	34,680	-	-	-	-	34,680
Trading assets	1,390,583	-	407,714	-	-	1,798,297
Investment securities	3,787,680	-	1,595,605	-	-	5,383,285
Loans and advances to customers	15,373,016	1,017,175	1,499,159	243,869	81	18,133,300
Other assets	147,943	-	42,267	-	-	190,210
Total assets	21,577,459	1,058,319	5,984,062	323,184	83,152	29,026,176
Less allowance for credit impairment	(407,880)	(2,178)	(15,802)	(5,067)	-	(430,927)
	21,169,579	1,056,141	5,968,260	318,117	83,152	28,595,249
Liabilities						
Deposits from customers	24,541,940	707,451	2,704,078	338,956	85,756	28,378,181
Derivative liabilities	541,621	-	-	-	-	541,621
Lease liabilities	60,425	-	-	-	-	60,425
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,291	25	213	228	97	622,854
Total liabilities	25,805,599	707,476	2,705,028	339,184	85,853	29,643,140
Net on-balance sheet position	(4,636,020)	348,665	3,263,232	(21,067)	(2,701)	(1,047,891)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,215,018	9,187	30,395	-	13,465	1,268,065
Credit commitments	1,717,381					1,717,381
Total off-balance sheet amount	2,932,399	9,187	30,395	-	13,465	2,985,446

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2023 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	345,268	327,375	3,539,154	257,196	97,447	4,566,440
Derivative assets	10,884	-	-	-	-	10,884
Trading assets	-	-	479,677	-	-	479,677
Investment securities	3,301,567	-	1,758,139	-	-	5,059,706
Loans and advances to banks and customers	19,190,281	474,430	2,219,585	51,227	88	21,935,611
Other assets	207,391	-	21,682	-	-	229,073
Total assets	23,055,391	801,805	8,018,237	308,423	97,535	32,281,391
Less allowance for credit impairment	(488,227)	(3,034)	(60,216)	(755)	-	(552,232)
	22,567,164	798,771	7,958,021	307,668	97,535	31,729,159
Liabilities						
Deposits from customers	24,142,095	805,310	5,066,549	348,836	72,103	30,434,893
Derivative liabilities	868,251	-	-	-	-	868,251
Lease liabilities	46,120	-	-	-	-	46,120
Payable to fellow subsidiary	6,575	-	7,075	-	-	13,650
Other liabilities	511,783	-	193	195	17	512,188
Total liabilities	25,574,824	805,310	5,073,817	349,031	72,120	31,875,102
Net on-balance sheet position	(3,007,660)	(6,539)	2,884,204	(41,363)	25,415	(145,943)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	2,015,224	4,309	99,606	-	-	2,119,139
Credit commitments	1,300,477	-	-	-	-	1,300,477
Total off-balance sheet amount	3,315,701	4,309	99,606	-	-	3,419,616

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2022 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	1,008,487	70,563	2,538,376	260,300	373,522	4,251,248
Derivative assets	3,366	-	-	-	-	3,366
Trading assets	-	-	687,905	-	-	687,905
Investment securities	4,470,135	-	2,244,073	-	-	6,714,208
Loans and advances to banks and customers	15,880,112	805,841	1,548,769	62,110	82	18,296,914
Other assets	135,417	-	36,064	-	-	171,481
Total assets	21,497,517	876,404	7,055,187	322,410	373,604	30,125,122
Less allowance for credit impairment	(469,298)	(8,881)	(13,441)	(6,516)	-	(498,136)
	21,028,219	867,523	7,041,746	315,894	373,604	29,626,986
Liabilities						
Deposits from customers	24,319,247	764,152	2,973,751	337,872	396,950	28,791,972
Derivative liabilities	804,854	-	-	-	-	804,854
Lease liabilities	99,318	-	-	-	-	99,318
Payable to fellow subsidiary	14,091	-	2,526	-	-	16,617
Other liabilities	566,499	143	202	208	17	567,069
Total liabilities	25,804,009	764,295	2,976,479	338,080	396,967	30,279,830
Net on-balance sheet position	(4,775,790)	103,228	4,065,267	(22,186)	(23,363)	(652,844)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,267,232	5,633	104,179	-	11,404	1,388,448
Credit commitments	1,600,019	-	-	-	-	1,600,019
Total off-balance sheet amount	2,867,251	5,633	104,179	-	11,404	2,988,467

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2021 (The Bank)	**MUR**	**EURO**	**USD**	**GBP**	**OTHER**	**TOTAL**
	Rs'000	**Rs'000 equivalent**	**Rs'000 equivalent**	**Rs'000 equivalent**	**Rs'000 equivalent**	**Rs'000 equivalent**
Assets						
Cash and cash equivalents	843,557	41,144	2,439,317	79,315	83,071	3,486,404
Derivative assets	34,680	-	-	-	-	34,680
Trading assets	1,390,583	-	407,714	-	-	1,798,297
Investment securities	3,787,680	-	1,595,605	-	-	5,383,285
Loans and advances to customers	15,544,131	1,017,175	1,499,159	243,869	81	18,304,415
Other assets	185,985	-	42,267	-	-	228,252
Total assets	21,786,616	1,058,319	5,984,062	323,184	83,152	29,235,333
Less allowance for credit impairment	(407,880)	(2,178)	(15,802)	(5,067)	-	(430,927)
	21,378,736	1,056,141	5,968,260	318,117	83,152	28,804,406
Liabilities						
Deposits from customers	24,541,958	707,451	2,704,078	338,956	85,756	28,378,199
Derivative liabilities	541,621	-	-	-	-	541,621
Other borrowed funds	156,589	-	-	-	-	156,589
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,130	25	213	228	97	622,693
Total liabilities	25,901,620	707,476	2,705,028	339,184	85,853	29,739,161
Net on-balance sheet position	(4,522,884)	348,665	3,263,232	(21,067)	(2,701)	(934,755)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,215,018	9,187	30,395	-	13,465	1,268,065
Credit commitments	1,717,381	-	-	-	-	1,717,381
Total off-balance sheet amount	2,932,399	9,187	30,395	-	13,465	2,985,446

The Group and the Bank perform a sensitivity analysis to estimate the potential foreign exchange impact arising from movements in an ordinary market environment. The percentage change was based on the exchange rates prevailing between the start and the end of the financial year.

The sensitivity of profit and equity in regards to the Group's and the Bank's financial instruments is subject to changes in the USD/MUR, EURO/MUR, GBP/MUR, AUD/MUR, CAD/MUR, HKD/MUR, INR/MUR, JPY/MUR, NZD/MUR, NOK/MUR, SGD/MUR, ZAR/MUR, SEK/MUR, CHF/MUR, SAR/MUR, UAE/MUR and CNY/MUR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates for the year ended 30 June 2023:

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.1 Foreign Currency Sensitivity (Cont'd)

	30 June 2023	30 June 2022	30 June 2021
	% change	% change	% change
The Group and the Bank			
United States Dollar	**6.00%**	6.00%	6.00%
EURO	**7.00%**	7.00%	13.00%
Great Britain Pound	**8.00%**	8.00%	20.00%
Australian Dollar	**3.00%**	3.00%	16.00%
Canadian Dollar	**1.00%**	1.00%	17.00%
Hong Kong Dollar	**5.00%**	5.00%	6.00%
Indian Rupee	**1.00%**	1.00%	8.00%
Japanese Yen	**14.00%**	14.00%	4.00%
New Zealand Dollar	**6.00%**	6.00%	16.00%
Singapore Dollar	**2.00%**	2.00%	10.00%
South African Rand	**7.00%**	7.00%	29.00%
Swiss Franc	**2.00%**	2.00%	9.00%
Saudi Arabian Riyal	**6.00%**	6.00%	6.00%
United Arab Emirates Dirham	**6.00%**	6.00%	6.00%
Chinese Yuan	**2.00%**	16.00%	16.00%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Bank's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened/weakened by the above percentages, then this would have had the following impact on profit and equity for the year ended 30 June 2023.

	30 June 2023		30 June 2022		30 June 2021	
	Impact on profit for the year and on equity		Impact on profit for the year and on equity		Impact on profit for the year and on equity	
The Group and the Bank	Strengthened	Weakened	Strengthened	Weakened	Strengthened	Weakened
	Rs	Rs	Rs	Rs	Rs	Rs
United States Dollar	**188,386**	**(188,386)**	206,221	(206,221)	(263,049)	263,049
Euro	**1,010,808**	**(1,010,808)**	1,337,013	(1,337,013)	12,561	(12,561)
Great Britain Pound	**(21,453)**	**21,453**	(123,507)	123,507	(3,259,348)	3,259,348
Australian Dollar	**(2,653)**	**2,653**	(31,615)	31,615	(63,806)	63,806
Canadian Dollar	**(39,351)**	**39,351**	422	(422)	(10,572)	10,572
Hong Kong Dollar	**2**	**(2)**	2,780	(2,780)	(38)	38
Indian Rupee	**854**	**(854)**	4,107	(4,107)	(685)	685
Japanese Yen	**(472,031)**	**472,031**	(492,721)	492,721	(491)	491
New Zealand Dollar	**39**	**(39)**	236	(236)	32,284	(32,284)
Singapore Dollar	**6,090**	**(6,090)**	(26,691)	26,691	280	(280)
South African Rand	**(418,408)**	**418,408**	(138)	138	(168,359)	168,359.00
Swiss Franc	**227,767**	**(227,767)**	8,589	(8,589)	306,255	(306,255)
Saudi Arabian Riyal	**62**	**(62)**	5,205	(5,205)	2,735	(2,735)
United Arab Emirates Dirham	**-**	**-**	-	-	-	-
Chinese Yuan	**18,682**	**(18,682)**	2,513	(2,513)	6,237	(6,237)
Total	**498,794**	**(498,794)**	892,414	(892,414)	(3,405,996)	3,405,996

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity

Interest rate risk results from mismatches between asset and liability positions which are subject to unfavourable movements in interest rates with potentially adverse impact on margins, net interest income and economic value of a group's assets, liabilities and shareholders' value. Interest rate risk may be measured using methods which include sensitivity analysis and simulation modelling. The Group has its Interest Rate Risk Policy in which risks limits are laid down. Scenario analysis is worked out based on possible changes in interest rates and their impact on net interest income and margin is analysed and discussed in Group's Asset and Liability Management Committee.

The table below summarises the Group's exposure to interest rate risk at 30 June 2023:

At 30 June 2023 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	933,895	2,277,713	-	-	-	-	-	1,354,832	4,566,440
Derivative assets	-	-	-	-	-	-	-	10,884	10,884
Trading assets	479,677	-	-	-	-	-	-	-	479,677
Investment securities	456,734	2,325,281	868,384	-	200,598	456,102	734,829	17,778	5,059,706
Loans and advances to banks and customers	20,115,273	548,578	250,886	5,899	25,494	210,452	631,321	-	21,787,903
Other assets	-	-	-	-	-	-	-	190,133	190,133
Total Assets	21,985,579	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,573,627	32,094,743
Less allowance for credit impairment	-	-	-	-	-	-	-	(552,232)	(552,232)
Total assets	21,985,579	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,021,395	31,542,511

At 30 June 2023 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	13,945,801	472,890	570,216	614,956	3,455,370	2,065,701	329,277	8,968,834	30,423,045
Derivative liabilities	-	-	-	-	-	-	868,251	-	868,251
Lease liabilities	-	1,424	2,007	2,884	2,900	2,255	6,270	-	17,740
Payable to fellow subsidiary	-	-	-	-	-	-	-	13,650	13,650
Other liabilities	-	-	-	-	-	-	-	512,478	512,478
Total liabilities	13,945,801	474,314	572,223	617,840	3,458,270	2,067,956	1,203,798	9,494,962	31,835,164
Net on-balance sheet interest sensitivity gap	8,039,778	4,677,258	547,047	(611,941)	(3,232,178)	(1,401,402)	162,352	(8,473,567)	(292,653)

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest Rate Sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2022:

At 30 June 2022 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non– interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	349,883	883,368	-	-	-	-	-	3,017,997	4,251,248
Derivative assets	-	-	-	-	-	-	-	3,366	3,366
Trading assets	687,905	-	-	-	-	-	-	-	687,905
Investment securities	138,867	1,667,265	1,219,968	711,939	926,818	944,970	1,086,469	17,912	6,714,208
Loans and advances to banks and customers	16,182,981	62,219	30,405	347,862	91,934	305,026	1,120,179	-	18,140,606
Other assets	-	-	-	-	-	-	-	132,540	132,540
Total Assets	17,359,636	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	3,171,815	29,929,873
Less allowance for credit impairment	-	-	-	-	-	-	-	(498,136)	(498,136)
Total assets	17,359,636	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	2,673,679	29,431,737

At 30 June 2022	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non– interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,403,495	688,090	924,843	815,655	1,067,006	897,861	134,279	8,856,194	28,787,423
Derivative liabilities	-	-	-	-	-	-	804,138	715	804,853
Lease liabilities	-	2,883	3,762	4,908	7,309	11,168	6,572	-	36,602
Payable to fellow subsidiary	-	-	-	-	-	-	-	16,617	16,617
Other liabilities	-	-	-	-	-	-	-	567,359	567,359
Total liabilities	15,403,495	690,973	928,605	820,563	1,074,315	909,029	944,989	9,440,885	30,212,854
Net on-balance sheet interest sensitivity gap	1,956,141	1,921,879	321,768	239,238	(55,563)	340,967	1,261,659	(6,767,206)	(781,117)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

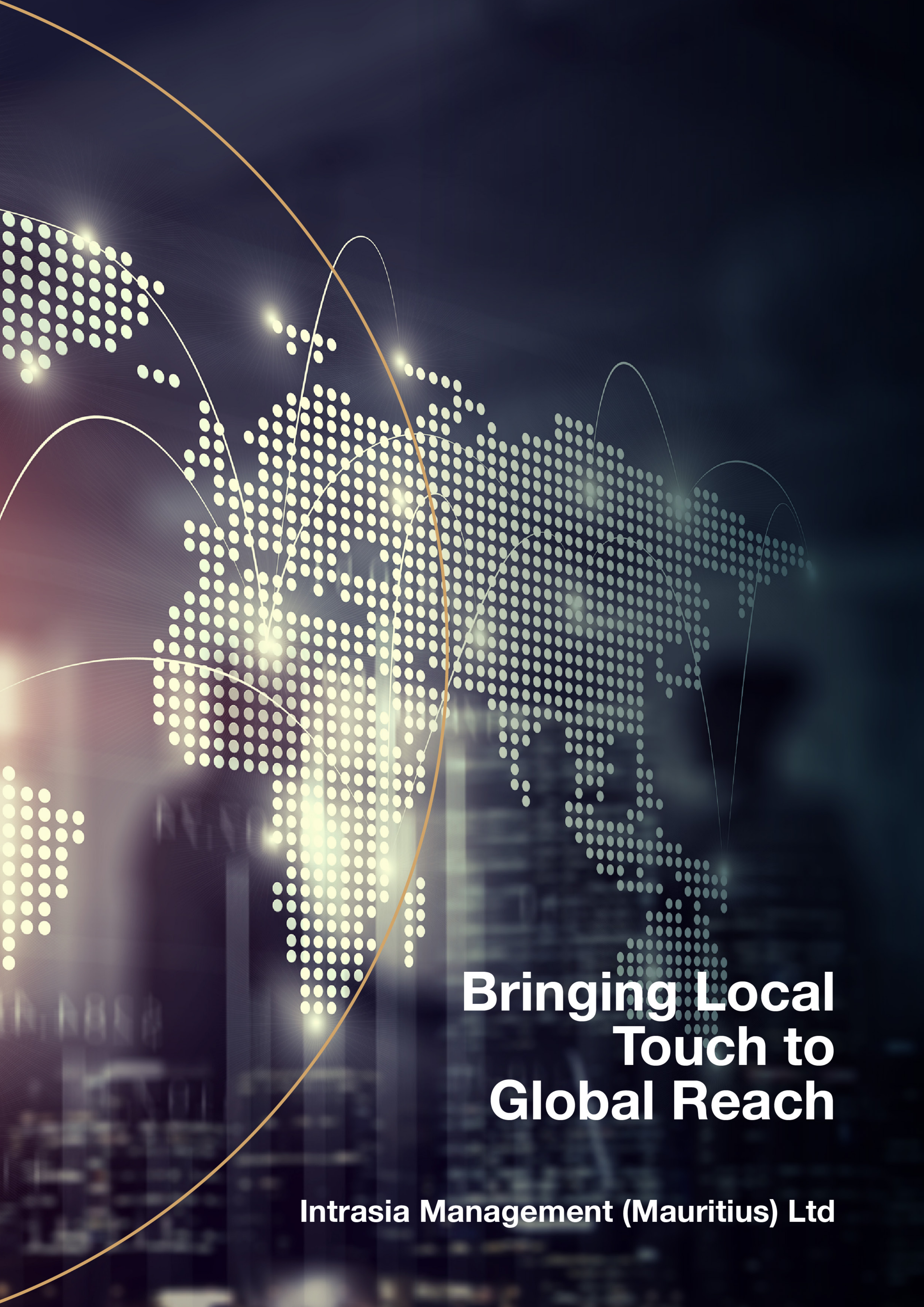
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2021:

At 30 June 2021 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	741,075	853,986	-	-	-	-	-	1,891,343	3,486,404
Derivative assets	-	-	-	-	-	-	-	34,680	34,680
Trading assets	407,714	-	1,390,583	-	-	-	-	-	1,798,297
Investment securities	138,445	992,525	620,786	258,726	425,361	1,333,658	1,595,843	17,941	5,383,285
Loans and advances to customers	16,644,385	61,866	51,855	252,124	42,790	239,790	840,490	-	18,133,300
Other assets	-	-	-	-	-	-	-	190,210	190,210
Total Assets	17,931,619	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	2,134,174	29,026,176
Less allowance for credit impairment	-	-	-	-	-	-	-	(430,927)	(430,927)
Total assets	17,931,619	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	1,703,247	28,595,249

At 30 June 2021	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,773,204	274,658	724,929	485,514	1,217,861	1,461,547	465,535	7,974,933	28,378,181
Derivative liabilities	-	-	-	-	-	-	541,088	533	541,621
Lease liabilities	-	3,032	4,060	5,608	11,122	28,077	8,526	-	60,425
Payable to fellow subsidiary	-	-	-	-	-	-	-	40,059	40,059
Other liabilities	-	-	-	-	-	-	-	622,854	622,854
Total liabilities	15,773,204	277,690	728,989	491,122	1,228,983	1,489,624	1,015,149	8,638,379	29,643,140
Net on-balance sheet interest sensitivity gap	2,158,415	1,630,687	1,334,235	19,728	(760,832)	83,824	1,421,184	(6,935,132)	(1,047,891)

Global Business Management Company



Bringing Local Touch to Global Reach

Intrasia Management (Mauritius) Ltd

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2023:

At 30 June 2023 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	933,895	2,277,713	-	-	-	-	-	1,354,832	4,566,440
Derivative assets	-	-	-	-	-	-	-	10,884	10,884
Trading assets	479,677	-	-	-	-	-	-	-	479,677
Investment securities	456,734	2,325,281	868,384	-	200,598	456,102	734,829	17,778	5,059,706
Loans and advances to banks and customers	20,262,981	548,578	250,886	5,899	25,494	210,452	631,321	-	21,935,611
Other assets	-	-	-	-	-	-	-	229,073	229,073
Total Assets	22,133,287	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,612,567	32,281,391
Less allowance for credit impairment	-	-	-	-	-	-	-	(552,232)	(552,232)
Total assets	22,133,287	5,151,572	1,119,270	5,899	226,092	666,554	1,366,150	1,060,335	31,729,159

At 30 June 2023	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	13,945,801	472,890	570,216	614,956	3,455,370	2,065,701	329,277	8,980,682	30,434,893
Derivative liabilities	-	-	-	-	-	-	868,251	-	868,251
Lease liabilities	-	3,937	7,900	11,772	20,851	1,660	-	-	46,120
Payable to fellow subsidiary	-	-	-	-	-	-	-	13,650	13,650
Other liabilities	-	-	-	-	-	-	-	512,188	512,188
Total liabilities	13,945,801	476,827	578,116	626,728	3,476,221	2,067,361	1,197,528	9,506,520	31,875,102
Net on-balance sheet interest sensitivity gap	8,187,486	4,674,745	541,154	(620,829)	(3,250,129)	(1,400,807)	168,622	(8,446,185)	(145,943)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2022:

At 30 June 2022 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	349,883	883,368	-	-	-	-	-	3,017,997	4,251,248
Derivative assets	-	-	-	-	-	-	-	3,366	3,366
Trading assets	687,905	-	-	-	-	-	-	-	687,905
Investment securities	138,867	1,667,265	1,219,968	711,939	926,818	944,970	1,086,469	17,912	6,714,208
Loans and advances to banks and customers	16,339,289	62,219	30,405	347,862	91,934	305,026	1,120,179	-	18,296,914
Other assets	-	-	-	-	-	-	-	171,481	171,481
Total Assets	17,515,944	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	3,210,756	30,125,122
Less allowance for credit impairment	-	-	-	-	-	-	-	(498,136)	(498,136)
Total assets	17,515,944	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	2,712,620	29,626,986

At 30 June 2022	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,403,494	688,090	924,843	815,655	1,067,006	897,861	134,279	8,860,744	28,791,972
Derivative liabilities	-	-	-	-	-	-	804,138	715	804,853
Lease liabilities	-	5,322	9,504	13,569	24,802	46,121	-	-	99,318
Payable to fellow subsidiary	-	-	-	-	-	-	-	16,617	16,617
Other liabilities	-	-	-	-	-	-	-	567,069	567,069
Total liabilities	15,403,494	693,412	934,347	829,224	1,091,808	943,982	938,417	9,445,145	30,279,829
Net on-balance sheet interest sensitivity gap	2,112,450	1,919,440	316,026	230,577	(73,056)	306,014	1,268,231	(6,732,525)	(652,843)

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2021:

At 30 June 2021 (The Bank)	**Floating**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	741,075	853,986	-	-	-	-	-	1,891,343	3,486,404
Derivative assets	-	-	-	-	-	-	-	34,680	34,680
Trading assets	407,714	-	1,390,583	-	-	-	-	-	1,798,297
Investment securities	138,445	992,525	620,786	258,726	425,361	1,333,658	1,595,843	17,941	5,383,285
Loans and advances to customers	16,815,500	61,866	51,855	252,124	42,790	239,790	840,490	-	18,304,415
Other assets	-	-	-	-	-	-	-	228,252	228,252
Total Assets	18,102,734	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	2,172,216	29,235,333
Less allowance for credit impairment	-	-	-	-	-	-	-	(430,927)	(430,927)
Total assets	18,102,734	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	1,741,289	28,804,406

At 30 June 2021	**Floating**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Liabilities									
Deposits from customers	15,773,222	274,658	724,929	485,514	1,217,861	1,461,547	465,535	7,974,933	28,378,199
Derivative liabilities	-	-	-	-	-	-	541,088	533	541,621
Lease liabilities	-	5,398	9,657	14,048	28,168	97,658	1,660	-	156,589
Payable to fellow subsidiary	-	-	-	-	-	-	-	40,059	40,059
Other liabilities	-	-	-	-	-	-	-	622,693	622,693
Total liabilities	15,773,222	280,056	734,586	499,562	1,246,029	1,559,205	1,008,283	8,638,218	29,739,161
Net on-balance sheet interest sensitivity gap	2,329,512	1,628,321	1,328,638	11,288	(777,878)	14,243	1,428,050	(6,896,929)	(934,755)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity (Cont'd)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of 2%. A 2% basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rate.

The calculations are based on the financial instruments held at the reporting date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in profit and equity at 30 June 2023 given an increase or a decrease of 2% in interest rates.

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 J une 2022	30 June 2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Increase	**134,202**	26,967	86,862	**134,202**	26,967	86,862

A decrease of 2% in the interest rates would have the corresponding negative impact.

Average interest by major **currencies** for monetary financial instruments is:

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2023				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	2.29	N/A	N/A
Interbank placements	N/A	4.95	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	N/A	N/A	N/A
- FVTPL	N/A	4.33	N/A	4.49
Loans and advances to customers	8.27	8.50	8.26	7.47
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.11	0.14	0.84	2.75
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest Rate Sensitivity (Cont'd)

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2022				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Interbank placements	N/A	1.50	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	6.19	N/A	1.99
- FVTPL	N/A	N/A	N/A	1.01
Loans and advances to customers	4.31	4.84	4.67	6.52
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.006	0.077	0.20	0.85
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2021				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	3.85	N/A	2.21
- FVTPL	N/A	N/A	N/A	1.01
Loans and advances to customers	4.25	3.68	3.70	4.79
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.001	0.002	0.21	0.72
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.3 Interest Rate Benchmark Reform

All of the bank's LIBOR-linked exposures were transitioned to RFR namely Secured Overnight Financing Rate (SOFR), Term SOFR, SOFR Averages and other RFRs in major currencies .The Bank has made use of the practical expedient allowed under The Phase 2 Amendments where contractual changes, or changes to cash flows that are directly required by the reform, are to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Consequently, the effective interest rate (EIR) has been updated to reflect the change in an interest rate benchmark from LIBOR to a Risk Free Rate (RFR) without adjusting the carrying amount as at 30 June 2023.

6.3 Liquidity analysis

Liquidity risk is defined within the Group's and Bank's policy framework as 'the risk that, at any time, the Group and Bank does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Group and Bank is undertaken under the guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The liquidity policy of the Group is to ensure that it:

- can meet its financial obligations as they fall due in the normal course of business; and
- maintains an adequate stock of highly liquid assets to enable it to meet unexpected funding needs at short notice.

The Group's liquidity policy requires establishment and maintenance of three lines of defence:

- Cashflow management where the Group creates a continuously maturing stream of assets and liabilities;
- Maintenance of a liquid assets portfolio; and
- Maintenance of a diversified liability base.

The Treasury Unit manages the day-to-day cash flow management and the overall liquidity is under the close supervision of the Group's Asset and Liability Committee.

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)
6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

At 30 June 2023 (The Group)	**Sight**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	**4,566,440**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,566,440**
Derivative assets	**-**	**538,395**	**821,206**	**539,833**	**107,912**	**1,040,250**	**2,600,625**	**-**	**5,648,221**
Trading assets	**-**	**479,677**	**-**	**-**	**-**	**-**	**-**	**-**	**479,677**
Investment securities	**-**	**2,335,070**	**1,004,706**	**126,511**	**244,243**	**1,007,265**	**903,938**	**-**	**5,621,733**
Loans and advances to banks and customers	**361,173**	**1,249,439**	**1,001,507**	**1,213,862**	**1,412,521**	**7,327,936**	**15,758,962**	**-**	**28,325,400**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**190,133**	**190,133**
Total assets	**4,927,613**	**4,602,581**	**2,827,419**	**1,880,206**	**1,764,676**	**9,375,451**	**19,263,525**	**190,133**	**44,831,604**
Liabilities									
Deposits from customers	**596,165**	**3,139,886**	**1,549,629**	**2,054,793**	**5,147,861**	**6,740,536**	**11,774,654**	**-**	**31,003,524**
Derivative liabilities	**-**	**534,084**	**821,226**	**543,372**	**108,182**	**1,292,677**	**3,206,046**	**-**	**6,505,587**
Lease liabilities	**-**	**1,461**	**2,076**	**2,971**	**3,030**	**2,592**	**7,364**	**-**	**19,494**
Payable to fellow subsidiary	**-**	**13,650**	**-**	**-**	**-**	**-**	**-**	**-**	**13,650**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**512,478**	**512,478**
Total liabilities	**596,165**	**3,689,081**	**2,372,931**	**2,601,136**	**5,259,073**	**8,035,805**	**14,988,064**	**512,478**	**38,054,733**
	-								
Net on-balance sheet liquidity gap	**4,331,448**	**913,500**	**454,488**	**(720,930)**	**(3,494,397)**	**1,339,646**	**4,275,461**	**(322,345)**	**6,776,871**
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements a nd other obligations on account of customers	**-**	**84,431**	**193,129**	**322,976**	**268,517**	**1,145,951**	**104,135**	**-**	**2,119,139**
Credit commitments	**26,010**	**310,173**	**252,137**	**260,095**	**130,048**	**92,004**	**230,010**	**-**	**1,300,477**
	26,010	**394,604**	**445,266**	**583,071**	**398,565**	**1,237,955**	**334,145**	**-**	**3,419,616**

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2022 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,251,248	-	-	-	-	-	-	-	4,251,248
Derivative assets	15,021	159,739	95,549	30,513	-	3,640,875	-	-	3,941,697
Trading assets	-	455,232	-	-	232,673	-	-	-	687,905
Investment securities	-	1,358,985	1,565,546	766,300	999,080	1,264,294	1,294,939	-	7,249,144
Loans and advances to banks and customers	215,281	503,167	621,762	1,527,007	1,324,232	4,563,967	12,486,004	-	21,241,420
Other assets	-	-	-	-	-	-	-	132,540	132,540
Total assets	4,481,550	2,477,123	2,282,857	2,323,820	2,555,985	9,469,136	13,780,943	132,540	37,503,954
Liabilities									
Deposits from customers	551,154	3,090,589	1,866,166	2,014,708	3,347,656	5,648,431	12,567,019	-	29,085,723
Derivative liabilities	14,945	158,830	94,364	30,031	-	4,445,013	-	-	4,743,183
Lease liabilities	-	2,961	3,905	5,427	8,597	12,339	7,826	-	41,055
Payable to fellow subsidiary	-	16,617	-	-	-	-	-	-	16,617
Other liabilities	-	-	-	-	-	-	-	567,359	567,359
Total liabilities	566,099	3,268,997	1,964,435	2,050,166	3,356,253	10,105,783	12,574,845	567,359	34,453,937
Net on-balance sheet liquidity gap	3,915,451	(791,874)	318,422	273,654	(800,268)	(636,647)	1,206,098	(434,819)	3,050,017
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	80,994	338,920	227,831	205,592	512,149	22,962	-	1,388,448
Credit commitments	32,000	405,738	328,304	320,004	160,002	101,134	252,837	-	1,600,019
	32,000	486,732	667,224	547,835	365,594	613,283	275,799	-	2,988,467

Notes to the Financial Statements

For the year ended 30 June 2023

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

Risk Management Objectives and Policies (Cont'd)

6.3 **Liquidity analysis** (Cont'd)

At 30 June 2021 (The Group)	**Sight**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	3,486,404	-	-	-	-	-	-	-	3,486,404
Derivative assets	21,164	355,162	645,431	-	-	-	3,640,875	-	4,662,632
Trading assets	-	321,201	1,393,100	-	86,513	-	-	-	1,800,814
Investment securities	-	1,000,151	338,122	286,363	513,547	1,945,303	1,945,031	-	6,028,517
Loans and advances to customers	229,603	572,315	614,636	1,206,588	2,298,768	3,976,427	10,873,559	-	19,771,896
Other assets	-	-	-	-	-	-	-	190,210	190,210
Total assets	3,737,171	2,248,829	2,991,289	1,492,951	2,898,828	5,921,730	16,459,465	190,210	35,940,473
Liabilities									
Deposits from customers	463,677	2,635,455	2,276,129	2,346,037	3,199,202	6,211,634	11,657,304	-	28,789,438
Derivative liabilities	20,776	355,052	611,781	-	-	-	4,181,963	-	5,169,572
Lease liabilities	-	3,162	4,306	5,945	11,685	29,088	9,956	-	64,142
Payable to fellow subsidiary	-	40,059	-	-	-	-	-	-	40,059
Other liabilities	-	-	-	-	-	-	-	622,854	622,854
Total liabilities	484,453	3,033,728	2,892,216	2,351,982	3,210,887	6,240,722	15,849,223	622,854	34,686,065
	-								
Net on-balance sheet liquidity gap	3,252,718	(784,899)	99,073	(859,031)	(312,059)	(318,992)	610,242	(432,644)	1,254,408
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	79,434	223,836	138,358	288,086	495,360	42,990	-	1,268,064
Credit commitments	34,348	472,859	380,405	343,476	171,738	89,873	224,682	-	1,717,381
	34,348	552,293	604,241	481,834	459,824	585,233	267,672	-	2,985,445

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

At 30 June 2023 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,566,440	-	-	-	-	-	-	-	4,566,440
Derivative assets	-	538,395	821,206	539,833	107,912	1,040,250	2,600,625	-	5,648,221
Trading assets	-	479,677	-	-	-	-	-	-	479,677
Investment securities	-	2,335,070	1,004,706	126,511	244,243	1,007,265	903,938	-	5,621,733
Loans and advances to banks and customers	361,173	1,249,439	1,001,507	1,213,862	1,412,521	7,327,936	15,906,670	-	28,473,108
Other assets	-	-	-	-	-	-	-	229,074	229,074
Total assets	4,927,613	4,602,581	2,827,419	1,880,206	1,764,676	9,375,451	19,411,233	229,074	45,018,253
Liabilities									
Deposits from customers	596,521	3,141,544	1,550,103	2,055,267	5,149,875	6,742,550	11,779,511	-	31,015,371
Derivative liabilities	-	534,084	821,226	543,372	108,182	1,292,677	3,206,046	-	6,505,587
Payable to fellow subsidiary	-	13,650	-	-	-	-	-	-	13,650
Other liabilities	-	-	-	-	-	-	-	512,188	512,188
Lease liabilities	-	4,038	8,076	11,971	21,030	1,669	-	-	46,784
Total liabilities	596,521	3,693,316	2,379,405	2,610,610	5,279,087	8,036,896	14,985,557	512,188	38,093,580
Net on-balance sheet liquidity gap	4,331,092	909,265	448,014	(730,404)	(3,514,411)	1,338,555	4,425,676	(283,114)	6,924,673
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	84,431	193,129	322,976	268,517	1,145,951	104,135	-	2,119,139
Credit commitments	26,010	310,173	252,137	260,095	130,048	92,004	230,010	-	1,300,477
	26,010	394,604	445,266	583,071	398,565	1,237,955	334,145	-	3,419,616

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2022 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,251,248	-	-	-	-	-	-	-	4,251,248
Derivative assets	15,021	159,739	95,549	30,513	-	3,640,875	-	-	3,941,697
Trading assets	-	455,232	-	-	232,673	-	-	-	687,905
Investment securities	-	1,358,985	1,565,546	766,300	999,080	1,264,294	1,294,939	-	7,249,144
Loans and advances to banks and customers	215,281	503,167	621,762	1,527,007	1,324,232	4,563,967	12,642,312	-	21,397,728
Other assets	-	-	-	-	-	-	-	171,481	171,481
Total assets	4,481,550	2,477,123	2,282,857	2,323,820	2,555,985	9,469,136	13,937,251	171,481	37,699,203
Liabilities									
Deposits from customers	551,336	3,091,271	1,866,530	2,015,163	3,348,339	5,649,114	12,568,520	-	29,090,273
Derivative liabilities	14,945	158,830	94,364	30,031	-	4,445,013	-	-	4,743,183
Payable to fellow sub-sidiary	-	16,617	-	-	-	-	-	-	16,617
Other liabilities	-	-	-	-	-	-	-	567,069	567,069
Lease liabilities	-	5,537	9,905	14,427	26,597	47,454	-	-	103,920
Total liabilities	566,281	3,272,255	1,970,799	2,059,621	3,374,936	10,141,581	12,568,520	567,069	34,521,062
Net on-balance sheet liquidity gap	3,915,269	(795,132)	312,058	264,199	(818,951)	(672,445)	1,368,731	(395,588)	3,178,141
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	80,994	338,920	227,831	205,592	512,149	22,962		1,388,448
Credit commitments	32,000	405,738	328,304	320,004	160,002	101,134	252,837		1,600,019
	32,000	486,732	667,224	547,835	365,594	613,283	275,799	-	2,988,467

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2021 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	3,486,404	-	-	-	-	-	-	-	3,486,404
Derivative assets	21,164	355,162	645,431	-	-	-	3,640,875	-	4,662,632
Trading assets	-	321,201	1,393,100	-	86,513	-	-	-	1,800,814
Investment securities	-	1,000,151	338,122	286,363	513,547	1,945,303	1,945,031	-	6,028,517
Loans and advances to customers	229,603	572,315	614,636	1,212,249	2,298,768	3,976,427	11,039,013	-	19,943,011
Other assets	-	-	-	-	-	-	-	228,252	228,252
Total assets	3,737,171	2,248,829	2,991,289	1,498,612	2,898,828	5,921,730	16,624,919	228,252	36,149,630
Liabilities									
Deposits from customers	463,678	2,635,458	2,276,131	2,346,039	3,199,205	6,211,637	11,657,310	-	28,789,458
Derivative liabilities	20,776	355,052	611,781	-	-	-	4,181,963	-	5,169,572
Payable to fellow subsidiary	-	40,059	-	-	-	-	-	-	40,059
Other liabilities	-	-	-	-	-	-	-	622,693	622,693
Lease liabilities	-	5,738	10,306	14,945	29,685	100,241	1,669	-	162,584
Total liabilities	484,454	3,036,307	2,898,218	2,360,984	3,228,890	6,311,878	15,840,942	622,693	34,784,366
Net on-balance sheet liquidity gap	3,252,717	(787,478)	93,071	(862,372)	(330,062)	(390,148)	783,977	(394,441)	1,365,264
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	79,434	223,836	138,358	288,086	495,360	42,990		1,268,064
Credit commitments	34,348	472,859	380,405	343,476	171,738	89,873	224,682		1,717,381
	34,348	552,293	604,241	481,834	459,824	585,233	267,672	-	2,985,445

Notes to the Financial Statements

For the year ended 30 June 2023

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.4 Financial assets and liabilities classification

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Financial assets						
Financial assets at fair value through profit or loss:						
Derivative assets	**10,883,632**	3,366,270	34,680,427	**10,883,632**	3,366,270	34,680,427
Trading assets	**479,676,718**	687,904,980	1,798,297,228	**479,676,718**	687,904,980	1,798,297,228
Equity investments	**363,828,963**	17,912,214	17,940,280	**363,828,963**	17,912,214	17,940,280
	854,389,313	709,183,464	1,850,917,935	**854,389,313**	709,183,464	1,850,917,935
Financial assets at fair value through OCI:						
Government securities	**2,403,783,840**	3,507,620,833	2,576,025,466	**2,403,783,840**	3,507,620,833	2,576,025,466
Other securities	**2,292,093,500**	3,188,675,158	2,789,319,096	**2,292,093,500**	3,188,675,158	2,789,319,096
	4,695,877,340	6,696,295,991	5,365,344,562	**4,695,877,340**	6,696,295,991	5,365,344,562
Financial assets at amortised cost:						
Cash and cash equivalents	**4,566,250,861**	4,251,247,756	3,486,404,504	**4,566,250,861**	4,251,247,756	3,486,404,504
Placements with banks	**-**	-	-	**-**	-	-
Loans and advances to banks	**938,342,148**	456,317,785	863,031,847	**938,342,148**	456,317,785	863,031,847
Loans and advances to customers	**20,297,328,616**	17,186,153,643	16,839,341,532	**20,445,036,472**	17,342,460,401	17,010,456,691
Other assets*	**190,133,536**	132,540,356	190,209,679	**229,073,892**	171,480,707	228,251,550
	25,992,055,161	22,026,259,540	21,378,987,562	**26,178,703,373**	22,221,506,649	21,588,144,592
Total financial assets	**31,542,321,814**	29,431,738,995	28,595,250,059	**31,728,970,026**	29,626,986,104	28,804,407,089
Financial liabilities						
Financial liabilities at fair value through profit or loss:						
Derivative liabilities	**868,250,541**	804,853,718	541,620,944	**868,250,541**	804,853,718	541,620,944
Financial liabilities measured at amortised cost:						
Deposits from customers	**30,423,045,218**	28,787,422,901	28,378,179,745	**30,434,892,362**	28,791,972,474	28,378,198,595
Other borrowed funds	**-**	-	-	**-**	-	-
Lease liabilities	**17,740,050**	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681
Payable to fellow subsidiary	**13,649,767**	16,617,253	40,059,363	**13,649,767**	16,617,253	40,059,363
Other liabilities*	**512,478,478**	567,359,552	622,853,451	**512,187,978**	567,069,052	622,692,551
	30,966,913,513	29,408,001,645	29,101,517,094	**31,006,850,258**	29,474,976,355	29,197,539,190
Total financial liabilities	**31,835,164,054**	30,212,855,363	29,643,138,038	**31,875,100,799**	30,279,830,073	29,739,160,134

* Non financial assets and liabilities have been excluded.

7 Fair Value Measurement

7.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

The Group and the Bank

30 June 2023	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	**-**	**479,676,718**	**363,828,963**	**843,505,681**
Financial assets at FVTOCI	11(a)	**-**	**4,695,877,340**	**-**	**4,695,877,340**
Derivative financial assets	28	**-**	**10,883,632**	**-**	**10,883,632**
Derivative financial liabilities	28	**-**	**(868,250,541)**	**-**	**(868,250,541)**
Fair value		**-**	**4,318,187,149**	**363,828,963**	**4,682,016,112**

30 June 2022 (Restated)*	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	-	455,231,590	250,585,604	705,817,194
Financial assets at FVTOCI	11(a)	-	6,696,295,991	-	6,696,295,991
Derivative financial assets	28	-	3,366,270	-	3,366,270
Derivative financial liabilities	28	-	(804,853,718)	-	(804,853,718)
Fair value		-	6,350,040,133	250,585,604	6,600,625,737

30 June 2021 (Restated)*	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	-	1,711,784,281	104,453,227	1,816,237,508
Financial assets at FVTOCI	11(a)	-	5,365,344,562	-	5,365,344,562
Derivative financial assets	28	-	34,680,427	-	34,680,427
Derivative financial liabilities	28	-	(541,620,944)	-	(541,620,944)
Fair value		-	6,570,188,326	104,453,227	6,674,641,553

Level 3 reconciliation is as follows:	**30 June 2023**	**30 June 2022**	**30 June 2021**
Balance at start	**250,585,603**	104,453,227	17,283,415
Additions	**93,450,206**	140,379,253	85,417,948
Fair value movement	**19,793,153**	5,753,123	1,751,864
Balance at end	**363,828,962**	250,585,60	104,453,227

* The categorisation of financial assets/(liabilities) at FVTPL have been changed from level 2 to level 3 for an equity instrument to reflect the significant unobservable input used in the valuation.

Financial assets at FVTPL comprise of equity instruments. These equity instruments have been valued using Net Assets Value ('NAV") as the Directors believe its NAV represents its fair. An illiquidity discount within the range of 5% to 15% has been applied. A change of 5% in the illiquidity discounts will lead to a change of **Rs 1,034,438** (2022: Rs 994,014 and 2021 Rs 997,366). There has been no change in the fair value hierarchy.

Notes to the Financial Statements

For the year ended 30 June 2023

7 Fair Value Measurement (Cont'd)

7.1 Fair value measurement of financial instruments (Cont'd)

There has been no transfer between Levels 1 and 2 in the reporting period and the two preceding years.

(i) Measurement of fair value of financial instruments
Derivative products valued using a valuation technique with market observable inputs include forward foreign exchange contracts and option contracts across several asset classes, including but not limited to Funds, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves, volatility curves and/or feeds from appointed valuation/ calculation agents.

(ii) FVTPL and FVOCI financial assets
The fair values of the Group's investments in Treasury Bills, Treasury Bonds and Treasury Notes have been determined by reference to the mark to market prices at the reporting date. These are classified as level 2 and there has been no transfers in level for the past two years.

Apart from the above financial assets, the other financial instruments are measured as described in the accounting policies associated to them.

7.2 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months), the carrying amount is assumed to approximate fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements.

The table does not include the fair values of non-financial assets ((Note 7.3 below) and non-financial liabilities . The financial assets and financial liabilities are measured at level 3 on the fair value hierarchy.

	30 June 2023			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	4,566,250,861	4,566,250,861	4,566,250,861	4,566,250,861
Placement with banks	-	-	-	-
Loans and advances to banks	938,342,148	938,342,148	938,342,148	938,342,148
Loans and advances to customers	20,297,328,616	20,174,356,593	20,445,036,472	20,322,064,449
Other assets	190,133,536	190,133,536	229,073,892	229,073,892
Total financial assets	25,992,055,161	25,869,083,138	26,178,703,373	26,055,731,350
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	30,423,045,218	30,448,321,232	30,434,892,362	30,460,168,376
Other borrowed funds	-	-	-	-
Lease liabilities	17,740,050	17,740,050	46,120,151	46,120,151
Payable to fellow subsidiary	13,649,767	13,649,767	13,649,767	13,649,767
Other liabilities	512,478,478	512,478,478	512,187,978	512,187,978
Total financial liabilities	30,966,913,513	30,992,189,527	31,006,850,258	31,032,126,272

7 Fair Value Measurement (Cont'd)

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

	30 June 2022			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	4,251,247,756	4,251,247,756	4,251,247,756	4,251,247,756
Placement with banks	-	-	-	-
Loans and advances to banks	456,317,785	456,317,785	456,317,785	456,317,785
Loans and advances to customers	17,186,153,643	17,219,862,762	17,342,460,401	17,211,207,472
Other assets	132,540,356	132,540,356	171,480,707	171,480,707
Total financial assets	22,026,259,540	22,059,968,659	22,221,506,649	22,090,253,720
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	28,787,422,901	28,977,021,566	28,791,972,474	28,857,240,483
Other borrowed funds	-	-	-	-
Lease liabilities	36,601,939	36,601,939	99,317,576	99,317,576
Payable to fellow subsidiary	16,617,253	16,617,253	16,617,253	16,617,253
Other liabilities	567,359,552	567,359,552	567,069,052	567,069,052
Total financial liabilities	29,408,001,645	29,597,600,310	29,474,976,355	29,540,244,364

	30 June 2021			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	3,486,404,504	3,486,404,504	3,486,404,504	3,486,404,504
Placement with banks	-	-	-	-
Loans and advances to banks	863,031,847	863,031,847	863,031,847	863,031,847
Loans and advances to customers	16,839,341,532	16,873,050,651	17,010,456,691	17,044,165,810
Other assets	190,209,679	190,209,679	228,251,550	228,251,550
Total financial assets	21,378,987,562	21,412,696,681	21,588,144,592	21,621,853,711
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	28,378,179,745	28,567,778,410	28,378,198,595	28,494,009,598
Other borrowed funds	-	-	-	-
Lease liabilities	60,424,535	60,424,535	156,588,681	156,588,681
Payable to fellow subsidiary	40,059,363	40,059,363	40,059,363	40,059,363
Other liabilities	622,853,451	622,853,451	622,692,551	622,692,551
Total financial liabilities	29,101,517,094	29,291,115,759	29,197,539,190	29,313,350,193

Notes to the Financial Statements

For the year ended 30 June 2023

7 Fair Value Measurement (Cont'd)

7.3 Fair value measurement of non-financial assets

30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**951,804,913**	**951,804,913**
Right of use assets	**-**	**-**	**37,500,000**	**37,500,000**
Investment properties	**-**	**-**	**390,500,000**	**390,500,000**

30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**664,383,743**	**664,383,743**
Investment properties	**-**	**-**	**390,500,000**	**390,500,000**

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	954,715,191	954,715,191
Right of use asset	-	-	35,254,386	35,254,386
Investment properties	-	-	380,500,000	380,500,000

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	669,774,021	669,774,021
Right of use asset	-	-	4,833,333	4,833,333
Investment properties	-	-	380,500,000	380,500,000

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	971,727,173	971,727,173
Right of use asset	-	-	41,877,193	41,877,193
Investment properties	-	-	380,500,000	380,500,000

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	680,266,008	680,266,008
Right of use asset	-	-	9,666,667	9,666,667
Investment properties	-	-	380,500,000	380,500,000

7 Fair Value Measurement (Cont'd)

7.3 Fair value measurement of non-financial assets (Cont'd)

Freehold land and buildings (Level 3)

Freehold land and buildings under property, plant and equipment and right-of-use assets and investment properties are revalued as indicated in note 3.10, 3.13 and 3.12 respectively. The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The last valuation was performed in the year ended 30 June 2023.

The appraisal are carried out using income approach.

The significant unobservable input is the adjustment for factors specific to the land and buildings in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions. The significant unobservable valuation input is the price per square meter which is within the range of Rs 10,000 to Rs 115,000.

8 Capital Management Policies and Procedures

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital and other requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business

For the Bank, capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central Bank, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

Previously, the Central Bank requires each bank to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%. The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and
- Tier 2 capital: qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

With the implementation of Basel III since 01 July 2014, the Bank has to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%, a minimum total CAR 10% plus capital conservation buffer of 2.5%, a Common Equity Tier 1 (CET1) CAR of at least 6.5% and a Tier 1 CAR of at least 8% from 01 January 2020. As per latest Bank of Mauritius Guidelines, on the 24th February 2023, on average, over the maintenance period as defined below, banks shall maintain minimum cash balances equivalent to 9.0 percent (hereinafter referred to as "Cash Reserve Ratio") on their average rupee (MUR) and foreign currency (FCY) deposits in the preceding 28 day period.

The Bank's regulatory capital is divided into the following two tiers:

- Tier 1 capital (going-concern capital): comprises of (i) Common Equity Tier 1 and (ii) Additional Tier 1 Capital

(i) The Bank's Common Equity Tier 1 (CET1) capital consists of the following:

(a) stated capital;
(b) statutory reserve;
(c) fair value reserve; and
(d) Retained earnings/ Accumulated losses

(ii) The Bank has no Additional Tier 1 (AT1) capital as at 30 June 2023

- Tier 2 capital (gone-concern capital): qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Notes to the Financial Statements

For the year ended 30 June 2023

8 Capital Management Policies and Procedures (Cont'd)

The following table summarises the composition of regulatory capital and the ratios of the Bank as at 30 June 2023, 30 June 2022 and 30 June 2021 respectively. During the year ended 30 June 2022, the Bank complied with all of the externally imposed capital requirements to which it is subject. At 30 June 2023, capital adequacy ratio was **15.35%** as compared to 14.53% at 30 June 2022 and 13.33% at 30 June 2021.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs'000	Rs'000	Rs'000
Tier 1 Capital			
Common Equity Tier 1 Capital: instruments and reserves			
Paid up share capital	**2,716,420**	2,466,421	2,466,421
Retained earnings/ (Accumulated losses)	**496,293**	194,109	(24,472)
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	**(43,422)**	(112,080)	14,128
Common equity Tier 1 Capital before regulatory adjustments	**3,169,291**	2,548,450	2,456,077
Common equity Tier 1 Capital: regulatory adjustments	**(154,351)**	(174,280)	(195,742)
Common equity Tier 1 Capital after regulatory adjustments	**3,014,940**	2,374,170	2,260,335
Tier 1 Capital	**3,014,940**	2,374,170	2,260,335
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Provisions and loan loss reserves	**249,012**	180,321	203,389
Surplus arising from revaluation of land and buildings owned by the Bank	**115,296**	112,997	112,998
Tier 2 Capital before regulatory adjustments	**364,308**	293,318	316,387
Tier 2 Capital: regulatory adjustments	**(5,515)**	(5,150)	(5,032)
Tier 2 Capital	**358,793**	288,168	311,355
Total Regulatory Capital (Rs)	**3,373,733**	2,662,338	2,571,690
Risk Weighted Assets (Rs)	**21,981,003**	18,318,424	19,299,473
Common Equity Tier 1 Capital Adequacy Ratio (%)	**13.72**	12.96	11.71
Tier 1 Capital Adequacy Ratio (%)	**13.72**	12.96	11.71
Capital Adequacy Ratio (%)	**15.35**	14.53	13.33

8 Capital Management Policies and Procedures (Cont'd)

The risk-weighted assets of the Bank are determined by applying prescribed risk weights to on- and off-balance sheet assets, according to the credit risk of the counterparty as follows:

On Balance Sheet Exposures	Exposures before CRM (Rs)	Exposures after CRM (Rs)	Risk-weights (%)	RWA (Rs)
Cash items	383,952,698	383,952,698	0 -20	17,711,116
Claims on sovereigns	926,807,447	926,807,447	0 - 150	542,760,461
Claims on central banks (and international institutions)	4,845,456,425	4,845,456,425	0 - 150	-
Claims on multilateral development banks (MDBs)	1,490,158,257	1,490,158,257	0 - 150	1,258,373,869
Claims on banks	4,564,040,626	4,564,040,626	0 - 150	1,159,865,704
Claims on non-central government public sector entities (PSEs)	4,738,311,530	4,738,311,530	0 - 150	505,266,433
Claims on securities firms	479,676,718	479,676,718	0 - 150	239,838,359
Claims on corporates	5,599,661,717	5,599,661,717	0 - 150	5,599,661,717
Claims included in the regulatory retail portfolio	3,697,820,134	3,180,841,871	75	2,385,631,403
Claims secured by residential property	5,691,929,005	5,691,929,005	35 - 125	3,246,840,759
Claims secured by commercial real estate	738,417,721	738,417,721	100 - 125	851,923,668
Past due claims	643,693,024	643,693,024	50 - 150	898,340,408
Other assets	1,482,802,478	1,482,802,478	100 - 1250	1,483,952,478
Total on-balance sheet credit risk-weighted exposures	35,282,727,780	34,765,749,517		18,190,166,375

Off-Balance Sheet Exposures - Non-Market-Related	Total before CRM (Rs)	Total after CRM (Rs)	CCF (%)	RWA (Rs)
Direct credit substitutes	862,104,429	862,104,429	100	862,104,429
Trade-related contingent items	1,118,565,266	1,118,565,266	35 - 100	559,282,633
Transaction-related contingent items	138,469,448	138,469,448	50	30,312,930
Other commitments	1,300,476,499	1,300,476,499	0 - 50	-
Total non-market-related off-balance sheet risk-weighted credit exposures	3,419,615,642	3,419,615,642		1,451,699,992

Off-Balance Sheet Exposures - Market-Related	Notional principal amount (Rs)	Potential future exposure (Rs)	Credit equivalent amount (Rs)	RWA (Rs)
Total	5,115,460,492	287,811,480	294,125,952	279,062,260

Operational Risk	Average gross income (Rs)	Capital charge (Rs)	RWA (Rs
Option 1 - Basic Indicator Approach	1,347,346,218	202,101,933	2,021,019,326

Foreign Currency Exposure	RWA (Rs)
Aggregate net open foreign exchange position	39,054,791

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Notes to the Financial Statements

For the year ended 30 June 2023

9(a) Cash and Cash Equivalents

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Cash in hand	**212,148,260**	218,361,565	184,396,526
Foreign currency notes and coins	**80,376,344**	22,436,247	19,692,275
Balances with banks in Mauritius and abroad	**1,831,743,419**	1,102,679,418	984,647,004
Unrestricted balances with the Central Bank (Note (a))	**164,458,971**	2,024,402,317	1,443,682,949
Placements with banks (Note (b))	**2,277,713,143**	883,368,209	853,985,750
	4,566,440,137	4,251,247,756	3,486,404,504
Allowance for expected credit losses	**(189,276)**	-	-
	4,566,250,861	4,251,247,756	3,486,404,504
Current	**4,566,250,861**	4,251,247,756	3,486,404,504

(a) Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement ("CRR").

(b) Loans to and placements with banks are balances with original maturity periods of less than three months.

9(b) Reconciliation of Liabilities arising from Financing Activities.

The table below details changes in the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank statement of cash flows from financing activities.

The Group	**01 July 2022**	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2023**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	**36,601,939**	**-**	**(19,644,020)**	**-**	**782,131**	**17,740,050**
	36,601,939	**-**	**(19,644,020)**	**-**	**782,131**	**17,740,050**

	01 July 2021	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2022**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	60,424,535	-	(25,108,374)	-	1,285,778	36,601,939
	60,424,535	-	(25,108,374)	-	1,285,778	36,601,939

	01 July 2020	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2021**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds	1,089,390,019	1,000,000,000	(2,089,390,019)	-	-	-
Lease liabilities (Note 19)	74,526,375	-	(26,753,367)	10,820,952	1,830,575	60,424,535
	1,163,916,394	1,000,000,000	(2,116,143,386)	10,820,952	1,830,575	60,424,535

The Bank	**01 July 2022**	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2023**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	**99,317,576**	**-**	**(55,220,546)**	**-**	**2,023,121**	**46,120,151**
	99,317,576	**-**	**(55,220,546)**	**-**	**2,023,121**	**46,120,151**

	01 July 2021	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2022**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 19)	156,588,681	-	(60,684,899)	-	3,413,794	99,317,576
	156,588,681	-	(60,684,899)	-	3,413,794	99,317,576

	01 July 2020	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2021**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds	1,089,390,019	1,000,000,000	(2,089,390,019)	-	-	-
Lease liabilities (Note 19)	203,309,885	-	(62,364,858)	10,820,952	4,822,702	156,588,681
	1,292,699,904	1,000,000,000	(2,151,754,877)	10,820,952	4,822,702	156,588,681

Notes to the Financial Statements

For the year ended 30 June 2023

10 Trading Assets

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Securities held at FVTPL:			
Treasury bills	**-**	-	1,390,583,275
Other investments	**479,676,718**	687,904,980	407,713,953
	479,676,718	687,904,980	1,798,297,228
Remaining terms to maturity			
- Within 3 months	**479,676,718**	455,231,590	1,711,784,281
- Over 3 and up to 6 months	**-**	-	-
- Over 6 and up to 12 months	**-**	232,673,390	86,512,947
	479,676,718	687,904,980	1,798,297,228

11 Investment Securities

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Financial assets at FVTOCI (Note (a) below)	**4,695,877,340**	6,696,295,991	5,365,344,562
Equity investments at FVTPL (Note (b) below)	**363,828,963**	17,912,214	17,940,280
	5,059,706,303	6,714,208,205	5,383,284,842

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Remaining terms to maturity of financial assets at FVOCI			
- Within 3 months	**3,193,665,569**	2,887,232,934	1,613,311,378
- Over 3 and up to 6 months	**110,682,830**	737,357,670	258,725,811
- Over 6 and up to 12 months	**200,598,160**	926,817,603	425,361,228
- Over 1 and up to 3 years	**456,102,134**	1,058,418,253	1,472,103,360
- Over 3 and up to 5 years	**349,865,767**	338,833,733	726,152,437
- Over 5 years	**384,962,880**	747,635,798	869,690,348
	4,695,877,340	6,696,295,991	5,365,344,562
Current	**3,504,946,559**	4,551,408,207	2,297,398,417
Non-Current	**1,190,930,781**	2,144,887,784	3,067,946,145
	4,695,877,340	6,696,295,991	5,365,344,562

At 30 June 2023, an ECL of Rs 133.8 Mn was accounted in the statement of profit or loss pertaining to securities invested in Ghana. The investment in Ghana has been classified in stage 3 as reflected in note 6. The ECL included judgments and estimates, accordingly this has been disclosed in note 4.

During the financial year, management has made an assessment relating to investment in equity instrument currently presented in two separate categories, namely the 'investment in security' and the 'Trading assets'. Management determined that investment in equity instruments amounting to RS 396m, previously included under 'Trading assets' is expected to be realised in more than 12 months following assessment of the relevant facts and circumstances. As such, this amount was deemed appropriate to be presented into the 'investment in security' class rather than the 'Trading assets' class.

11 Investment Securities (Cont'd)

(a) Financial assets at FVTOCI

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Investment in debt securities			
Government Stocks	-	5,905,023	233,087,015
Treasury Notes	-	-	424,839,542
BOM Bonds	**161,859,082**	170,737,082	166,059,082
Treasury Bills	**2,241,924,758**	3,330,978,728	1,752,039,827
Corporate Bonds	**890,384,852**	954,234,479	1,203,072,046
Foreign Bonds	**948,673,743**	1,341,033,948	1,372,810,207
Foreign Treasury Bills	**453,034,905**	893,406,731	213,436,843
	4,695,877,340	6,696,295,991	5,365,344,562

The Bank has pledged part of its government stocks as collateral to secure borrowings facilities from the Central Bank (Note 41)

(b) Financial assets at FVTPL

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Equity investments	**363,828,963**	17,912,214	17,940,280

(c) Fair value reserve

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start of year	**(190,935,141)**	(32,051,990)	(21,167,091)
Change in fair value of assets held at FVTOCI	**(116,901,476)**	(158,883,151)	(10,884,899)
Balance at end of year	**(307,836,617)**	(190,935,141)	(32,051,990)

12 Loans and Advances to Banks

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Loans and advances to banks - outside Mauritius	**946,528,837**	459,226,176	863,869,801
Less allowance for expected credit losses	**(8,186,689)**	(2,908,391)	(837,954)
Net	**938,342,148**	456,317,785	863,031,847

In 2022, a change in macroeconomic factors led to an increase in the ECL assessment despite the carrying amount decreased. In 2023, ECL was based on the credit ratings of the counter parties.

Notes to the Financial Statements

For the year ended 30 June 2023

12 Loans and Advances to Banks (Cont'd)

(a) Remaining term to maturity

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
- Within 3 months	**254,065,732**	-	222,269,598
- Over 3 and up to 6 months	**-**	459,226,176	-
- Over 6 and up 12 months	**-**	-	428,029,492
- Over 1 and up to 3 years	**692,463,105**	-	213,570,711
- Over 3 and up to 5 years	**-**	-	-
- Over 5 years	**-**	-	-
	946,528,837	459,226,176	863,869,801
Current	**254,065,732**	459,226,176	650,299,090
Non-Current	**692,463,105**	-	213,570,711
	946,528,837	459,226,176	863,869,801

(b) Allowance for expected credit losses

	ECL allowances under stages 1 and 2	Rescheduled advances allowances	Total
	Rs	Rs	Rs
The Group and the Bank	-	-	-
Balance at 01 July 2020	-	-	-
Provision for expected credit losses for the year (Note 33)	837,954	-	837,954
Balance at 30 June 2021	837,954	-	837,954
Provision for expected credit losses for the year (Note 33)	2,070,437	-	2,070,437
Balance at 30 June 2022	**2,908,391**	**-**	**2,908,391**
Provision for expected credit losses for the year (Note 33)	**5,278,298**	**-**	**5,278,298**
Balance at 30 June 2023	**8,186,689**	**-**	**8,186,689**

13 Loans and Advances to customers

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Retail customers						
- Credit cards	**99,381,999**	89,231,759	77,819,749	**99,381,999**	89,231,759	77,819,749
- Mortgages	**4,944,866,739**	4,214,457,223	3,393,960,334	**4,944,866,739**	4,214,457,223	3,393,960,334
- Other retail loans	**2,887,871,710**	2,784,202,118	1,797,156,026	**2,887,871,710**	2,784,202,118	1,797,156,026
Corporate customers	**12,372,129,958**	10,215,413,516	11,610,098,606	**12,519,837,814**	10,371,720,274	11,781,213,765
Entities outside Mauritius	**518,268,517**	340,865,061	323,183,117	**518,268,517**	340,865,061	323,183,117
Others	**18,855,223**	37,211,430	67,212,303	**18,855,223**	37,211,430	67,212,303
	20,841,374,146	17,681,381,107	17,269,430,135	**20,989,082,002**	17,837,687,865	17,440,545,294
Less allowance for expected credit losses	**(544,045,530)**	(495,227,464)	(430,088,603)	**(544,045,530)**	(495,227,464)	(430,088,603)
Net	**20,297,328,616**	17,186,153,643	16,839,341,532	**20,445,036,472**	17,342,460,401	17,010,456,691
Of which						
Gross investment in finance lease	**1,267,428,833**	1,143,596,374	1,083,502,566	**1,267,428,833**	1,143,596,374	1,083,502,566
Less allowance for expected credit losses	**(32,978,616)**	(31,872,530)	(31,477,790)	**(32,978,616)**	(31,872,530)	(31,477,790)
	1,234,450,217	1,111,723,844	1,052,024,776	**1,234,450,217**	1,111,723,844	1,052,024,776

(a) Remaining term to maturity

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**2,652,757,006**	1,775,413,968	2,028,792,891	**2,652,757,006**	1,775,413,968	2,028,792,891
- Over 3 and up to 6 months	**720,163,929**	749,966,677	658,770,637	**720,163,929**	749,966,677	664,431,987
- Over 6 and up 12 months	**338,114,157**	396,873,147	976,100,575	**338,114,157**	396,873,147	976,100,575
- Over 1 and up to 3 years	**1,812,567,693**	1,680,029,147	1,300,775,108	**1,812,567,693**	1,680,029,147	1,300,775,108
- Over 3 and up to 5 years	**2,048,313,543**	1,619,036,926	2,246,458,559	**2,048,313,543**	1,619,036,926	2,246,458,559
- Over 5 years	**13,269,457,818**	11,460,061,242	10,058,532,365	**13,417,165,674**	11,616,368,000	10,223,986,174
	20,841,374,146	17,681,381,107	17,269,430,135	**20,989,082,002**	17,837,687,865	17,440,545,294
Current	**3,711,035,092**	2,922,253,792	3,663,664,103	**3,711,035,092**	2,922,253,792	3,669,325,453
Non-Current	**17,130,339,054**	14,759,127,315	13,605,766,032	**17,278,046,910**	14,915,434,073	13,771,219,841
	20,841,374,146	17,681,381,107	17,269,430,135	**20,989,082,002**	17,837,687,865	17,440,545,294

Notes to the Financial Statements

For the year ended 30 June 2023

13 Loans and Advances to Customers (Cont'd)

(b) Net investment in finance leases

	Up to 1 year	Over 1 up to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs
The Group and the Bank				
2023				
Gross investment in finance leases	**437,329,518**	**967,295,629**	**87,498,296**	**1,492,123,443**
Less unearned finance income	**(85,903,672)**	**(133,929,307)**	**(4,861,631)**	**(224,694,610)**
Net investment in finance leases	**351,425,846**	**833,366,322**	**82,636,665**	**1,267,428,833**
2022				
Gross investment in finance leases	373,431,949	842,383,820	62,366,517	1,278,182,286
Less unearned finance income	(53,737,097)	(78,610,746)	(2,238,069)	(134,585,912)
Net investment in finance leases	319,694,852	763,773,074	60,128,448	1,143,596,374
2021				
Gross investment in finance leases	328,500,137	818,150,379	63,081,093	1,209,731,609
Less unearned finance income	(49,329,749)	(74,915,268)	(1,984,026)	(126,229,043)
Net investment in finance leases	279,170,388	743,235,111	61,097,067	1,083,502,566

A finance lease contract is prepared for these facilities which give the lessees the option to purchase the assets for a residual value at the conclusion of the lease arrangements. Finance leases are secured mainly by charges on the leased assets and/or corporate/personal guarantees. The lease period ranges from 1-15 years.

(c) Allowance for expected credit losses

	ECL allowances under stage 3	ECL allowances under stages 1 and 2	Total
	Rs	Rs	Rs
The Group and the Bank			
Balance at 01 July 2020	217,961,118	186,973,683	404,934,801
Written off against provision	(3,253,138)	-	(3,253,138)
Provision for expected credit losses for the year (Note 33)	40,903,002	(12,496,062)	28,406,940
Balance at 30 June 2021	255,610,982	174,477,621	430,088,603
Provision for /(Reversal of) expected credit losses for the year (Note 33)	74,434,782	(9,127,648)	65,307,134
Concession to customers	(7,058)	-	(7,058)
Written off against provision	(161,215)	-	(161,215)
Balance at 30 June 2022	**329,877,491**	**165,349,973**	**495,227,464**
Provision for /(Reversal of) expected credit losses for the year (Note 33)	**38,468,534**	**11,669,698**	**50,138,232**
Concession to customers	**(375,630)**	**-**	**(375,630)**
Written off against provision	**(944,536)**	**-**	**(944,536)**
Balance at 30 June 2023	**367,025,859**	**177,019,671**	**544,045,530**

13 Loans and Advances to Customers (Cont'd)

(c) Allowance for expected credit losses (Cont'd)

(i) Allowance for credit impairment by industry sector

	Gross amount of loans 30 June 2023	Non-Performing loans 30 June 2023	Expected credit loss stage 3 30 June 2023	Expected credit loss stage 1-2 30 June 2023	Total allowances for ECL 30 June 2023	Total allowances for ECL 30 June 2022	Total allowances for ECL 30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
Agriculture and Fishing	337,746,952	152,757,917	86,913,408	3,061,542	89,974,950	78,705,780	74,617,037
Manufacturing	826,114,987	172,509,477	132,228,450	5,957,393	138,185,843	141,173,033	137,629,184
Tourism	2,133,728,260	80,210,630	1,598,000	64,414,576	66,012,576	20,329,931	36,114,671
Transport	381,956,830	4,548,806	2,455,262	11,271,233	13,726,495	12,513,875	15,461,873
Construction	6,865,789,742	108,966,250	39,053,214	41,605,943	80,659,157	95,909,736	76,627,388
Financial and Business Services	3,986,040,610	308,794,164	28,423,373	5,719,449	34,142,822	30,231,268	354,592
Traders	1,657,871,075	78,967,188	28,500,964	13,836,692	42,337,656	38,289,127	25,103,496
Information Technology	20,143,850	292,412	159,349	322,787	482,136	671,989	298,200
Personal	1,824,644,938	45,909,458	32,689,712	13,238,770	45,928,482	48,641,925	36,992,213
of which credit cards	*99,381,999*	*5,924,080*	*5,924,080*	*2,798,277*	*8,722,357*	7,621,574	6,260,222
Education	107,513,597	177,508	63,824	1,693,715	1,757,539	3,379,231	2,647,834
Professional	50,228,112	184,344	184,344	339,781	524,125	901,265	2,047,764
Foreign Governments	211,066,403	-	-	1,741,926	1,741,926	259,845	1,076
Global Business Licence Holders	137,734,570	-	-	1,389,294	1,389,294	1,257,580	116,507
Others	2,300,794,220	57,340,729	14,755,959	12,426,570	27,182,529	22,962,879	22,076,768
	20,841,374,146	1,010,658,883	367,025,859	177,019,671	544,045,530	495,227,464	430,088,603
The Bank							
Agriculture and Fishing	337,746,952	152,757,917	86,913,408	3,061,542	89,974,950	78,705,780	74,617,037
Manufacturing	826,114,987	172,509,477	132,228,450	5,957,393	138,185,843	141,173,033	137,629,184
Tourism	2,133,728,260	80,210,630	1,598,000	64,414,576	66,012,576	20,329,931	36,114,671
Transport	381,956,830	4,548,806	2,455,262	11,271,233	13,726,495	12,513,875	15,461,873
Construction	7,013,497,598	108,966,250	39,053,214	41,605,943	80,659,157	95,909,736	76,627,388
Financial and Business Services	3,986,040,610	308,794,164	28,423,373	5,719,449	34,142,822	30,231,268	354,592
Traders	1,657,871,075	78,967,188	28,500,964	13,836,692	42,337,656	38,289,127	25,103,496
Information Technology	20,143,850	292,412	159,349	322,787	482,136	671,989	298,200
Personal	1,824,644,938	45,909,458	32,689,712	13,238,770	45,928,482	48,641,925	36,992,213
of which credit cards	*99,381,999*	*5,924,080*	*5,924,080*	*2,798,277*	*8,722,357*	7,621,574	6,260,222
Education	107,513,597	177,508	63,824	1,693,715	1,757,539	3,379,231	2,647,834
Professional	50,228,112	184,344	184,344	339,781	524,125	901,265	2,047,764
Foreign Governments	211,066,403	-	-	1,741,926	1,741,926	259,845	1,076
Global Business Licence Holders	137,734,570	-	-	1,389,294	1,389,294	1,257,580	116,507
Others	2,300,794,220	57,340,729	14,755,959	12,426,570	27,182,529	22,962,879	22,076,768
	20,989,082,002	1,010,658,883	367,025,859	177,019,671	544,045,530	495,227,464	430,088,603

Others comprise mainly of media entertainment, Health development certificate holders and infrastructure sectors.

Notes to the Financial Statements

For the year ended 30 June 2023

14 (a) Property, Plant and Equipment

The Group	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2022 (Restated)	1,003,937,263	224,017,907	347,859,689	11,580,378	3,810,616	1,591,205,853
Reclassified from computer software	-	-	-	-	5,133,293	5,133,293
Additions during the year	-	7,168,236	656,657	4,534,563	43,495,853	55,855,309
Capitalisation of assets in progress	-	41,146,884	2,926,657	-	(44,073,541)	-
Write off	-	-	-	-	(162,226)	(162,226)
Disposal during the year	-	(850,583)	-	-	-	(850,583)
Revaluation during the year	14,101,709	-	-	-	-	14,101,709
Transfers	(37,181,507)	-	-	-	-	(37,181,507)
At 30 June 2023	980,857,465	271,482,444	351,443,003	16,114,941	8,203,995	1,628,101,848
Depreciation						
At 01 July 2022 (Restated)	49,222,072	182,012,058	312,008,294	6,725,982	-	549,968,406
Disposal during the year	-	(832,532)	-	-	-	(832,532)
Charge for the year	17,011,987	16,872,060	9,043,045	1,239,789	-	44,166,881
Transfers	(37,181,507)	-	-	-	-	(37,181,507)
At 30 June 2023	29,052,552	198,051,586	321,051,339	7,965,771	-	556,121,248
Carrying amount						
At 30 June 2023	951,804,913	73,430,858	30,391,664	8,149,170	8,203,995	1,071,980,600

	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
The Group						
At 01 July 2021 (Restated)	1,003,937,263	217,130,807	345,500,673	11,916,122	1,583,176	1,580,068,041
Transfer from other assets	-	-	-	-	-	-
Additions during the year	-	2,226,007	299,440	-	9,055,871	11,581,318
Capitalisation of assets in progress	-	4,768,855	2,059,576	-	(6,828,431)	-
Disposal during the year	-	(107,762)	-	(335,744)	-	(443,506)
At 30 June 2022 (Restated)	1,003,937,263	224,017,907	347,859,689	11,580,378	3,810,616	1,591,205,853
Depreciation						
At 01 July 2021 (Restated)	32,210,090	161,054,463	294,542,040	5,707,200	-	493,513,793
Disposal during the year	-	(92,760)	-	(290,979)	-	(383,739)
Charge for the year	17,011,982	21,050,355	17,466,254	1,309,761	-	56,838,352
At 30 June 2022 (Restated)	49,222,072	182,012,058	312,008,294	6,725,982	-	549,968,406
Carrying amount						
At 30 June 2022 (Restated)	954,715,191	42,005,849	35,851,395	4,854,396	3,810,616	1,041,237,447

14 (a) Property, Plant and Equipment

The Group	Freehold land and buildings	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
Prior year adjustment	(238,891,363)	-	-	-	-	(238,891,363)
Restated at 01 July 2020	1,470,400,648	209,562,614	337,695,365	13,056,758	-	2,030,715,385
Transfer from other assets	-	-	-	-	2,369,966	2,369,966
Additions during the year	-	8,868,459	4,265,608	1,208,414	2,773,242	17,115,723
Transfer to investment property (Note 16)	(466,463,385)	-	-	-	-	(466,463,385)
Capitalisation of assets in progress	-	20,332	3,539,700	-	(3,560,032)	-
Disposal during the year	-	(1,320,598)	-	(2,349,050)	-	(3,669,648)
Revaluation during the year	-	-	-	-	-	-
At 30 June 2021 (Restated)	1,003,937,263	217,130,807	345,500,673	11,916,122	1,583,176	1,580,068,041
Depreciation						
At 01 July 2020	80,710,852	133,417,792	266,511,725	6,436,116	-	487,076,485
Prior year adjustment	(39,049,362)	-	-	-	-	(39,049,362)
Restated at 01 July 2020	41,661,490	133,417,792	266,511,725	6,436,116	-	448,027,123
Disposal during the year	-	(1,202,902)	-	(2,349,049)	-	(3,551,951)
Transfer to investment property (Note 16)	(26,463,385)	-	-	-	-	(26,463,385)
Charge for the year	17,011,985	28,839,573	28,030,315	1,620,133	-	75,502,006
At 30 June 2021 (Restated)	32,210,090	161,054,463	294,542,040	5,707,200	-	493,513,793
Carrying amount						
At 30 June 2021 (Restated)	971,727,173	56,076,344	50,958,633	6,208,922	1,583,176	1,086,554,248

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2022 (Restated)	**690,757,997**	**219,885,221**	**322,243,680**	**9,222,419**	**3,810,616**	**1,245,919,933**
Reclassified from computer software	**-**	**-**	**-**	**-**	**5,133,293**	**5,133,293**
Additions during the year	**-**	**7,168,236**	**656,657**	**4,534,563**	**43,495,853**	**55,855,309**
Capitalisation of assets in progress	**-**	**41,146,884**	**2,926,657**	**-**	**(44,073,541)**	**-**
Write off	**-**	**-**	**-**	**-**	**(162,226)**	**(162,226)**
Disposal during the year	**-**	**(850,583)**	**-**	**-**	**-**	**(850,583)**
Revaluation	**5,101,709**	**-**	**-**	**-**	**-**	**5,101,709**
Transfers	**(2,423,411)**	**-**	**-**	**-**	**-**	**(2,423,411)**
At 30 June 2023	**693,436,295**	**267,349,758**	**325,826,994**	**13,756,982**	**8,203,995**	**1,308,574,024**
Depreciation						
At 01 July 2022 (Restated)	**20,983,976**	**175,687,097**	**286,441,378**	**6,560,296**	**-**	**489,672,747**
Disposal during the year	**-**	**(832,532)**	**-**	**-**	**-**	**(832,532)**
Charge for the year	**10,491,987**	**16,872,060**	**8,993,954**	**1,239,789**	**-**	**37,597,790**
Transfers	**(2,423,411)**	**-**	**-**	**-**	**-**	**(2,423,411)**
At 30 June 2023	**29,052,552**	**191,726,625**	**295,435,332**	**7,800,085**	**-**	**524,014,594**
Carrying amount						
At 30 June 2023	**664,383,743**	**75,623,133**	**30,391,662**	**5,956,897**	**8,203,995**	**784,559,430**

Notes to the Financial Statements

For the year ended 30 June 2023

14 (a) Property, Plant and Equipment

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2021 (Restated)	690,757,997	212,998,121	319,884,664	9,558,163	1,583,176	1,234,782,121
Additions during the year	-	2,226,007	299,440	-	9,055,871	11,581,318
Capitalisation of assets in progress	-	4,768,855	2,059,576	-	(6,828,431)	-
Disposal during the year	-	(107,762)	-	(335,744)	-	(443,506)
At 30 June 2022 (Restated)	690,757,997	219,885,221	322,243,680	9,222,419	3,810,616	1,245,919,933
Depreciation						
At 01 July 2021 (Restated)	10,491,989	154,742,440	270,604,072	5,541,514	-	441,380,015
Disposal during the year	-	(92,760)	-	(290,979)	-	(383,739)
Charge for the year	10,491,987	21,037,417	15,837,306	1,309,761	-	48,676,471
At 30 June 2022 (Restated)	20,983,976	175,687,097	286,441,378	6,560,296	-	489,672,747
Carrying amount						
At 30 June 2022 (Restated)	669,774,021	44,198,124	35,802,302	2,662,123	3,810,616	756,247,186

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2020	1,396,112,745	205,429,927	312,079,356	10,698,799	-	1,924,320,827
Prior year adjustment	(238,891,363)	-	-	-	-	(238,891,363)
Restated at 01 July 2020	1,157,221,382	205,429,927	312,079,356	10,698,799	-	1,685,429,464
Transfer from other assets	-	-	-	-	2,369,966	2,369,966
Additions during the year	-	8,868,459	4,265,608	1,208,414	2,773,242	17,115,723
Capitalisation of assets in progress	-	20,332	3,539,700	-	(3,560,032)	-
Transfer to investment property (Note 16)	(466,463,385)	-	-	-	-	(466,463,385)
Disposal during the year	-	(1,320,597)	-	(2,349,050)	-	(3,669,647)
Revaluation during the year	-	-	-	-	-	-
At 30 June 2021 (Restated)	690,757,997	212,998,121	319,884,664	9,558,163	1,583,176	1,234,782,121
Depreciation						
At 01 July 2020	65,512,747	127,216,206	246,180,294	6,270,430	-	445,179,677
Prior year adjustment	(39,049,362)	-	-	-	-	(39,049,362)
Restated at 01 July 2020	26,463,385	127,216,206	246,180,294	6,270,430	-	406,130,315
Disposal during the year	-	(1,202,903)	-	(2,349,049)	-	(3,551,952)
Transfer to investment property (Note 16)	(26,463,385)	-	-	-	-	(26,463,385)
Charge for the year	10,491,989	28,729,137	24,423,778	1,620,133	-	65,265,037
At 30 June 2021 (Restated)	10,491,989	154,742,440	270,604,072	5,541,514	-	441,380,015
Carrying amount						
At 30 June 2021 (Restated)	680,266,008	58,255,681	49,280,592	4,016,649	1,583,176	793,402,106

14 (a) Property, Plant and Equipment

The Group and the Bank's freehold land and buildings have been revalued by a chartered valuer as at 30 June 2023. These valuations were based on market conditions prevailing at that time. If these freehold land and buildings were stated on the historical cost basis, the net book value would be as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cost	**769,576,739**	769,576,739	769,576,739	**505,694,820**	505,694,820	505,694,820
Accumulated depreciation	**(126,637,516)**	(113,299,627)	(99,961,738)	**(82,150,953)**	(74,090,702)	(66,030,451)
	642,939,223	656,277,112	669,615,001	**423,543,867**	431,604,118	439,664,369

The valuation of the Group's and the Bank's freehold land and buildings is made every three years.

(b) Intangible assets

	Computer software	Assets in progress	Total
The Group and the Bank	Rs	Rs	Rs
Cost			
At 01 July 2020	588,066,803	-	588,066,803
Transfer from other assets	-	6,405,194	6,405,194
Additions during the year	7,199,050	5,562,328	12,761,378
Capitalisation of assets in progress	5,172,509	(5,172,509)	-
Write off	-	(146,610)	(146,610)
At 30 June 2021	600,438,362	6,648,403	607,086,765
Transfer from other assets	-	-	-
Additions during the year	2,095,377	11,747,932	13,843,309
Capitalisation of assets in progress	8,749,076	(8,749,076)	-
At 30 June 2022	**611,282,815**	**9,647,259**	**620,930,074**
Reclassification to computer hardware	**-**	**(5,133,293)**	**(5,133,293)**
Additions during the year	**678,004**	**12,381,526**	**13,059,530**
Capitalisation of assets in progress	**5,681,731**	**(5,681,731)**	**-**
Write off	**-**	**(329,005)**	**(329,005)**
At 30 June 2023	**617,642,550**	**10,884,756**	**628,527,306**
Amortisation			
At 01 July 2020	391,212,560	-	391,212,560
Charge for the year	46,224,988	-	46,224,988
At 30 June 2021	437,437,548	-	437,437,548
Charge for the year	45,164,591	-	45,164,591
At 30 June 2022	**482,602,139**	**-**	**482,602,139**
Charge for the year	**40,251,815**	**-**	**40,251,815**
At 30 June 2023	**522,853,954**	**-**	**522,853,954**
Carrying amount			
At 30 June 2023	**94,788,596**	**10,884,756**	**105,673,352**
At 30 June 2022	128,680,676	9,647,259	138,327,935
At 30 June 2021	163,000,814	6,648,403	169,649,217

Notes to the Financial Statements

For the year ended 30 June 2023

14 (c) Right of Use Assets

	Land and Building
The Group	**Rs**
Cost/Valuation	
At 01 July 2020	134,328,334
Additions during the year	10,820,952
Revaluation during the year	-
At 30 June 2021	145,149,286
Additions during the year	-
At 30 June 2022	**145,149,286**
Additions during the year	-
Revaluation during the year	8,868,421
At 30 June 2023	**154,017,707**
Accumulated Depreciation	
At 01 July 2020	22,237,744
Charge for the year	31,524,436
At 30 June 2021	53,762,180
Charge for the year	29,433,396
At 30 June 2022	83,195,576
Charge for the year	23,889,166
At 30 June 2023	**107,084,742**
Carrying amount	
At 30 June 2023	**46,932,965**
At 30 June 2022	61,953,710
At 30 June 2021	91,387,106

The Bank	
Cost/Valuation	
At 01 July 2020	268,465,796
Additions during the year	10,820,952
Revaluation during the year	-
At 30 June 2021	279,286,748
Additions during the year	-
At 30 June 2022	**279,286,748**
Additions during the year	-
Revaluation during the year	
At 30 June 2023	**279,286,748**
Accumulated Depreciation	
At 01 July 2020	55,546,193
Charge for the year	63,442,215
At 30 June 2021	118,988,408
Charge for the year	61,351,176
At 30 June 2022	**180,339,584**
Charge for the year	**55,806,945**
At 30 June 2023	**236,146,529**
Carrying amount	
At 30 June 2023	**43,140,219**
At 30 June 2022	98,947,164
At 30 June 2021	160,298,340

14 (c) Right of Use Assets

The Group and the Bank have lease contracts for land and building used in its operations. The contracts generally have lease terms of 3 to 5 years, The Group revalues its land every three years. The fair valuation exercise has been carried out by a chartered, independent valuer. A net gain of Rs 8,868,421 was recognised as at 30 June 2023 in Other Comprehensive Income. The sales comparison approach has been used.

The carrying amount of the right of use of land should these have been stated at historical cost would be:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cost	**10,227,973**	10,227,973	10,227,973	**2,251,901**	2,251,901	2,251,901
Depreciation	**(3,847,117)**	(2,885,337)	(1,923,558)	**(2,251,901)**	(1,688,925)	(1,125,950)
	6,380,856	7,342,636	8,304,415	**-**	562,976	1,125,951
The following are amounts recognised in profit or loss:						
Depreciation expense on right-of-use assets	**23,889,166**	29,433,396	31,524,436	**55,806,945**	61,351,176	63,442,215
Interest expense on lease liabilities	**782,131**	1,285,778	1,830,575	**2,023,121**	3,413,794	4,822,702
	24,671,297	30,719,174	33,355,011	**57,830,066**	64,764,970	68,264,917


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Notes to the Financial Statements

For the year ended 30 June 2023

15 Investment Properties

	The Group		
		Restated	
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start of year	380,500,000	380,500,000	79,300,000
Transfer from property, plant and equipment (Note 15)	-	-	440,000,000
Prior year adjustment	-	-	(138,800,000)
Fair value gain (Note 34)	10,000,000	-	-
Balance at end of year	390,500,000	380,500,000	380,500,000

Rental income of Rs **24.7 Mn** (2022: Rs 24.2 Mn, 2021: Rs 25.3 Mn) was received and operational expenses of **Rs 8.5 Mn** (2022 Rs 7.3 Mn, 2021: Rs 4.3 Mn) were incurred during the year under review towards the investment properties. Direct operating expenses that arose from property that generated income amounted to **Rs 6.4 Mn** (2022: Rs 5.2 Mn, 2021: Rs 2.8 Mn) whereas direct operating expenses that arose from property that did not generate income amounted to **Rs 2.2 Mn** (2022: Rs 2.1 Mn, 2021: Rs 1.6Mn).

The investment properties were revalued independently by a Chartered Valuer, during the year ended 30 June 2023. The land was revalued using the sales comparison approach and properties rented out have been valued using the income approach.

The following factors were also considered:

- The location of the property
- The availability of major services around the perimeter of the property
- The demand for similar commercial property in that particular region
- The existing state of repairs and maintenance of the property

In July 2020, the Bank has transferred property of Rs 440 Mn from property, plant and equipment to investment properties based on the fair value as at that date. The transfer was effected based on management assessment of the property meeting the recognition criteria of IAS 40 Investment Property further to a change in management intended future use of the property to generate rental income.

As at 30 June 2021 and 2022, management assessed the fair value to remain unchanged from that as at 30 June 2020.

The balance has been restated to correct a prior year adjustment. Refer to note 43 for more details.

16 Investment in subsidiary

16.1 Unquoted and at cost

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at end of year	**100,000**	100,000	100,000

16.2 Details of the subsidiary are as follows:

Name of subsidiary	Principal activity	Type of shares	% holding	30 June 2023	30 June 2022	30 June 2021
				Rs	Rs	Rs
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	100,000	100,000	100,000

16 Investment in Subsidiary (Cont'd)

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

16.4 The Bank has 100% holding in MauBank Investment Ltd and the proportion of the voting rights in this subsidiary undertakings held directly by the Bank does not differ from the proportion of ordinary shares held.

16.5 Management considers that there has been no impairment of the investment in the subsidiary at 30 June 2023 (2022 and 2021: Nil)

17 Other Assets

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Mandatory balances with Central Bank (Note (i) below)	**2,277,213,614**	2,117,551,231	2,169,201,694	**2,277,213,614**	2,117,551,231	2,169,201,694
Due from the subsidiary (Note (ii) below)	**-**	-	-	**33,722,960**	33,722,960	32,824,479
Due from holding company (Note (ii) below)	**5,905,120**	1,592,535	1,287,580	**5,905,120**	1,592,535	1,287,580
Due from fellow subsidiary (Note (ii) below)	**222**	222	205	**222**	222	205
Balances due in clearing ((Note (iv) below)	**54,041,441**	29,868,215	43,593,247	**54,041,441**	29,868,215	43,593,247
Project costs	**-**	-	-	**-**	-	0
Prepayments	**55,638,883**	53,998,228	40,633,119	**55,638,883**	53,998,228	40,633,119
Receivables (v)	**89,944,296**	66,587,957	112,808,976	**95,161,687**	71,805,348	118,026,367
Repossessed properties (vi)	**38,763,467**	33,948,467	32,139,085	**38,763,467**	33,948,467	32,139,085
Others (vii)	**10,009,897**	8,601,683	8,788,592	**10,009,897**	8,601,683	8,788,592
	2,531,516,940	2,312,148,538	2,408,452,498	**2,570,457,291**	2,351,088,889	2,446,494,368
Current	**2,392,799,280**	2,203,010,431	2,254,715,845	**2,392,799,280**	2,203,010,431	2,254,715,845
Non-Current	**138,717,660**	109,138,107	153,736,653	**177,658,011**	148,078,458	191,778,523
	2,531,516,940	2,312,148,538	2,408,452,498	**2,570,457,291**	2,351,088,889	2,446,494,368

(i) At 30 June 2023, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to **Rs 2,277,213,614** (2022: Rs 2,117,551,231 and 2021: Rs 2,169,201,694). These funds are not available for daily business.

(ii) The amount due from the subsidiary, holding company and fellow subsidiary is interest free, unsecured and repayable on demand.

(iii) No allowance for expected credit losses has been made on the amount due from the subsidiary, holding company and fellow subsidiary as management has assessed their impact to be immaterial.

(iv) These represents cheques in course of collection.

(v) Management has assessed the recoverability of the receivables and has not identified any material provisions for impairment at 30 June 2023, 30 June 2022 and 30 June 2021.

(vi) Repossessed properties are physically seized assets as a result of non-payment of the debtor. The Bank's policy is to disposed those assets as soon as market conditions permits. These repossessed properties are carried at their net realisable values.

(vii) Others include stationery, stock of credit cards and other items of stock maintained by the Procurement Team.

Notes to the Financial Statements

For the year ended 30 June 2023

18 Deposits from Customers

Retail, Corporate and Government

		The Group			The Bank		
		30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
		Rs	Rs	Rs	Rs	Rs	Rs
(a)	Demand	**7,917,868,568**	8,856,194,477	7,101,922,778	**7,929,715,712**	8,860,744,050	7,101,941,628
	Savings	**13,795,018,472**	13,358,918,264	13,457,704,742	**13,795,018,472**	13,358,918,264	13,457,704,742
	Time deposits	**8,710,158,178**	6,572,310,160	7,818,552,225	**8,710,158,178**	6,572,310,160	7,818,552,225
		30,423,045,218	28,787,422,901	28,378,179,745	**30,434,892,362**	28,791,972,474	28,378,198,595
(b)	Time deposits with remaining term to maturity:						
	- Within 3 months	**1,212,813,358**	1,786,190,807	1,816,040,435	**1,212,813,358**	1,786,190,807	1,816,040,435
	- Over 3 and up to 6 months	**1,013,024,211**	1,054,960,888	1,190,377,220	**1,013,024,211**	1,054,960,888	1,190,377,220
	- Over 6 and up to 12 months	**3,276,647,595**	1,444,909,012	1,875,137,168	**3,276,647,595**	1,444,909,012	1,875,137,168
	- Over 1 and up to 3 years	**2,631,895,383**	1,440,970,731	2,031,061,138	**2,631,895,383**	1,440,970,731	2,031,061,138
	- Over 3 and up to 5 years	**573,719,879**	841,461,804	893,087,069	**573,719,879**	841,461,804	893,087,069
	- Over 5 years	**2,057,752**	3,816,918	12,849,195	**2,057,752**	3,816,918	12,849,195
		8,710,158,178	6,572,310,160	7,818,552,225	**8,710,158,178**	6,572,310,160	7,818,552,225
	Current	**5,502,485,164**	4,286,060,707	4,881,554,823	**5,502,485,164**	4,286,060,707	4,881,554,823
	Non-Current	**3,207,673,014**	2,286,249,453	2,936,997,402	**3,207,673,014**	2,286,249,453	2,936,997,402
		8,710,158,178	6,572,310,160	7,818,552,225	**8,710,158,178**	6,572,310,160	7,818,552,225
(c)	Retail	**14,820,247,548**	13,188,889,573	14,073,248,056	**14,820,247,548**	13,188,889,573	14,073,248,056
	Corporate	**13,463,191,174**	14,990,875,886	12,967,421,700	**13,475,038,318**	14,995,425,459	12,967,440,550
	Government	**2,139,606,496**	607,657,442	1,337,509,989	**2,139,606,496**	607,657,442	1,337,509,989
		30,423,045,218	**28,787,422,901**	**28,378,179,745**	**30,434,892,362**	**28,791,972,474**	**28,378,198,595**

19 Lease Liabilities

	The Group	The Bank
	Rs	Rs
At 01 July 2020	74,526,375	203,309,885
Additions during the year	10,820,952	10,820,952
Finance charge	1,830,575	4,822,702
Repayment during the year	(26,753,367)	(62,364,858)
At 30 June 2021	60,424,535	156,588,681
Additions during the year	-	-
Finance charge	1,285,778	3,413,794
Repayment during the year	(25,108,374)	(60,684,899)
At 30 June 2022	**36,601,939**	**99,317,576**
Finance charge	**782,131**	**2,023,121**
Repayment during the year	**(19,644,020)**	**(55,220,546)**
At 30 June 2023	**17,740,050**	**46,120,151**

The lease liabilities relate to the right-of-use assets.

19 Lease Liabilities (Cont'd)

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Remaining term to maturity						
- Within 3 months	**3,430,641**	6,644,551	7,092,282	**11,837,660**	14,826,177	15,054,338
- Over 3 and up to 6 months	**2,884,209**	4,908,087	5,608,116	**11,772,381**	13,569,376	14,048,383
- Over 6 and up to 12 months	**2,899,773**	7,309,254	11,122,200	**20,850,670**	24,801,875	28,168,386
- Over 1 and up to 3 years	**2,254,722**	11,167,855	28,076,512	**1,659,440**	46,120,148	97,658,134
- Over 3 and up to 5 years	**669,514**	610,878	2,254,722	**-**	-	1,659,440
- Over 5 years	**5,601,191**	5,961,314	6,270,703	**-**	-	-
	17,740,050	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681
Current	**9,214,623**	18,861,892	23,822,598	**44,460,711**	53,197,428	57,271,107
Non-Current	**8,525,427**	17,740,047	36,601,937	**1,659,440**	46,120,148	99,317,574
	17,740,050	36,601,939	60,424,535	**46,120,151**	99,317,576	156,588,681

20 Other liabilities

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Cheques in clearance	**84,963,174**	130,905,922	190,864,338	**84,963,174**	130,905,922	190,864,338
Due on extinction of guarantees (Note 1(i))	**122,496,861**	151,697,568	179,577,937	**122,496,861**	151,697,568	179,577,937
Other payables and accruals	**330,247,580**	299,908,066	272,322,080	**329,562,446**	299,222,935	271,766,552
Overdrawn balances on Nostro account	**-**	-	80,333	**-**	-	80,333
Provisions for other liabilities	**2,170,010**	733,864	773,212	**2,170,010**	733,864	773,212
	539,877,625	583,245,420	643,617,900	**539,192,491**	582,560,289	643,062,372
Current	**415,210,754**	430,813,988	463,266,751	**414,525,620**	430,128,857	462,711,223
Non-Current	**124,666,871**	152,431,432	180,351,149	**124,666,871**	152,431,432	180,351,149
	539,877,625	583,245,420	643,617,900	**539,192,491**	582,560,289	643,062,372

The other payables balance is unsecured and interest free.

Note (i) Due on extinction of guarantees pertain to amount owes to sister Company for excess consideration given on acquisition of a portfolio of clients from the bank. The excess consideration pertained to off balance sheet exposure attached to the portfolio of clients upon extinguishment of these guarantees, the consideration is refunded to the sister company.

Notes to the Financial Statements

For the year ended 30 June 2023

21 Retirement Benefits Obligations

Pension plan

The pension plan is a final salary defined benefit plan for senior employees and is wholly funded by the Bank. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the plan are held independently and administered by a private insurance company. Employee benefits obligations have been based on reports from Swan Life and Aon Hewitt Ltd dated 26 July 2023 and 14 August 2023 respectively.

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

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Present value of funded obligations	**(162,287,799)**	(190,950,590)	(192,382,973)
Fair value of plan assets	**47,303,582**	51,348,217	75,077,415
Liabilities in the statement of financial position	**(114,984,217)**	(139,602,373)	(117,305,558)

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

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
At start	**(139,602,373)**	(117,305,558)	(127,035,127)
Amounts recognised in profit or loss (Note 34)	**(13,235,084)**	(11,503,214)	(13,142,538)
Actuarial (losses)/gains recognised in other comprehensive income	**19,481,270**	(10,842,601)	12,678,660
Employer contributions	**18,371,970**	49,000	10,193,447
At end	**(114,984,217)**	(139,602,373)	(117,305,558)

(iii) Amounts recognised in the statement of profit or loss:

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Current service cost	**7,000,843**	6,781,438	8,922,967
Scheme expenses	**741,651**	2,800	393,698
Cost of insuring benefits	**228,696**	228,696	228,696
Interest cost	**7,121,746**	6,885,530	6,272,345
Expected return on plan assets	**(1,857,852)**	(2,395,250)	(2,675,168)
Total included in pension and other costs	**13,235,084**	11,503,214	13,142,538
Actual return on plan assets	**2,439,006**	2,212,642	2,183,481

21 Retirement Benefits Obligations (Cont'd)

Pension plan *(Cont'd)*

(iv) Amount recognised in Other Comprehensive Income:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Gains/(losses) on pension scheme assets	**581,154**	(182,608)	(491,687)
Experience gains/(losses) on the liabilities	**5,782,077**	6,433,643	(3,976,929)
Changes in assumptions underlying the present value of the scheme	**13,118,039**	(17,093,636)	17,147,276
	19,481,270	(10,842,601)	12,678,660

(v) Movements in defined benefit obligations:

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
At start	**(190,950,590)**	(192,382,973)	(194,867,540)
Current service cost	**(7,000,843)**	(6,781,438)	(8,922,967)
Interest cost	**(7,121,746)**	(6,885,530)	(6,272,345)
Actuarial gains/(losses)	**18,900,116**	(10,659,993)	13,170,347
Benefits paid	**23,885,264**	25,759,344	4,509,532
At end	**(162,287,799)**	(190,950,590)	(192,382,973)

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

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
At start	**51,348,217**	75,077,415	67,832,413
Expected return on plan assets	**1,857,852**	2,395,250	2,675,168
Actuarial gains/(losses)	**581,154**	(182,608)	(491,687)
Employer contributions	**18,371,970**	49,000	10,193,447
Scheme expenses	**(741,651)**	(2,800)	(393,698)
Cost of insuring risks benefits	**(228,696)**	(228,696)	(228,696)
Benefits paid	**(23,885,264)**	(25,759,344)	(4,509,532)
At end	**47,303,582**	51,348,217	75,077,415

Notes to the Financial Statements

For the year ended 30 June 2023

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(vii) Expected return on assets

The assets of the plan are invested in the deposit administration fund of Swan Life and Aon Solutions Ltd. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategy of the fund.

As the fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(viii) Description of the pension plan for non-senior employees

The Bank participates in a defined contribution (DC) pension plan which is administered by SICOM. Its contributions for DC employees are expensed to the income statement.

The Bank also participates in a defined benefit pension plan, the DBML pension scheme, which is now effectively operated on a defined contribution basis. The Bank has therefore recognised a net defined liability of Rs Nil in its balance sheet as at 30 June 2023 (30 June 2022: Rs Nil; 30 June 2021: Rs Nil) for the DBML pension scheme.

In addition, the Bank has recognised a liability under its defined contribution plan of **Rs 26,442,000** in its Statement of Financial Position as at 30 June 2023 (30 June 2022: Rs 32,282,000 and 30 June 2021: Rs 31,118,000) in respect of residual retirement gratuities that are expected to be paid out of the Bank's cash flow to its employees under the Workers' Rights Act (WRA) 2019.

Following the change in legislation in August 2022 as per the Workers' Rights Act 2019 and the Finance (Miscellaneous Provisions) Act 2022, the Company must pay a lump sum equivalent to:

- 15/26 times of the average monthly remuneration in the last 12 months for each year of service paid upon retiring, dying or leaving (limited to service from 1 January 2020 only for resignation) to those employees working 6-day weeks, or

- 15/22 (previously 15/26) times of the average monthly remuneration in last 12 months for each year of service paid upon retiring, dying or leaving (limited to service from 1 January 2020 only for resignation) to those employees working 5-day weeks.

Since all employees of the Bank work 5-day weeks, this recent amendment has impacted the IAS 19 disclosures.

The benefit plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

Investment risk (where the plan is funded): The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

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

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(viii) Description of the pension plan (Continued)

The Bank has a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year.

In addition to above defined benefit plan, the Bank also has a defined plan administered by Swan Life. The Bank has recognised a net defined benefit liability of **Rs 88,542,217** in its statement of financial position as at 30 June 2023 (30 June 2022: Rs 107,320,373 and 30 June 2021: Rs 86,187,558).

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(ix) Pension schemes

(a) DBBA Pension Scheme

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	-	-	-
- Amount recognised in P&L	-	-	-
- Amount recognized in OCI	-	-	-
- Closing balance	-	-	-
Allocation of Plan Assets at End of Year	%	%	%
- Property – Local	N/A	N/A	9
- Cash and other	N/A	N/A	91
Total	N/A	N/A	100

(b) DBML Pension Scheme

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	-	-	-
- Amount recognised in P&L	-	-	-
- Amount recognized in OCI	-	-	-
- Closing balance	-	-	-
Allocation of Plan assets at End of Year	%	%	%
- Property – Local	18	9	9
- Cash and other	82	91	91
Total	100	100	100

Notes to the Financial Statements

For the year ended 30 June 2023

21 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes (Contd)

(c) Retirement Gratuities

	30 June 2023	30 June 2022	30 June 2021
The Group and the Bank			
Principal Assumptions used at End of Year			
- Discount rate	**2.9% - 5.9%**	2.5% - 5.0%	2.5% - 5.0%
- Rate of salary increases	**3.70%**	3.00%	3.00%
- Rate of pension increases	**N/A**	N/A	N/A
- Average retirement age (ARA)	**65**	65	65
- Average life expectancy for:			
- Male at ARA	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20.0 years**	20.0 years	20.0 years

The Group and the Bank

Sensitivity Analysis on Defined Benefit Obligation at End of Year

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
- Increase due to 1% decrease in discount rate	**10,056,000**	10,961,000	10,551,000
- Decrease due to 1% increase in discount rate	**7,483,000**	8,587,000	8,237,000

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Bank's share of contributions. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.			
- Expected employer contribution for the next year	**Rs 114,000**	Rs 110,000	Rs 2,339,000
- Weighted average duration of the defined benefit obligation	**18 years**	19 years	20 years

21 Retirement Benefits Obligations (Cont'd)

***Pension plan** (Cont'd)*

(ix) Pension schemes (Cont'd)

(d) Defined benefit plan with Swan Life

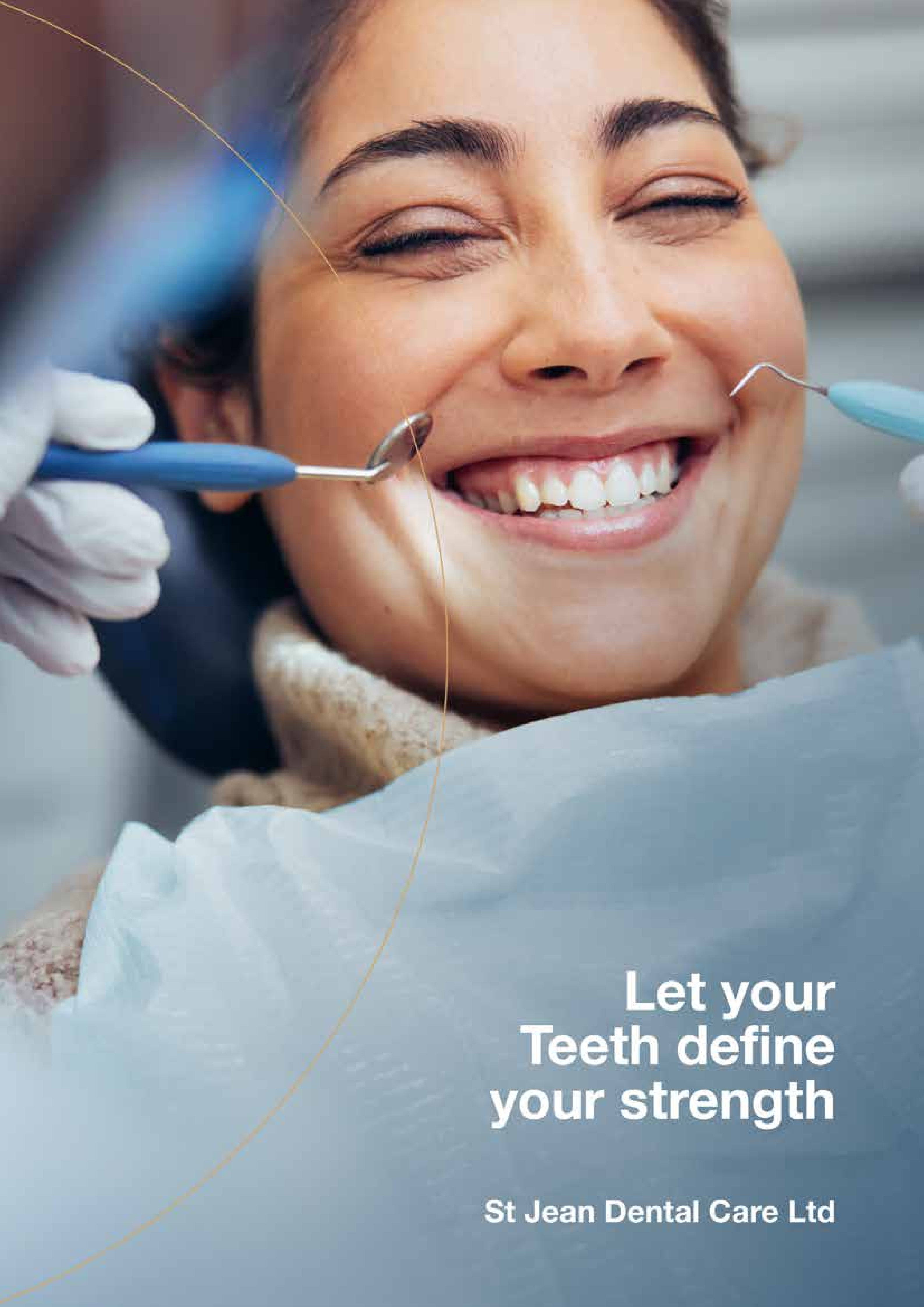
The Group and the Bank	30 June 2023	30 June 2022	30 June 2021
Principal Assumptions used at End of Year			
- Discount rate	**4.90%**	3.60%	2.80%
- Future long-term salary increase	**3.00%**	3.00%	3.00%
- Post retirement mortality tables	**Swan Annuity Rates**	Swan Annuity Rates	Swan Annuity Rates
Amounts for the current and previous periods	**Rs**	**Rs**	**Rs**
Defined benefit obligation	**(129,102,799)**	(150,644,590)	(147,798,973)
Plan assets	**40,560,582**	43,324,217	61,611,415
Deficit	**(88,542,217)**	(107,320,373)	(86,187,558)
Actuarial gains/(losses) on plan liabilities	**8,085,116**	(15,507,993)	(6,083,653)
Actuarial gains/(losses) on plan assets	**972,154**	1,546,392	681,313
Sensitivity Analysis on Defined Benefit Obligation at End of Year	**Rs**	**Rs**	**Rs**
- Increase due to 1% increase in future long term salary assumption	**5,994,881**	9,086,742	9,117,199
- Decrease due to 1% decrease in future long term salary assumption	**5,384,944**	8,147,268	8,156,292
- Increase due to 1% decrease in discount rate	**6,439,917**	2,377,167	8,643,561
- Decrease due to 1% increase in discount rate	**5,723,931**	13,954,020	7,606,070

The sensitivity analysis above has been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

Future cashflows

- Expected employer contribution for the next year	**7,010,000**	8,720,000	9,150,000
- Weighted average duration of the defined benefit obligation	**5 years**	6 years	6 years


Healthcare


Let your
Teeth define
your strength
St Jean Dental Care Ltd

Notes to the Financial Statements

For the year ended 30 June 2023

22 Stated Capital

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Issued, subscribed and paid up			
At start of the year	**2,466,420,956**	2,466,420,956	2,466,420,956
Issue of new shares	**249,999,534**	-	-
At end of year	**2,716,420,490**	2,466,420,956	2,466,420,956

During the year under review, the bank's shareholders injected Rs 249,999,534 in the form of new equity capital.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Number	Number	Number
Issued, subscribed and paid up			
Number of shares of par value of 100 each			
At start and end of year	**3,839,624**	3,839,624	3,839,624
Number of shares of no par value			
At start of year	**6,797,973,878**	6,797,973,878	6,797,973,878
Number of shares of no par value issued during the year	**544,914,722**	-	-
At end of year	**7,342,888,600**	6,797,973,878	6,797,973,878
Total number of shares in issue	**7,346,728,224**	6,801,813,502	6,801,813,502

Both the Rs 100 par value and the no par value shares carry the same rights.

Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution;
- an equal share in the distribution of the surplus assets of the Bank.

23 Statutory Reserve

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a Statutory Reserve Account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable. However, if there are current year losses, this transfer is not applicable.

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start of year	**58,574,633**	18,880,341	1,619,995
Transfer from profit or loss for the year	**57,119,459**	39,694,292	17,260,346
Balance at end of year	**115,694,092**	58,574,633	18,880,341

24 General Banking Reserve

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at start and end of year	-	-	90,709,840

The General Banking Reserve was kept to cater for any shortfalls between regulatory and IFRS impairment requirements .The amount of Rs 90,709,840 was transferred to retained earnings during the year ended 30 June 2021 as the Bank has adequate provisions for expected credit losses under stage 1 and stage 2 as computed under IFRS 9.

25 (a) Revaluation Reserve

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at beginning of year	**327,583,556**	327,583,556	602,793,226	**251,105,633**	251,105,633	526,315,303
Prior year adjustment	**-**	-	(275,209,670)	**-**	-	(275,209,670)
Restated balance at beginning of year	**327,583,556**	327,583,556	327,583,556	**251,105,633**	251,105,633	251,105,633
Increase arising on revaluation of properties	**14,101,709**	-	-	**5,101,709**	-	-
Deferred tax on revaluation of properties	**(1,525,086)**	-	-	**4,914**	-	-
Gain on Right-of-use assets	**8,868,421**	-	-	**-**	-	-
Balance at end of year	**349,028,600**	327,583,556	327,583,556	**256,212,256**	251,105,633	251,105,633

Revaluation reserve pertain to any movements between the carrying amount of property, plant and equipment, specifically land and building and its revalued amount as at reporting date.

(b) Other Reserve

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Balance at beginning of year	**20,280,711**	27,299,586	12,809,247
Credit impairment (reversal)/ charge on financial assets at FVTOCI during the year (Note 33)	**128,439,818**	(7,018,875)	14,490,339
Balance at end of year	**148,720,529**	20,280,711	27,299,586

Other reserve pertain to net ECL charge on financial assets at fair value through other comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2023

26 Contingent Liabilities

(a) Legal matters

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Bank is involved in various litigation, and the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Litigation being a common occurrence in the banking industry due to the nature of the business undertaken, the Bank has established formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

As at 30 June 2023, the Bank had claims amounting to **Rs 32 Mn** (2022: Rs 73 Mn) in relation to industrial disputes, for which appropriate legal actions have been taken to resist such claims. At this point in time, the Bank does not consider any liability to devolve from these disputes.

(b) Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers.

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
(i) Acceptances on account of customers	**3,140,945**	14,234,671	11,329,572
(ii) Guarantees on account of customers	**1,977,528,749**	1,181,518,187	1,138,599,624
(iii) Letters of credit and other obligations on account of customers	**2,636,862**	70,785,457	4,296,480
(iv) Outward bills for collection	**135,832,586**	121,910,016	113,839,818
	2,119,139,142	1,388,448,331	1,268,065,494

(i) These are acceptances under usance Letter of credit for importation purpose whereby the buyer as per their contract agreement with the seller enjoys a credit facility to pay at a future date.

(ii) These are issued by the Bank on behalf of its customers, the Principal, as financial assurance to the Beneficiaries in the event that the Principal defaults on their contractual obligations.

(iii) These are written undertakings by an importer's bank, known as the Issuing bank, on behalf of its customer whereby it promises to effect payment in favour of an exporter (beneficiary) up to a stated sum of money, within a prescribed time limit and against stipulated documents and terms of the credit.

(iv) This is a method of payment used in international trade whereby an exporter entrusts the handling of commercial and often financial documents to the Bank and provides instructions concerning the release of these documents to the importer. The Bank do not provide any guarantee of payment under collection.

27 Credit Commitments

	The Group and the Bank		
	30 June 2023	**30 June 2022**	**30 June 2021**
	Rs	**Rs**	**Rs**
Loans and other facilities			
Undrawn credit facilities	1,300,476,500	1,600,018,622	1,717,380,639

28 Derivatives

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

The Group and the Bank	Notional principal amount	Fair value	Derivative assets	Derivative liabilities
	Rs	Rs	Rs	Rs
30 June 2023				
Foreign exchange forward contracts	**1,052,307,917**	**1,056,827,928**	**5,876,440**	**(10,396,451)**
Foreign exchange swap contracts	**4,588,533,276**	**5,522,071,361**	**4,930,067**	**(857,854,090)**
Foreign exchange spot contracts	**7,379,594**	**7,302,469**	**77,125**	**-**
	5,648,220,787	**6,586,201,758**	**10,883,632**	**(868,250,541)**
30 June 2022				
Foreign exchange forward contracts	177,910,743	176,516,649	2,109,365	(715,271)
Foreign exchange swap contracts	3,740,022,441	4,646,646,185	1,199,066	(804,138,447)
Foreign exchange spot contracts	23,762,921	23,705,082	57,839	-
	3,941,696,105	4,846,867,916	3,366,270	(804,853,718)
30 June 2021				
Foreign exchange forward contracts	31,381,590	31,507,327	394,037	(519,774)
Foreign exchange swap contracts	4,611,524,377	5,251,109,032	34,272,377	(541,087,774)
Foreign exchange spot contracts	19,725,763	19,725,146	14,013	(13,396)
	4,662,631,730	5,302,341,505	34,680,427	(541,620,944)

(ii) Cross currency swap with the holding company

On 18 October 2019, MauBank Ltd entered into a USD/MUR cross currency swap arrangement with MauBank Holding Ltd whereby the Bank received USD 99,750,000 from its holding company in exchange for Rs 3,640,875,000. The duration of the swap arrangement is for a period of 12 years, with a five year grace period on capital repayment and seven years linear capital repayment thereafter. Interest and capital (after grace period) are payable every six months. The interest rate applicable on the USD and Rs amount are respectively USD six months LIBOR + 80bps and MUR cost of funds + 80bps.

The bank will repay capital amount of USD 7,125,000 plus accrued interest to MauBank Holdings Ltd (MBH) while MBH will repay capital amount of MUR 260,062,500 plus accrued interest to the bank every 6 months as from 1 August 2024 up to 1 February 2031.

(iii) Besides the cross currency swap with the holding company, the Bank have positions in the following types of derivatives:

Forward contracts

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forward contracts are customised contracts transacted in the over-the-counter market.

Spot position

The current balance on spot position account reflect the bought/sold amounts (FX deals) in original currencies and equivalent amounts corresponding to the prevailing FX spot “ Accounting” rate as of the settlement date.

Swap contracts

Currency swap contracts are commitments to exchange one set of cash flows in one currency for another set of cash flows in another currency.

Notes to the Financial Statements

For the year ended 30 June 2023

29 Net Interest Income

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Interest income on financial instruments measured at amortised cost						
Loans and advances	**1,154,681,819**	755,535,852	674,167,218	**1,164,813,535**	763,578,166	683,059,718
Commission on loans and advances	**59,870,936**	47,252,654	46,888,478	**59,870,936**	47,252,654	46,888,478
Finance lease	**80,824,165**	56,082,385	55,098,933	**80,824,165**	56,082,385	55,098,933
Placements	**82,762,329**	5,616,018	3,979,559	**82,762,329**	5,616,018	3,979,559
Trade finance	**70,772,095**	48,254,427	36,634,596	**70,772,095**	48,254,427	36,634,596
	1,448,911,344	912,741,336	816,768,784	**1,459,043,060**	920,783,650	825,661,284
Interest income on financial instruments measured at FVTOCI						
Investment Securities:						
- Government stocks	**67,008**	980,342	2,524,225	**67,008**	980,342	2,524,225
- Treasury notes	**-**	2,507,126	5,507,471	**-**	2,507,126	5,507,471
- Bank of Mauritius Bonds	**4,087,491**	4,083,629	6,279,137	**4,087,491**	4,083,629	6,279,137
- Corporate Bonds	**44,902,877**	51,270,875	38,454,025	**44,902,877**	51,270,875	38,454,025
- Treasury Bills	**4,323,932**	7,463,421	488,046	**4,323,932**	7,463,421	488,046
- Bank of Mauritius Bills	**57,254,911**	14,720,543	1,163,691	**57,254,911**	14,720,543	1,163,691
- Foreign bonds	**30,129,800**	58,355,282	50,479,060	**30,129,800**	58,355,282	50,479,060
- Mutual Fund	**-**	-	-	**-**	-	-
- Foreign bills	**26,928,333**	781,994	613,873	**26,928,333**	781,994	613,873
	167,694,352	140,163,212	105,509,528	**167,694,352**	140,163,212	105,509,528
Total interest income calculated using EIR	**1,616,605,696**	1,052,904,548	922,278,312	**1,626,737,412**	1,060,946,862	931,170,812
Interest expense on financial instruments measured at amortised cost						
Deposits from customers	**477,118,687**	162,643,364	197,773,774	**477,118,687**	162,643,364	197,773,774
Finance charge on leases	**782,131**	1,285,778	1,830,575	**2,023,121**	3,413,794	4,822,702
Other borrowed funds	**11,474,306**	-	4,111,453	**11,474,306**	-	4,111,453
Borrowings from Bank of Mauritius	**-**	-	2,490	**-**	-	2,490
Total interest expense	**489,375,124**	163,929,142	203,718,292	**490,616,114**	166,057,158	206,710,419
Net interest income	**1,127,230,572**	888,975,406	718,560,020	**1,136,121,298**	894,889,704	724,460,393

30 Net Fee and Commission Income

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Fee and commission income			
Commission on guarantees	**20,107,154**	17,113,001	20,304,978
Commission on insurances and pensions	**16,093,026**	14,847,233	17,004,085
Commission on loans and advances to customers	**6,378,190**	4,845,367	5,162,925
Commission on savings	**49,794,887**	41,002,561	33,454,409
Commission on trade finance	**50,701,171**	34,176,881	29,741,188
Management fees from fellow subsidiary	**44,171,993**	53,157,373	59,996,288
Recovery fees from fellow subsidiary	**53,240,195**	60,434,060	56,457,380
Other fee income from fellow subsidiary	**8,489,433**	6,642,672	4,607,426
Others	**43,146,844**	30,568,059	27,444,147
Total fee and commission income	**292,122,893**	262,787,207	254,172,826
Recognised over a period of time	**168,221,137**	164,881,315	166,499,834
Recognised at a point in time	**123,901,756**	97,905,892	87,672,992
Total fee and commission income	**292,122,893**	262,787,207	254,172,826
Fee and commission expense			
Credit card expenses	**47,065,904**	36,170,633	44,295,983
Other fees paid	**4,542,704**	4,468,609	3,824,488
Total fee and commission expense	**51,608,608**	40,639,242	48,120,471
Net fee and commission income	**240,514,285**	222,147,965	206,052,355

31 Net Trading Income

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Foreign exchange transactions	**156,414,224**	372,345,552	410,169,354
(Loss)/gain on fair value of derivative (Note 28)	**(42,903,836)**	(277,861,190)	(334,091,700)
Net revaluation (loss)/gain on financial instruments	**2,494,108**	(1,725,098)	1,396,627
Interest income on financial assets at FVTPL	**-**	3,077,833	37,038,817
Gain on sale of financial assets at FVTPL	**-**	-	1,694,372
Gain/(Loss) on valuation of investment securities and trading assets at FVTPL	**19,793,152**	5,192,015	(6,893,246)
Interest income on cross currency swap sold	**243,752,093**	93,248,295	105,624,278
Interest expense on cross currency swap bought	**(210,999,463)**	(51,988,831)	(50,498,960)
	168,550,278	142,288,576	164,439,542

Notes to the Financial Statements

For the year ended 30 June 2023

32 Other Income

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Gain on revaluation of investment properties	10,000,000	-	-
Rental income on investment properties	24,668,655	24,190,793	25,256,682
(Loss)/gain on disposal of property, plant and equipment	(2,354)	270,777	192,340
Gain on disposal of non banking and other assets	-	5,283	88,104
Dividend and other income	20,483,023	2,952,362	1,486,252
	55,149,324	27,419,215	27,023,378

33 Net Impairment Loss on Financial Assets

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
ECL charge/ (reversal) under stage 1 and 2 for cash and cash equivalents	189,276	-	(11,968)
ECL reversal under stage 1 and 2 for placements	-	-	(302)
ECL charge under stage 1 and 2 for loans and advances to banks (Note 12 (b))	5,278,298	2,070,437	837,954
ECL charge/(reversal) under stage 1 and 2 for loans and advances to customers (Note 13 (c))	11,669,698	(9,127,648)	(12,496,062)
ECL charge under stage 3 for loans and advances (Note 13 (c))	38,468,534	74,434,782	40,903,002
ECL reversal/(reversal) under stage 1 and 2 for financial assets at FVTOCI (Note 25(b))	(5,407,240)	(7,018,875)	14,490,339
ECL charge under stage 3 for financial assets at FVTOCI (Note 25(b))	133,847,058	-	-
ECL charge/(reversal) under stage 1 and 2 for off balance sheet items	1,436,146	(39,348)	229,268
Bad debts recovered	(9,297,478)	(3,457,269)	(3,182,801)
	176,184,292	56,862,079	40,769,430

Amounts included in the cash flow statements excludes ECL charge/reversal under stage 1 and 2 for cash and cash equivalent and bad debt recovered.

34 Personnel Expenses

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Wages and salaries	374,235,468	387,842,591	385,602,936
Compulsory social security obligations	22,400,176	23,341,909	19,722,870
Pension cost under defined contribution plan	23,908,924	24,569,891	23,561,537
Pension cost under defined benefit plan (Note 21(ii))	13,235,084	11,503,214	13,142,538
Contribution to PRGF	261,636	124,176	245,768
Other personnel expenses	83,197,273	70,061,082	71,625,108
	517,238,561	517,442,863	513,900,757

35 Other Expenses

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**18,405,448**	15,466,007	12,484,926	**18,405,448**	15,466,007	12,484,926
Travel expenses	**526,518**	378,040	1,229,106	**526,518**	378,040	1,229,106
Office operating expenses	**33,034,038**	35,331,502	32,652,678	**33,034,038**	35,331,502	32,652,678
Stationeries	**7,965,120**	6,370,469	5,830,769	**7,965,120**	6,370,469	5,830,769
General administration expenses	**24,142,643**	17,880,694	17,784,712	**24,137,669**	17,877,098	17,769,099
Professional fees	**62,139,460**	16,792,310	19,254,773	**61,840,460**	16,363,710	18,886,223
Insurances	**18,187,856**	16,024,300	15,028,324	**17,957,485**	15,752,520	14,756,719
Repairs and maintenance	**138,458,412**	117,632,574	112,417,177	**138,458,412**	117,632,574	112,417,177
Utilities	**54,602,043**	51,350,098	50,948,945	**54,602,043**	51,350,098	50,948,945
Training	**3,013,368**	912,439	658,463	**3,013,368**	912,439	658,463
Other operating expenses	**8,846,720**	4,932,261	5,650,834	**4,151,068**	236,609	955,182
	369,321,626	283,070,694	273,940,707	**364,091,629**	277,671,066	268,589,287

36 Income Tax Expense

(a) Income tax

The applicable tax rate in Mauritius is 5% for the year ended 30 June 2023 (2022: 5%; 2021: 5%) for profit up to Rs 1.5 Bn. In addition, the Bank is subject to 2% relating to Corporate Social Responsibility for the year ended 30 June 2023 (2022 and 2021: 2%). As at 30 June 2023, the Group had no income tax liability (2022: Rs Nil and 2021: Rs Nil), but instead had an income tax asset of Rs 6,525,969 (Note 38(c)) (2022: Rs 6,515,511 and 2021: Rs 6,146,240 at that date. At the reporting date, the Bank has net accumulated tax losses of Rs 345,0004,886.

The Group is subject to the Advanced Payment Scheme (APS) and the Corporate Social Responsibility Fund (CSR Fund).

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

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

Under the APS, the Bank is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on the chargeable income of the preceding financial year.

Notes to the Financial Statements

For the year ended 30 June 2023

36 Income Tax Expense (Cont'd)

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

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Income tax on adjusted profit for the year	**2,938,724**	3,192,635	3,029,165	**-**	-	-
Movement in deferred taxation	**3,687,255**	4,210,420	11,515,395	**3,583,687**	4,339,030	11,942,373
CSR contribution	**425,685**	403,889	328,613	**-**	-	-
Tax expense	**7,051,664**	7,806,944	14,873,173	**3,583,687**	4,339,030	11,942,373

(c) Statement of financial position

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(6,515,111)**	(6,146,240)	(5,613,241)	**(6,047,358)**	(5,905,506)	(5,081,483)
Income tax on adjusted profit for the year	**2,938,724**	3,192,635	3,029,165	**-**	-	-
CSR contribution payable	**425,685**	403,889	328,613	**-**	-	-
Tax refund received during the year	**6,499,779**	6,156,295	5,654,182	**6,032,026**	5,915,561	5,122,424
Tax paid during the year	**(2,633,922)**	(2,499,060)	(2,033,295)	**-**	-	-
Tax deducted at source	**(7,241,124)**	(7,622,630)	(7,511,664)	**(5,088,950)**	(6,057,413)	(5,946,447)
Balance at end of year	**(6,525,969)**	(6,515,111)	(6,146,240)	**(5,104,282)**	(6,047,358)	(5,905,506)
Presented as follows:						
Current tax assets	**(6,525,969)**	(6,515,111)	(6,146,240)	**(5,104,282)**	(6,047,358)	(5,905,506)

(d) Deferred tax assets

	The Group			The Bank		
		Restated			Restated	
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(37,939,163)**	(41,607,453)	(44,034,416)	**(47,715,855)**	(51,512,755)	(54,366,696)
Prior year adjustment	**-**	-	(9,722,365)	**-**	-	(9,722,365)
	(37,939,163)	(41,607,453)	(53,756,781)	**(47,715,855)**	(51,512,755)	(64,089,061)
Movement during the year						
- Charged to statements of profit or loss	**3,687,255**	4,210,420	11,515,395	**3,583,687**	4,339,030	11,942,373
- Charged/(Credited) to other comprehensive income						
On actuarial gain/ (loss)	**974,063**	(542,130)	633,933	**974,063**	(542,130)	633,933
On revaluation of property, plant and equipment	**1,525,086**	-	-	**(4,914)**	-	-
Balance at end of year	**(31,752,759)**	(37,939,163)	(41,607,453)	**(43,163,019)**	(47,715,855)	(51,512,755)

36 Income Tax Expense (Cont'd)

(d) Deferred tax assets (Cont'd)

Deferred tax arises on the following timing differences:

	The Group			The Bank		
		Restated			Restated	
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**2,762,170**	2,950,077	4,652,493	**3,134,176**	3,425,654	4,999,460
Provision for credit impairment	**(35,165,602)**	(25,957,521)	(22,949,968)	**(35,165,602)**	(25,957,521)	(22,949,968)
Retirement benefit obligations	**(5,749,211)**	(6,980,119)	(5,865,278)	**(5,749,211)**	(6,980,119)	(5,865,278)
Revaluation of buildings	**23,650,128**	22,125,044	22,125,044	**11,867,862**	11,872,775	11,872,775
Tax losses carried forward	**(17,250,244)**	(30,076,644)	(39,569,744)	**(17,250,244)**	(30,076,644)	(39,569,744)
Balance at end of year	**(31,752,759)**	(37,939,163)	(41,607,453)	**(43,163,019)**	(47,715,855)	(51,512,755)

(e) Income tax reconciliation

The tax charge on the Group's and the Bank's profit differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Profit before income tax	**395,608,043**	285,357,283	141,388,028	**384,380,078**	272,915,310	130,959,011
Tax at 5%	**19,780,402**	14,070,481	6,872,018	**19,219,004**	13,448,382	6,350,567
Non-allowable items	**19,448,873**	13,650,629	13,121,749	**19,346,114**	13,467,921	12,835,125
Exempt income	**(9,695,433)**	(7,527,307)	(7,529,656)	**(8,747,923)**	(7,461,866)	(7,449,964)
Deferred taxation	**3,687,255**	4,210,420	11,515,395	**3,583,687**	4,339,030	11,942,373
CSR contribution	**425,685**	403,889	328,613	**-**	-	-
Others	**(26,595,118)**	(17,001,168)	(9,434,946)	**(29,817,195)**	(19,454,437)	(11,735,728)
Tax expense	**7,051,664**	7,806,944	14,873,173	**3,583,687**	4,339,030	11,942,373

(f) Time lapse of tax losses

Tax losses arising, other than on capital allowances lapses, if not claimed within five years. At the reporting date, the Bank has net accumulated tax losses of Rs 345,004,886 pertaining to capital allowances that can be carrried forward indefinitely.

At 30 June 2022 and 30 June 2021, the Bank had tax losses of respectively Rs 1,222,570,392 and Rs 1,611,659,132. Tax losses of Rs 281,221,612 lapsed during the year ended 30 June 2023.

Notes to the Financial Statements

For the year ended 30 June 2023

37 Profit for the Year

	The Group			The Bank		
		Restated			Restated	
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year is arrived at after charging:						
Depreciation and amortisation*	**(108,307,862)**	(131,436,339)	(153,251,430)	**(133,656,550)**	(155,192,238)	(174,932,240)
Directors' emoluments	**(29,094,744)**	(20,574,691)	(17,884,682)	**(28,830,744)**	(20,310,691)	(17,642,682)
Payable to auditors (including VAT):						
- Audit services	**(8,399,600)**	(5,488,375)	(5,229,625)	**(8,199,500)**	(5,341,750)	(5,088,750)
- Fees for other services	**(2,530,000)**	(231,150)	-	**(2,530,000)**	(231,150)	-
Staff costs (Note 34)	**(517,238,561)**	(517,442,863)	(513,900,757)	**(517,238,561)**	(517,442,863)	(513,900,757)
Operating lease rentals (Note 42(b(i))	**(24,815,016)**	(19,051,699)	(13,386,550)	**(24,815,016)**	(19,051,699)	(13,386,550)
and crediting:						
Rental income (Note 32)	**24,668,655**	24,190,793	25,256,682	**24,668,655**	24,190,793	25,256,682

* Depreciation and amortisation has been restated to reflect corrections made in note 42.

38 Earnings per Share

The Earnings per share for the year ended 30 June 2023 and for the comparative years were calculated as follows:

The Group	Earnings per share (Rs)	Profit for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2023	**0.05**	**388,556,379**	**7,074,270,863**
Year ended 30 June 2022	0.04	277,550,339	6,801,813,502
Year ended 30 June 2021	0.02	126,514,855	6,801,813,502

The Bank	Earnings per share (Rs)	Profit for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2023	**0.05**	**380,796,391**	**7,074,270,863**
Year ended 30 June 2022	0.04	268,576,280	6,801,813,502
Year ended 30 June 2021	0.02	119,016,638	6,801,813,502

39 Related Party Transactions

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

	Directors and Key management personnel
The Group and the Bank	Rs
Loans and Advances	
At 30 June 2023	**58,759,367**
At 30 June 2022	40,373,663
At 30 June 2021	41,151,575
Deposits	
At 30 June 2023	**83,893,838**
At 30 June 2022	85,620,031
At 30 June 2021	89,737,489
Interest income	
Year ended 30 June 2023	
Loans and advances	**1,316,695**
Year ended 30 June 2022	
Loans and advances	954,953
Year ended 30 June 2021	
Loans and advances	1,252,317
Interest expense	
Year ended 30 June 2023	
Deposits	**1,048,126**
Year ended 30 June 2022	
Deposits	392,332
Year ended 30 June 2021	
Deposits	1,010,510
Key management personnel compensation	
(Salaries and short-term employee benefits including directors' emoluments)	
Year ended 30 June 2023	**71,233,403**
Year ended 30 June 2022	83,788,030
Year ended 30 June 2021	81,727,824
Key management personnel compensation (Post employment benefits)	
Year ended 30 June 2023	**4,445,894**
Year ended 30 June 2022	7,117,923

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

Notes to the Financial Statements

For the year ended 30 June 2023

39 Related Party Transactions (Cont'd)

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

The Bank	30 June 2023 Debit/(Credit) Rs	30 June 2022 Debit/(Credit) Rs	30 June 2021 Debit/(Credit) Rs
Subsidiary (MauBank Investment Ltd)			
Balances:			
Loans and advances	**147,707,856**	156,306,758	171,115,159
Deposits	**(11,847,143)**	(4,549,574)	(18,849)
Amount receivable (Note 17)	**33,722,960**	33,722,960	32,824,479
Rental deposits	**6,000,000**	6,000,000	6,000,000
Transactions:			
Interest income	**(10,131,717)**	(8,042,313)	(8,892,500)
Rental expense	**36,000,000**	36,000,000	36,000,000
Fellow subsidiary (EAMC Ltd)			
Balances:			
Deposits	**(93,486,160)**	(70,469,086)	(2,984,714)
Amount payable on net collection of loans and advances (see below)	**(13,649,767)**	(16,617,253)	(40,059,363)
Transitional receivable	**34,952,319**	(882,123)	38,359,620
Due on extinction of guarantee	**(122,496,861)**	(151,697,568)	(179,577,937)
Amount receivable for expenses paid (Note 17)	**222**	222	205
Transactions:			
Management fee income	**(44,171,993)**	(53,157,373)	(59,996,288)
Recovery fee income	**(53,240,195)**	(60,434,060)	(56,457,380)
Other fee income	**(8,489,433)**	(6,642,672)	(4,607,426)
Fellow subsidiary (Maufactoring Ltd)			
Balance:			
Loans and advances	**23,661,891**	-	-
Deposits	**(11,183)**	-	-
Transactions:			
Interest income	**(201,029)**	-	-
Rental income	**(679,950)**	-	-
Holding company (MauBank Holdings Ltd)			
Balances:			
Loans and advances	**3,220,959,452**	3,171,673,699	3,170,409,472
Deposits	**(476,650,461)**	(740,941,028)	(880,375,664)
Amount receivable for expenses paid (Note 17)	**5,905,120**	1,592,535	1,287,580
Interest receivable on cross currency swap sold	**120,298,500**	37,855,125	38,902,500
Interest payable on cross currency swap bought	**(111,532,661)**	(26,535,382)	(19,341,306)
Transactions:			
Interest income	**(404,081,545)**	(199,862,816)	(210,879,105)
Interest expense	**210,999,463**	51,988,831	50,498,960
Dividend paid	**40,000,000**	-	-

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

The loan and advances with key management personnel are contracted at the Bank's preferential rates as available to all staff members. The outstanding balances arose in the normal course of business. For the year ended 30 June 2023, the Group and the Bank have raised expected credit losses for doubtful debts relating to amounts owed by relating parties as per ECL model currently being applied on financial assets. Total allowance for expected credit loss charged to income statement on loan and advances amounted to **Rs 161,666** (2022: Rs 153,825; 2021 Rs 221,281). At 30 June 2023, none of the facilities to related parties was non-performing (2022: nil, 2021: MUR Nil). In addition, for the year ended 30 June 2023 the Bank has not written off any amount owed by related party (2022: nil, 2021: MUR Nil). The settlement of the related party transactions occurs in cash.

The bank collections for the loans and advances owned by EAMC Ltd on behalf of the latter.The amounts due to EAMC Ltd are interest free, unsecured and repayable within one year.

40 Events after the Reporting Period

The Finance Act 2023 which was published on 20 July 2023 has repealed the change in the gratuity formula from 15/26 to 15/22 for employees working 5 day-weeks. Since the legislation was put into place after the valuation date, the Bank Ltd has opted for the change in gratuity formula from 15/22 back to 15/26 will be reflected in the next financial year. Had the formula of 15/26 been applied in the year ended 30 June 2023, the net defined benefit liability in respect of residual retirement gratuities would have been Rs 25,463,000 at 30 June 2023. Therefore, the application of the new formula would have resulted in a decrease of Rs 979,000 in liabilities as at 30 June 2023.

41 Assets pledged

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

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Government stocks	-	284,000,000	246,000,000

42 Other Commitments

(a) Capital Commitments

	The Group and the Bank		
	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Approved and contracted for	**12,639,257**	10,313,563	8,852,846

The capital commitments represents amount payable for completion of assets in progress.

(b) Operating Lease Contracts

(i) The Group and the Bank as a lessee

	The Group			The Bank		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year	**24,815,016**	19,051,699	13,386,550	**24,815,016**	19,051,699	13,386,550
At the reporting date, the Group and the Bank had outstanding commitment under cancellable operating leases, which fall due as follows:						
Within 1 year	**30,666,688**	8,355,852	7,355,366	**30,666,688**	8,355,852	7,355,366
After 1 period and before 5 years	**44,326,363**	19,401,584	-	**44,326,363**	19,401,584	-
After 5 years	**-**	-	-	**-**	-	-
	74,993,051	27,757,436	7,355,366	**74,993,051**	27,757,436	7,355,366

The above is in respect of leases not falling under the scope of IFRS 16 and are thus expensed to income statement on payments. The operating lease payments represent rentals payable for office and parking space.

Notes to the Financial Statements

For the year ended 30 June 2023

42 Other Commitments (Cont'd)

(b) Operating Lease Contracts (Cont'd)

(ii) The Group and the Bank as a lessor

Property rental income earned during the year was **Rs 24,668,655** (30 June 2022: Rs 24,190,793 and 30 June 2023: Rs 25,256,682). Properties held for rental have a committed tenant between 3 to 10 years.

At the reporting date, the Bank had contracted with tenants for the following future minimum lease payments.

	30 June 2023	30 June 2022	30 June 2021
	Rs	Rs	Rs
Within 1 year	**23,342,097**	23,928,057	15,662,529
After 1 year and before 5 years	**56,657,220**	80,330,911	47,906,050
After 5 years	**-**	1,421,597	9,569,100
	79,999,317	105,680,565	73,137,679

43 Prior period restatement

The restatement relates to revaluation adjustments made to Property, plant and equipment and investment properties which were overstated and which did not reflect their fair value.

To correct the above, in accordance with the provisions of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the figures were recalculated and comparatives have been restated for the Group and the Bank, with adjustments made to the following captions: retained earnings, revaluation reserves, property, plant and equipment, Investment property and deferred tax in the Statement of Financial Position. The following adjustments were made to the comparatives for the Group and the Bank:

	2022			2021		
	As previously stated	Adjustments	As restated	As previously stated	Adjustments	As restated
	Rs	Rs	Rs	Rs	Rs	Rs
The Group						
Retained earnings/ accumulated losses	273,366,858	(45,814,634)	227,552,224	49,758,948	(49,762,300)	(3,352)
Revaluation reserves	602,793,226	(275,209,670)	327,583,556	602,793,226	(275,209,670)	327,583,556
Property plant and equipment	1,233,184,116	(191,946,669)	1,041,237,447	1,282,448,583	(195,894,335)	1,086,554,248
Investment property	519,300,000	(138,800,000)	380,500,000	519,300,000	(138,800,000)	380,500,000
Deferred tax	28,216,798	9,722,365	37,939,163	31,885,088	9,722,365	41,607,453
The Bank						
Retained earnings/ accumulated losses	239,923,943	(45,814,634)	194,109,309	25,290,092	(49,762,300)	(24,472,208)
Revaluation reserves	526,315,303	(275,209,670)	251,105,633	526,315,303	(275,209,670)	251,105,633
Property plant and equipment	948,193,855	(191,946,669)	756,247,186	989,296,441	(195,894,335)	793,402,106
Investment property	519,300,000	(138,800,000)	380,500,000	519,300,000	(138,800,000)	380,500,000
Deferred tax	37,993,490	9,722,365	47,715,855	41,790,390	9,722,365	51,512,755

Impact on statement of profit or loss (increase/(decrease):

	The Group and the Bank	
	30 June 2022	30 June 2021
	Rs	Rs
Depreciation and amortisation	(3,947,666)	(3,947,666)
Profit for the year	3,947,666	3,947,666

44 Immediate holding Company and Ultimate Shareholder

The directors regard MauBank Holdings Ltd, a company incorporated and domiciled in Mauritius, as their immediate holding company and the Government of Mauritius as their ultimate shareholder.