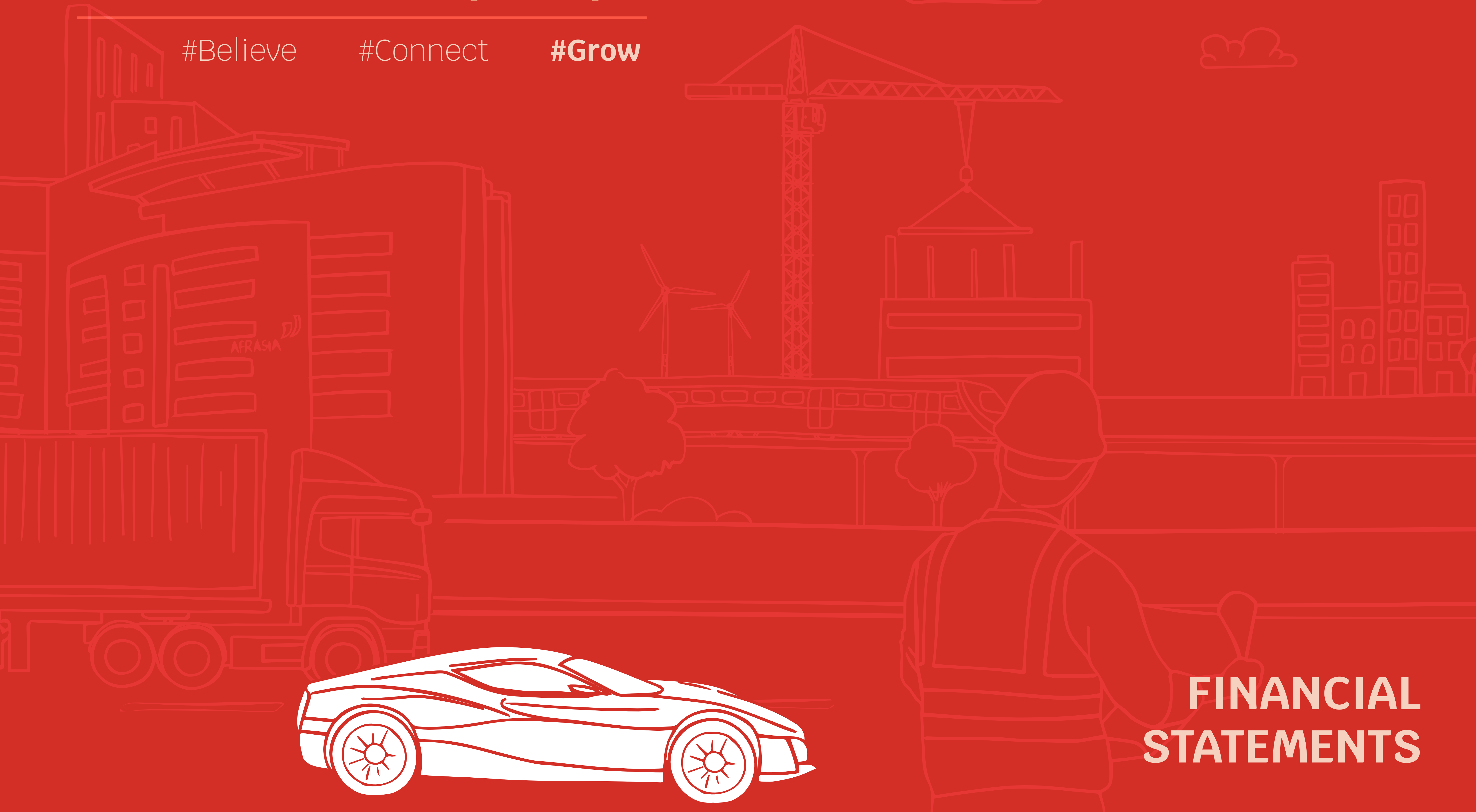
At the heart of everything we do is our aim to shape a resilient foundation that empowers our clients' sustainable growth so they can be tomorrow's game changers.

#Believe #Connect **#Grow**



FINANCIAL STATEMENTS

CERTIFICATE FROM THE COMPANY SECRETARY

In terms of Section 166(d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, AfrAsia Bank Limited (the "Bank"), has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001 for the year ended 30 June 2021.

JENNIFER JEAN-LOUIS
Company Secretary

Date: 17 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRASIA BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of AfrAsia Bank Limited (the "Bank" and the "Public Interest Entity") and its subsidiary (the "Group") set out on pages 145 to 295, which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses – Financial assets which are not credit impaired	
IFRS 9 requires the Bank to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgements and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the implementation of IFRS 9 are: • Model estimations – the Bank has used a combination of statistical model and credit rating model to estimate ECL depending on type of portfolio which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and LGD models used in the loans portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach. • Determining the criteria for significant increase in credit risk ('SICR') and identifying SICR- These criteria are highly judgemental and can impact the ECL materially where facilities have maturity of greater than 12 months. • Macro-Economic Forecasts – IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro-economic forecasts. The macro-economic forecasts are estimates of future economic conditions.	Our audit procedures included amongst others: • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions used in the models; • Evaluating controls over model monitoring and validation; • Using of specialist team in performing certain procedures; • Verifying the historical data used in determination of PD in the models; • Reviewing a sample of the rating reports derived from the internal rating system and the corresponding mapping to S&P table; • Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology; • Assessing the appropriateness of the macro- economic forecasts used; • Independently assessing Probability of Default, Loss Given Default and Exposures at Default assumptions; • Testing the accuracy and completeness of ECL by reperformance; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses – Financial assets which are not credit impaired (cont'd)	
• Economic scenarios - the Bank has used a range of future economic conditions in light of the global pandemic of COVID-19. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied, especially when considering the current uncertain global economic environment. • Qualitative adjustments – Adjustments to the model-driven ECL results are accounted by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.	
Provision for expected credit losses – Credit impaired assets	
Provision for expected credit losses on credit-impaired loans and advances to customers at 30 June 2021 amounted to MUR 1,962 million and the charge to profit or loss for the year amount to MUR 192 million. The use of assumptions for the measurement of provision for expected credit losses is subjective due to the level of judgement applied by Management. Changes in the assumptions and the methodology applied may have a major impact on the measurement of allowance for credit impairment. The details of allowance for credit impairment on loans and advances to customers are disclosed in Note 16(b) to the financial statements. The most significant judgements are: • whether impairment events have occurred • valuation of collateral and future cash flows • management judgements and assumptions used Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for expected credit losses, this item is considered as a key audit matter.	Our audit procedures included amongst others: • Obtaining audit evidence in respect of key controls over the processes for impairment events identification of impaired assets and impairment assessment; • Inspecting the minutes of Impairment Management Committee, Credit Committee, Risk Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment; • Challenging the methodologies applied by using our industry knowledge and experience; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach; • Performing a risk-based test of loans and advances to customers to ensure timely identification of impairment and for impaired loans to ensure appropriate allowance for credit impairment; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the Chairperson's Message, Interim Chief Executive Officer's Message, Corporate Governance Report, Management Discussion and Analysis, Risk Management Report, Statement of Management's Responsibility for Financial Reporting and Certificate from the Company Secretary, but, does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Corporate governance report

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRASIA BANK LIMITED(CONT'D)
REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Responsibilities of directors for the consolidated and separate financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and/or Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRASIA BANK LIMITED (CONT'D)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Report on other legal and regulatory requirements

The Mauritius Companies Act 2001

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

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

The Banking Act 2004

- In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the provisions of the Banking Act 2004 and the regulations and guidelines issued by Bank of Mauritius; and
- the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Use of this report

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

Deloitte
Chartered Accountants

R. Srinivasa Sankar, FCA
Licensed by FRC

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		THE GROUP			THE BANK		
	Notes	2021 MUR'000	2020 (Restated) MUR'000	2019 (Restated) MUR'000	2021 MUR'000	2020 (Restated) MUR'000	2019 (Restated) MUR'000
Continuing operations							
Interest income	4(a)	**1,684,412**	3,114,028	3,169,020	**1,684,412**	3,114,028	3,169,047
Interest expense	4(b)	**(613,283)**	(1,085,786)	(858,274)	**(611,994)**	(1,085,786)	(858,274)
Net interest income, calculated using EIR method		**1,071,129**	2,028,242	2,310,746	**1,072,418**	2,028,242	2,310,773
Fee and commission income	5(a)	**877,757**	786,703	731,362	**877,870**	787,478	732,604
Fee and commission expense	5(b)	**(313,605)**	(297,502)	(291,381)	**(315,370)**	(297,492)	(291,379)
Net fee and commission income		**564,152**	489,201	439,981	**562,500**	489,986	441,225
Net (loss)/gain from derecognition of financial assets measured at amortised cost	6	**-**	(2,003)	23,927	**-**	(2,003)	23,927
Net trading income	7(a)	**948,341**	1,302,350	909,281	**945,243**	1,302,350	916,803
Other gains/(losses)	7(b)	**1,696**	(3,046)	98	**1,696**	(3,046)	98
Other operating income	7(c)	**(1,843)**	(5,372)	(5,300)	**(106)**	(375)	665
Total operating income		**2,583,475**	3,809,372	3,678,733	**2,581,751**	3,815,154	3,693,491
Net impairment loss on financial assets	8	**(470,747)**	(839,095)	(468,380)	**(465,131)**	(839,095)	(468,380)
Net operating income		**2,112,728**	2,970,277	3,210,353	**2,116,620**	2,976,059	3,225,111
Personnel expenses	9	**(662,934)**	(718,079)	(646,296)	**(662,934)**	(718,079)	(646,296)
Depreciation of property and equipment	19	**(35,633)**	(35,714)	(36,362)	**(35,633)**	(35,713)	(36,361)
Depreciation of right of use assets	21	**(32,912)**	(31,735)	-	**(32,912)**	(31,735)	-
Amortisation of intangible assets	20	**(41,966)**	(40,923)	(71,997)	**(41,966)**	(40,923)	(38,586)
Other operating expenses	10	**(313,733)**	(369,248)	(332,705)	**(319,544)**	(366,561)	(323,506)
Total operating expenses		**(1,087,178)**	(1,195,699)	(1,087,360)	**(1,092,989)**	(1,193,011)	(1,044,749)
Operating profit		**1,025,550**	1,774,578	2,122,993	**1,023,631**	1,783,048	2,180,362
Impairment loss on investment in subsidiary	18(a)	**-**	-	-	**-**	-	(189,563)
Impairment loss on receivable from subsidiary	22	**-**	-	-	**-**	(33,057)	(103,000)
Loss on winding up of subsidiary	18(a)	**-**	-	(57,210)	**-**	-	-
Impairment loss on goodwill	20	**-**	-	(134,903)	**-**	-	-
Gain on disposal of subsidiary		**52,451**	-	-	**-**	-	-
Profit before tax		**1,078,001**	1,774,578	1,930,880	**1,023,631**	1,749,991	1,887,799
Tax expense	11(b)	**(148,405)**	(228,436)	(303,016)	**(148,405)**	(228,436)	(303,016)
Profit for the year from continuing operations		**929,596**	1,546,142	1,627,864	**875,226**	1,521,555	1,584,783
Discontinued operations							
(Loss)/profit for the year from discontinued operations	41	**(13,540)**	(3,146)	108	**-**	-	-
Profit for the year		**916,056**	1,542,996	1,627,972	**875,226**	1,521,555	1,584,783
Other comprehensive (loss)/income that may be subsequently reclassified to profit or loss:							
Movement in fair value reserve for debt instrument measured at fair value through other comprehensive income:							
- (Losses)/gains arising during the year	17(b)	**-**	(2,880)	2,047	**-**	(2,880)	2,047
- Reclassification of gains/(losses) included in profit or loss on derecognition	17(b)	**-**	3,046	(98)	**-**	3,046	(98)
- Expected credit losses	17(b)	**-**	(1,074)	527	**-**	(1,074)	527
		-	(908)	2,476	**-**	(908)	2,476
Other comprehensive income/(loss) that will not be reclassified to profit or loss:							
Remeasurement of retirement benefit obligations	30	**41,444**	(20,723)	(10,179)	**41,444**	(21,731)	(9,269)
Deferred tax on remeasurement of retirement benefit obligations	11(d)	**(2,446)**	1,268	426	**(2,446)**	1,318	381
Fair value (loss)/gain on equity instruments designated at fair value through other comprehensive income	17(d)	**(25,736)**	4,995	6,205	**1,482**	1,370	1,122
		13,262	(14,460)	(3,548)	**40,480**	(19,043)	(7,766)
Other comprehensive income/(loss) for the year		**13,262**	(15,368)	(1,072)	**40,480**	(19,951)	(5,290)
Total comprehensive income for the year attributable to equity holders of the parent		**929,318**	1,527,628	1,626,900	**915,706**	1,501,604	1,579,493

The notes on pages 152 to 295 form an integral part of these financial statements.

Auditor's report on pages 141 to 144.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		THE GROUP			THE BANK		
		2021	2020 (Restated)	2019 (Restated)	**2021**	2020 (Restated)	2019 (Restated)
ASSETS	Notes	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Cash and cash equivalents	13	**97,810,111**	69,036,975	50,700,638	**97,810,099**	69,032,249	50,698,992
Due from banks	14	**17,974,090**	11,132,738	12,967,930	**17,974,090**	11,132,738	12,967,930
Derivative financial instruments	15	**407,880**	321,961	744,595	**407,880**	321,961	92,413
Loans and advances to banks	16(a)	**6,638,835**	5,245,927	6,019,048	**6,638,835**	5,245,927	6,019,048
Loans and advances to customers	16(b)	**18,749,929**	23,043,922	22,150,196	**18,749,929**	23,043,922	22,150,196
Investment securities	17	**45,410,195**	48,696,565	46,203,952	**45,410,195**	48,664,900	45,308,171
Asset held for distribution	18(b)	**-**	-	-	**-**	38,277	-
Property and equipment	19	**137,437**	171,195	187,071	**137,437**	170,977	185,675
Intangible assets	20	**288,679**	269,990	243,401	**288,679**	269,914	243,398
Right of use assets	21	**44,518**	80,017	-	**44,518**	80,017	-
Deferred tax assets	11(d)	**149,593**	124,506	101,664	**149,593**	124,388	100,953
Other assets	22	**2,471,954**	2,353,081	2,042,215	**2,471,954**	2,347,559	2,106,722
TOTAL ASSETS		**190,083,221**	160,476,877	141,360,710	**190,083,209**	160,472,829	139,873,498
EQUITY AND LIABILITIES							
LIABILITIES							
Due to banks	23	**1,000,122**	13,252	30,434	**1,000,122**	13,252	30,434
Deposits from banks	24(a)	**364,726**	96,365	14,106	**364,726**	96,365	14,106
Deposits from customers	24(b)	**178,832,286**	150,826,106	131,018,499	**178,846,558**	150,850,619	131,194,259
Derivative financial instruments	15	**210,392**	107,168	702,177	**210,392**	107,168	49,995
Debts issued	25	**-**	1,083	320,662	**-**	-	184,205
Financial liabilities measured at fair value through profit or loss	27	**-**	4,398	872,139	**-**	-	-
Retirement benefit obligations	30	**73,189**	102,034	67,307	**73,189**	99,851	64,652
Current tax liabilities	11(a)	**85,647**	95,283	175,913	**85,647**	95,283	175,913
Lease liabilities	21	**47,658**	82,571	-	**47,658**	82,571	-
Other liabilities	26	**412,507**	497,135	458,935	**407,993**	486,396	443,530
TOTAL LIABILITIES		**181,026,527**	151,825,395	133,660,172	**181,036,285**	151,831,505	132,157,094
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
Ordinary shares	28	**3,641,049**	3,641,049	3,641,049	**3,641,049**	3,641,049	3,641,049
Class A shares	29	**1,385,768**	1,399,768	1,399,768	**1,385,768**	1,385,768	1,385,768
Retained earnings	31	**2,693,075**	2,285,239	1,801,294	**2,664,794**	2,297,788	1,836,242
Other reserves	31	**1,336,802**	1,325,426	858,427	**1,355,313**	1,316,719	853,345
TOTAL EQUITY		**9,056,694**	8,651,482	7,700,538	**9,046,924**	8,641,324	7,716,404
TOTAL EQUITY AND LIABILITIES		**190,083,221**	160,476,877	141,360,710	**190,083,209**	160,472,829	139,873,498

The financial statements have been approved by the Board of Directors and authorised for issue on 17 September 2021

INDERJIT SINGH BEDI
Chairperson

THIERRY VALLET
Interim Chief Executive Officer

JOAN JILL WAN BOK NALE
Director

The notes on pages 152 to 295 form an integral part of these financial statements.
Auditor's report on pages 141 to 144.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

(a) THE GROUP

	Notes	Ordinary shares MUR'000	Class A shares MUR'000	Retained earnings MUR'000	Other reserves MUR'000	Total MUR'000
Attributable to owners of the Bank						
At 1 July 2018		3,641,049	1,399,768	770,869	595,460	6,407,146
Profit for the year		-	-	1,627,972	-	1,627,972
Other comprehensive (loss)/income		-	-	(9,753)	8,681	(1,072)
Total comprehensive income for the year		-	-	1,618,219	8,681	1,626,900
Appropriation of reserves	31	-	-	(254,286)	254,286	-
Dividends	12	-	-	(333,508)	-	(333,508)
At 30 June 2019		3,641,049	1,399,768	1,801,294	858,427	7,700,538
At 1 July 2019		3,641,049	1,399,768	1,801,294	858,427	7,700,538
Profit for the year		-	-	1,542,996	-	1,542,996
Other comprehensive (loss)/income		-	-	(19,455)	4,087	(15,368)
Total comprehensive income for the year		-	-	1,523,541	4,087	1,527,628
Additional provision in relation to Bank of Mauritius Guideline		-	-	(146,054)	146,054	
Appropriation of reserves	31	-	-	(316,858)	316,858	-
Dividends	12	-	-	(576,684)	-	(576,684)
At 30 June 2020		3,641,049	1,399,768	2,285,239	1,325,426	8,651,482
At 1 July 2020		**3,641,049**	**1,399,768**	**2,285,239**	**1,325,426**	**8,651,482**
Profit for the year		**-**	**-**	**916,056**	**-**	**916,056**
Other comprehensive income/(loss)		**-**	**-**	**38,998**	**(25,736)**	**13,262**
Total comprehensive income/(loss) for the year		**-**	**-**	**955,054**	**(25,736)**	**929,318**
Reversal of provision in relation to Bank of Mauritius Guideline		**-**		**146,054**	**(146,054)**	**-**
Appropriation of reserves	31	**-**	**-**	**(183,166)**	**183,166**	**-**
Deconsolidation adjustment		**-**	**(14,000)**	**-**	**-**	**(14,000)**
Dividends	12	**-**	**-**	**(510,106)**	**-**	**(510,106)**
At 30 June 2021		**3,641,049**	**1,385,768**	**2,693,075**	**1,336,802**	**9,056,694**

The notes on pages 152 to 295 form an integral part of these financial statements.
Auditor's report on pages 141 to 144.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

(b) THE BANK

	Notes	Ordinary shares MUR'000	Class A shares MUR'000	Retained earnings MUR'000	Other reserves MUR'000	Total MUR'000
At 1 July 2018		3,641,049	1,385,768	848,141	595,461	6,470,419
Profit for the year		-	-	1,584,783	-	1,584,783
Other comprehensive (loss)/income		-	-	(8,888)	3,598	(5,290)
Total comprehensive income for the year		-	-	1,575,895	3,598	1,579,493
Appropriation of reserves	31	-	-	(254,286)	254,286	-
Dividends	12	-	-	(333,508)	-	(333,508)
At 30 June 2019		3,641,049	1,385,768	1,836,242	853,345	7,716,404
At 1 July 2019		3,641,049	1,385,768	1,836,242	853,345	7,716,404
Profit for the year		-	-	1,521,555	-	1,521,555
Other comprehensive (loss)/income		-	-	(20,413)	462	(19,951)
Total comprehensive income for the year		-	-	1,501,142	462	1,501,604
Additional provision in relation to Bank of Mauritius Guideline		-	-	(146,054)	146,054	-
Appropriation of reserves	31	-	-	(316,858)	316,858	-
Dividends	12	-	-	(576,684)	-	(576,684)
At 30 June 2020		3,641,049	1,385,768	2,297,788	1,316,719	8,641,324
At 1 July 2020		3,641,049	1,385,768	2,297,788	1,316,719	8,641,324
Profit for the year		-	-	875,226	-	875,226
Other comprehensive income		-	-	38,998	1,482	40,480
Total comprehensive income for the year		-	-	914,224	1,482	915,706
Reversal of provision in relation to Bank of Mauritius Guideline		-	-	146,054	(146,054)	-
Appropriation of reserves	31	-	-	(183,166)	183,166	-
Dividends	12	-	-	(510,106)	-	(510,106)
At 30 June 2021		3,641,049	1,385,768	2,664,794	1,355,313	9,046,924

The notes on pages 152 to 295 form an integral part of these financial statements.
Auditor's report on pages 141 to 144.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	THE GROUP 2021 MUR'000	THE GROUP 2020 (Restated) MUR'000	THE GROUP 2019 (Restated) MUR'000	THE BANK 2021 MUR'000	THE BANK 2020 (Restated) MUR'000	THE BANK 2019 (Restated) MUR'000
OPERATING ACTIVITIES							
Profit before tax:							
Continuing operations		**1,078,001**	1,774,578	1,930,880	**1,023,631**	1,749,991	1,887,799
Discontinued operations (Note 41)		**(13,540)**	(2,603)	(285)	**-**	-	-
		1,064,461	1,771,975	1,930,595	**1,023,631**	1,749,991	1,887,799
Adjustments for:							
Change in operating assets	33(b)	**(1,334,753)**	(1,475,160)	(19,884,748)	**(1,336,395)**	(2,958,051)	(19,958,452)
Change in operating liabilities	33(c)	**29,188,122**	18,296,000	18,743,168	**29,175,795**	19,804,718	18,862,360
Non-cash items included in profit before tax from continuing operations	33(d)	**552,659**	914,560	772,679	**611,383**	947,616	839,717
Non-cash items included in profit before tax from discontinued operations	33(d)	**206**	679	1,971	**-**	-	-
Payment of gratuity	30	**-**	(1,485)	-	**-**	(1,485)	-
Tax paid		**(185,651)**	(328,641)	(99,427)	**(185,651)**	(328,641)	(95,942)
Net cash flows generated from operating activities		**29,285,044**	19,177,928	1,464,238	**29,288,763**	19,214,148	1,535,482
INVESTING ACTIVITIES							
Purchase of property and equipment	19	**(7,635)**	(23,891)	(33,821)	**(7,635)**	(23,891)	(33,491)
Purchase of intangible assets	20	**(72,240)**	(67,523)	(33,692)	**(72,240)**	(67,439)	(33,692)
Asset held for distribution		**-**	-	(57,210)	**-**	(38,277)	-
Proceeds from sale of property and equipment		**1,169**	4,145	-	**1,169**	3,040	-
Disposal of subsidiary		**(992)**	-	-	**-**	-	-
Net cash flows used in investing activities		**(79,698)**	(87,269)	(124,723)	**(78,706)**	(126,567)	(67,183)
FINANCING ACTIVITIES							
Repayment of subordinated debt	25	**-**	(170,556)	(385,033)	**-**	(170,556)	(385,033)
Payment of lease liabilities	21	**(37,404)**	(36,085)	-	**(37,404)**	(36,085)	-
Dividends paid		**(387,071)**	(576,684)	(333,508)	**(387,071)**	(576,684)	(333,508)
Net cash flows used in financing activities		**(424,475)**	(783,325)	(718,541)	**(424,475)**	(783,325)	(718,541)
Net cash flows for the year		**28,780,871**	18,307,334	620,974	**28,785,582**	18,304,256	749,758
Movement in cash and cash equivalents							
Cash and cash equivalents at 1 July		**69,030,099**	50,699,991	50,104,963	**69,025,376**	50,698,346	49,974,534
Net increase in cash and cash equivalents		**28,780,871**	18,307,334	620,974	**28,785,582**	18,304,256	749,758
Effect of IFRS 9 impairment charge		**(956)**	22,774	(25,946)	**(956)**	22,774	(25,946)
Cash and cash equivalents at 30 June	33(a)	**97,810,014**	69,030,099	50,699,991	**97,810,002**	69,025,376	50,698,346
Operational cash flows from interest							
Interest paid		**(662,955)**	(1,410,869)	(881,316)	**(662,955)**	(1,051,583)	(872,123)
Interest received		**1,997,083**	2,906,096	2,864,490	**1,997,083**	2,821,688	3,211,904

The notes on pages 152 to 295 form an integral part of these financial statements.
Auditor's report on pages 141 to 144.

Ultimately, our goal is to be a partner our clients can believe in, all the way from ambition to achievement.

#Believe #Connect **#Grow**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1A. CORPORATE INFORMATION

AfrAsia Bank Limited ("the Bank") is a public company incorporated and domiciled in the Republic of Mauritius. The principal activity of the Bank and of its subsidiary (together referred to in this report as "the Group") is the provision of financial services in the Indian Ocean region. Its registered office is at 10, Dr Ferrière Street, Port Louis, Mauritius.

The Bank has one offshore representative office in Johannesburg. The relevant costs and income derived from this office have been included in these financial statements.

1B. IMPACT OF COVID-19 OUTBREAK

The continued spread of coronavirus presents immense challenges in credit and financial market locally and internationally. All industries and sectors of the global economy are impacted by the COVID-19 outbreak. Some industries like Tourism, including SMEs linked to the hospitality sector, Airlines and Construction and Real Estate are heavily impacted as these sectors will not only depend on the success of the local outbreak containment but also on the global situation and recovery. Given that Mauritius is heavily dependent on the tourism sector and the export industry, the negative impact on the Mauritian economy is more pronounced. By June 2021, the economy showed signs of improvement despite the second lockdown in March 2021.

The vaccination programme started in February 2021 and the Government expects at least 60% of the population to be vaccinated by October 2021. The Mauritian borders have been partially opened and the full reopening is planned for October.

In light of the above, the Government of Mauritius has announced various measures to support businesses and households, like relief on housing loan interest and moratorium periods. The implementation of the new Impairment Guideline has been put on hold and exemptions will be applicable for reliefs/loans extended by Banks. However, the assessment on the implications from an IFRS 9 perspective is still ongoing. Facilities granted to companies in the tourism sector are likely to be restructured to help the industry during the difficult period.

Government support measures

As part of its ongoing assistance to Mauritian businesses across all economic sectors, households and individuals, the Bank of Mauritius (BOM) extended specific measures under its existing COVID-19 Support Programme.

(a) The moratorium on loans granted to economic operators, SMEs, households and individuals impacted by COVID-19 has been extended to 30 June 2022.

(b) The Special Relief Amount facility of Rs 5.0 Billion made available to banks by the Bank of Mauritius has also been extended to 30 June 2022. This amount aims at meeting cash flow and working capital requirements of economic operators directly impacted by COVID-19. Disbursement will continue to be effected through commercial banks and interest rate on these advances to impacted economic operators remains capped at the fixed rate of 1.5% per annum.

(c) The reduction of the Cash Reserve Ratio applicable to commercial banks from 9% to 8% has equally been extended to 30 June 2022. This reduction will further support banks to assist businesses which are being directly impacted by COVID-19.

Key impacts on financial reporting

COVID-19 outbreak is expected to significantly disrupt the operating environment of financial institutions. Following are some of the key accounting and financial reporting considerations:

Loans and advances to banks and customers

Credit-risk forbearance policy

COVID-19 pandemic has necessitated the Bank to introduce stricter credit assessment measures to protect the financial stability of the Bank. In order to manage the credit risk properly, the Bank has in place a forbearance policy which defines the criteria that needs to be considered when assessing credit risk in the current economic situation.

1B. IMPACT OF COVID-19 OUTBREAK (Cont'd)

Key impacts on financial reporting (Cont'd)

Impact on Expected credit losses ("ECL")

Considering COVID-19, the Bank revisited its ECL framework to cater for the higher level of uncertainty in markets both locally and across borders. Moreover, management ensured that while doing so, the Bank remains in line with the statements released by local and international body with regards to IFRS 9 in a COVID-19 context, mainly the Bank of Mauritius and IASB – factoring in the government support measures being implemented.

Key factors that were impacted by COVID-19 include the Probability of Default (PD), Loss Given Default (LGD), staging and bucketing parameters, forbearance measures, relief programmes, as well as forward-looking information and scenario-weights allocations.

The Bank has adopted a probabilistic approach based on forward looking scenarios given uncertainties prevailing across markets. As such, the Bank has defined 3 scenarios (upside, baseline/most likely and downside) and assigned weights suggesting the likelihood of such event occurring based on assessments of economic and market conditions in the context of COVID-19. The scenarios assumed were very bearish to properly reflect the current and projected global economic environment. The baseline scenario was derived through the CDS curves movement of different countries, and a more refined proxy has been derived for Segment A assets.

In spite of all the positive outlooks observed both from financial markets and revised predictions of the multilateral organisations, the Bank has maintained the high severity levels in its forward-looking scenarios matrix for June 2021, similar to last year at the peak of COVID-19 uncertainties.

The Bank also enhanced its Significant Increase in Credit Risk (SICR) assessment framework using more objective and subjective factors to adapt to this unprecedented situation. Further in-depth analysis was performed independently on the different portfolios at 3 levels i.e. Business, Credit and the Watchlist Monitoring Committee.

Tourism sector being directly impacted by COVID-19 benefited to some extent from prolonged repayment period as per the forbearance policy of the Bank and as such these exposures were not transferred to stage 2. The Bank has applied a post-model adjustment on the restructured accounts in tourism sector and the ECL impact on loans and advances in this sector were to the tune of MUR 200.9m for an outstanding amount of MUR 4.0bn categorised in stage 1 representing an ECL percentage of 5.01%.

Stage 3 assets have been reassessed considering COVID-19 impact and appropriate provisions has been made at 30 June 2021.

Investment securities

Following the changes in the interest rates and the depreciation of Mauritian rupee against other currencies, the fair value of bills, bonds and notes that are measured at fair value through profit or loss will tend to rise. Any adverse changes in market rates included interest rates and foreign currency exchange rates as well as changes in credit quality of the instruments will have an impact on the fair value.

Deposits

Our deposit base bore testimony of the continued confidence that our customers have in us. As at 30 June 2021, there was an important growth in major foreign currency-based deposits, moreover, this growth was further magnified by an increase in exchange rate, with the net impact being an inflated deposit base when retranslated into MUR equivalent.

Property and equipment and intangible assets

The recognition and measurement of existing, or additions to, property and equipment and intangible assets may be significantly affected by changes resulting from coronavirus. The Bank had assets under 'work in progress'. Due to the outbreak, there were delays in various projects to go 'live', and thus were not capitalized. The Bank plans to continue works on these projects in the coming months.

Right of use assets

The Bank has leased building floors (expiry date: Oct 2023 with renewal option) together with parking slots which was recognized as right of use assets in its statement of financial position. These assets are not impacted by COVID-19 and hence not subject to impairment. No rent concessions were provided by landlords for these leases. The right of use assets are measured at its carrying amount (after accumulated depreciation).

Retirement benefits obligations

The significant economic uncertainty associated with the COVID-19 pandemic affects the measurement of retirement benefit obligations and plan assets, particularly when quoted prices in active markets for identical assets do not exist. The methodology used is to derive a yield curve based on available local government bonds with terms ranging from 0.25 to 20 years from which the discount rate commensurate with the duration of liabilities. The discount rate is one of the actuarial assumptions. Compared to prior year, the discount rate decreased from 3.70% to 3.50%.

Taxes

The pandemic could affect future profits as a result of direct and indirect (effect on customers, suppliers, service providers) factors. Deferred tax assets are recognized for deductible temporary differences that exist at each reporting date. Based on the budget exercise for the next 12 months, despite the outbreak will have an impact on the Bank's operations, it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

Government support

The Bank monitored government actions and legislations to identify all assistance given amid COVID-19 outbreak that may meet the definition of a government grant. The Bank has not opted to receive any government grants that may have an impact on financial reporting.

1B. IMPACT OF COVID-19 OUTBREAK (Cont'd)

Key impacts on financial reporting (Cont'd)

Liquidity risk

The Bank's internal and regulatory liquidity ratios demonstrate a healthy liquidity position at 30 June 2021. The Bank's average Liquidity Coverage Ratio (LCR) was 288% which is well above the current regulatory minimum LCR requirement of 100%, demonstrating a robust liquidity position. The LCR is a stressed liquidity measure as it applies stressed outflow rates on depositor balances and haircuts on liquidation of High-Quality Liquid Assets (HQLAs) and cash inflows. As part of its stress testing framework, the bank applies low, moderate and severe stress scenarios on its LCR on a monthly basis.

Interest rate risk

As an emergency COVID-19 response, the Bank of Mauritius and United States Federal Reserve both cut their respective policy rates. The Bank's statement of financial position being predominantly USD and MUR based was adversely impacted in term of the Net Interest Income by the decline in the Bank's Net Interest Margin during the financial year under review.

Capital adequacy ratio ("CAR")

The Bank remains well capitalised with all 3 regulatory ratios within the limit set by the Bank of Mauritius ("BOM") as set out in table below:

Components	Ratios	Regulatory Limits 2021
Common Equity Tier 1 Capital	12.76%	9.38%
Tier 1 Capital	15.19%	10.88%
Capital Adequacy Ratio	16.18%	12.88%

BOM has maintained the capital conservation buffer ("CCB") of 1.875% until the 31 of March 2022 which aimed to address the challenges posed by the COVID-19 pandemic. This measure has helped release more capital whilst also allowing greater flexibility in terms of funding capacity and support which can be provided to customers. The implementation of the last tranche of the CCB amounting to 0.625% is being deferred to 1 April 2022. In compliance with the "Guideline for dealing with Domestic-Systemically Important Banks ("D-SIB")", the Bank is further subject to additional buffer of 1.0% for FY 2021, following a yearly assessment carried out by BOM.

The Bank closely monitors the evolution of its CAR and carries stress testing on a regular basis using several scenarios.

2A. 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 2020.

New and revised Standards that are effective for the current year

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

IAS 1	Presentation of Financial Statements – Amendments regarding the definition of material
IAS 8	Accounting Policies, Change in Accounting Estimates and Errors – Amendments regarding the definition of material
IFRS 3	Business Combinations – Amendments to clarify the definition of a business
IFRS 16	Leases – Amendment to provide lessees with an exemption from assessing whether a COVID-19-related concession is a lease modification
Amendments to References to the Conceptual Framework in IFRS Standards	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regards to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework
IFRS 7	Financial Instruments: Disclosures – Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments – Amendments regarding pre-replacement issues in the context of the IBOR reform

2A. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Cont'd)

Amendments to IAS 39, IFRS 7 and IFRS 9 Interest Rate Benchmark Reform

The amendments, which are applicable for financial reporting periods beginning on or after 1 January 2020, focus on hedge accounting issues related to uncertainties arising in the period leading up to the replacement of IBORs with alternative nearly risk-free rates, and provide reliefs to allow hedge accounting to continue during the period of uncertainty before an IBOR is replaced. The amendments are mandatory for all hedge relationships directly affected by interest rate benchmark reform, and are required to be applied on a retrospective basis.

The Group and the Bank do not apply hedge accounting and hence above amendments do not have an impact on the financial statements of 30 June 2021.

New and revised Standards in issue but not yet effective

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

IAS 1	Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements – Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2023)
IAS 1	Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
IAS 12	Income Taxes - Amendments regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
IAS 16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produces 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 3	Business Combinations – Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
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 date 1 January 2022)
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 16	Leases - Amendments to extend the exemption from assessing whether COVID-19 related rent concession is a lease modification (effective 1 April 2021)

The directors anticipate that these Standards and Interpretations will be applied in the Group's and the Bank's financial statements at the above effective dates in future periods. The directors have not yet had the opportunity to consider the potential impact of the application of these amendments.

3A. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below.

(a) Basis of preparation

The consolidated and separate financial statements of the Group and the Bank have been prepared on a historical cost basis, except as modified by the fair valuation of certain financial instruments.

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.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

Statement of compliance

The consolidated and separate financial statements of the Group and the Bank 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 Mauritius Companies Act 2001, the Guidelines and Guidance Notes issued by the Bank of Mauritius, the Financial Reporting Act 2004 and the Banking Act 2004.

Presentation of financial statements

The financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest thousand except when otherwise indicated.

The Group and the Bank present their statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 37 (c).

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and entities controlled by the Bank (its subsidiary). Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Bank controls an investee if and only if the Bank has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements;

(iii) The Bank's voting rights and potential voting rights; and

(iv) A combination of (i) - (iii).

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of consolidation (Cont'd)

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in 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.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ('MUR'). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date and all differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupees at the rate of exchange prevailing at the reporting date. The income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period. The exchange differences arising on translation for consolidation are recognised in 'Other comprehensive income'. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

(d) Recognition of income and expenses

(i) Net interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Recognition of income and expenses (Cont'd)

(ii) Net fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The Group and the Bank earn fee and commission income from a diverse range of services being provided to its customers. Fee income can be categorised as follows:

Fee income earned from services provided

These fees include commission income, asset management, custody and other management and advisory fees. The fees are recognised as the related services are provided. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees orcomponents of fees that are linked to a certain performance are recognised after fulfilling the performance obligations.

Fee and commission expense

Fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held-for-trading.

(iv) Dividend income

Revenue is recognised when the Group's and the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(e) Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statement of financial position when the Group and the Bank become a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Regular way trades are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. These are recognised using settlement date accounting and are applied both for financial assets mandatorily measured at FVTPL and financial assets measured at amortised cost.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the entity will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

The Group and the Bank have not applied hedge accounting to its financial instruments during the years ended 30 June 2019, 2020 and 2021.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statements of financial position represent all amounts receivable including interest accruals. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

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

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

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

The Group and the Bank have not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Debt instruments measured at amortised cost or at FVTOCI

The Group and the Bank assess the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

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

The Group and the Bank have more than one business model for managing their financial instruments which reflect how they manage their financial assets in order to generate cash flows. The business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group and the Bank consider all relevant information available when making the business model assessment.

However, this assessment is not performed on the basis of scenarios that the Group and the Bank do not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Group and the Bank take into account all relevant evidence available such as:

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

At initial recognition of a financial asset, the Group and the Bank determine whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group and the Bank reassess their business models at each reporting period to determine whether the business models have changed since the preceding period. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Financial assets measured at FVTPL

Financial assets at FVTPL are:

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

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

Equity instruments designated at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

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.

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, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss and other exchange differences are recognised in the OCI in fair value reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in the OCI in the fair value reserve.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Financial guarantees

In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letters of credit, bank guarantees and acceptances.

Financial guarantee contracts issued by an entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the entity's revenue recognition policies.

Any increase in the liability relating to financial guarantees is recorded in the statements of profit or loss and other comprehensive income. The premium received is recognised in the statements of profit or loss and other comprehensive income in 'Fees and commission income' on a straight-line basis over the life of the guarantee.

Impairment of financial assets

The Group and the Bank recognise loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to banks and customers;
- due from banks;
- debt instruments at amortised cost;
- debt instruments at FVTOCI;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments designated at FVTOCI.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note 37 (b).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the entity if the holder of the commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the entity expects to receive from the holder, the debtor or any other party.

The Group and the Bank measure ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in Note 37.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group and the Bank assess whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group and the Bank consider factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Group and the Bank do not have purchased or originated credit impaired financial assets.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 37 (b)).

The Group and the Bank consider the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group and the Bank; or
- the borrower is unlikely to pay its credit obligations to the Group and the Bank in full.

This definition of default is used by the Group and the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Group and the Bank take into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group and the Bank use a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 37. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other nondefaulted asset given the definition of credit impaired is broader than the definition of default.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Significant increase in credit risk (SICR)

The Group and the Bank monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group and the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's and the Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group and the Bank monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Bank compare the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group and the Bank consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's and the Bank's historical experience and expert credit assessment including forward-looking information.

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

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's and the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Group and the Bank allocate their counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

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

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group and the Bank still consider separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

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

As a back-stop when an asset becomes 30 days past due, the Group and the Bank consider that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing 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.

  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.

The Group and the Bank derecognise a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Modification and derecognition of financial assets (Cont'd)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group and the Bank retain an option to repurchase part of a transferred asset), the Group and the Bank allocate the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Group and the Bank have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group and the Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's and the Bank's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECLs are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the entity cannot identify the ECL on the loan commitment component separately from those on the drawn component: the entity presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either the financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Bank or a contract that will or may be settled in the Group's and the Bank's own equity instruments and is a non-derivative contract for which the Group and the Bank are or may be obliged to deliver a variable number of their own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's and the Bank's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's and the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Bank's own equity instruments. Ordinary shares are classified as equity.

The Bank's Class A shares are classified as equity as they are callable at the option of the Bank. These shares carry non-cumulative dividends which are payable at the discretion of the Board. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Financial instruments (Cont'd)

Financial liabilities

Financial liabilities include deposits from banks, deposits from customers, due to banks, debts issued and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. The Group has financial liabilities held for trading which are measured at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derecognition and modification of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the entity exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability 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 rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Group and the Bank recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Group and the Bank recognise any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Group and the Bank. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

(f) 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 risk; credit risk; and foreign exchange rate risk. Derivative held include forward contracts, spot position, Option linked notes, Index linked notes, swaps and option contracts. 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. Other derivatives are presented as current assets or current liabilities.

(g) Dividend payable

Dividends on ordinary shares and Class A shares are recognised as a liability and deducted from equity when they are approved by the Bank's directors and the Bank of Mauritius. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Equity reserves

The reserves recorded in equity on the statement of financial position include:

- 'Fair value reserve' relates to the gain or loss arising from changes in the fair value of equity and debt instruments measured at FVTOCI;
- 'Statutory reserve' which represents 15% of the net profit transferred in accordance with the Banking Act 2004 until the amount equals the stated capital of the Group and the Bank; and
- 'General banking reserve' which comprises amounts set aside for general banking risks including country risk.
- 'Foreign currency translation reserve' which arises on retranslation of foreign operations on consolidation.

(i) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

(j) Fair value measurement

The Group and the Bank measure financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32 (b).

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Bank have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 32 (a).

(k) Investment in a subsidiary

Investment in a subsidiary is accounted at cost in the Bank's separate financial statements, less any accumulated impairment in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Asset held for distribution

The Group classifies non-current assets and disposal groups as held for distribution if their carrying amounts will be recovered principally through a distribution of the shares held rather than through continuing use. Non-current assets classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for distribution classification is regarded as met only when the distribution is highly probable, and the asset or disposal group is available for immediate distribution in its present condition. Management must be committed to the plan to distribute the asset and the distribution is expected to be completed within one year from the date of classification.

(m) Property and equipment

Property and equipment are stated at cost excluding the costs of day-to-day servicing, less subsequent accumulated depreciation and subsequent accumulated impairment in value.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

	Rate
Improvement to buildings	10%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Motor vehicles	14.29% - 20%
Computer equipment	25% - 33.33%

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statements of profit or loss and other comprehensive income in the year the asset is derecognised.

Residual values and useful lives are reviewed at least at each financial year end. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

(n) Intangible assets (excluding goodwill)

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group or the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statements of profit or loss and other comprehensive income. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

	Rate
Computer software	25%
Banking software	14.29%
Customer relation	13% - 20%
Other	33.33%

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statements of profit or loss and other comprehensive income when the asset is derecognised.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Leases

The Group and the Bank have applied IFRS 16 using the cumulative catch-up approach on 1 July 2019 and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 July 2019

The Group and the Bank as a 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 printers). 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.

Policies applicable from 1 July 2019 (continued)

The Group and the Bank as a lessee (continued)

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 lessee uses its incremental borrowing rate.

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

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

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

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

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

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

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

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.

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 statement of financial position.

The Group and the Bank apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of 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 and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 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 lease contracts do not have lease and non-lease components and hence the Group and the Bank have not used this practical expedient.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Bank estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(q) Provisions and other contingent liabilities

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Group and the Bank operate in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Group's and the Bank's business. When the Group and Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group and the Bank record a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group and the Bank are of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group and the Bank do not include detailed, case-specific disclosures in their financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group and the Bank take 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.

(r) Pension benefits

(i) Defined contribution pension plan

The Group and the Bank operate a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to the Group and the Bank by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

(ii) Retirement and other benefit obligations

The present value of retirement gratuities under The Workers' Rights Act 2019 is recognised in the statement of financial position as a liability. Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a 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
- Remeasurement

The Group and the Bank present the first two components of defined benefit costs in profit or loss in the line item personnel expenses. Curtailment gains and losses are accounted for as past service costs.

State plan

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Taxation

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends. The Bank is subject to the Advance Payment System (APS) whereby it pays income tax on a quarterly basis.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(ii) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences,

- except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Corporate Social Responsibility

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income of the preceding financial year under Segment A.

The required CSR fund for the year is recognised in tax expense in the statements of profit or loss and other comprehensive income. The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statements of financial position.

(iv) Special Levy

The Bank is liable to pay a special levy on its leviable income [Net interest income + other income from banking transactions with residents, before deduction of expenses] at the rate of 5.5% if the leviable income is less than MUR 1.2bn or at 4.5% if the leviable income exceeds MUR 1.2bn. The special levy expense for the year is recognised in tax expense in the statements of profit or loss and other comprehensive income.

3A. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

The Bank has prepared its separate financial statements in line with the requirements of the Bank of Mauritius Guideline on 'Segmental Reporting under a Single Banking Licence Regime' and Bank of Mauritius Guideline on 'Public Disclosure of Information' which require that segment information should be provided by Segment A and Segment B banking businesses.

Segment A

Segment A activity relates to all banking business other than Segment B activity. The financial services provided under Segment A may be funded and/or non-fund based. Segment A business will essentially consist of transactions with residents of Mauritius, both on the liability side and asset side.

Segment B

Segment B activity essentially relates to the provision of international financial services that give rise to 'foreign source income'. Such services may be fund based and/or non-fund based. Segment B assets will generally consist of placements with and advances to foreign resident companies, institutions as well as individuals including stocks and debt instruments and claims on non-resident and/or entities holding Global Business Licence ('GBLs'). Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs.

(u) Comparatives

Where necessary, comparative figures are reclassified to conform to the current year's presentation.

3B. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and re based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements

Going concern

Directors have made an assessment of the Group's and the Bank's ability to continue as a going concern and are satisfied that the Group and the Bank have the resources to continue in business for the foreseeable future. Furthermore, directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The determination of the functional currency of the Group and the Bank is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Group and Bank as Mauritian Rupees (MUR).

Deferred tax assets

Recognition of deferred tax assets depends on management's intention of the Group and the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

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.

Calculation of ECL allowance

- 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.

- 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. Refer to Note 3 for details of the characteristics considered in this judgement. 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 differs.

- 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.

3B. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

Judgements (Cont'd)

Determination of lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, there was no revision of lease terms.

Estimates and assumptions

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Useful lives of property and equipment and intangible assets

The Group and the Bank review the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

Provision for retirement benefit

Retirement benefit obligation has been valued by Actuary on accounting estimates and as per provision of the Workers' Rights Act 2019. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may be different from their estimates.

Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Group and the Bank have met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates. In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

Impairment losses on financial assets

The Group's and the Bank's ECL calculation are output of complex models with underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- Forward looking information: When measuring ECL the Bank and Group use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 37 for more details.

- 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 information, assumptions and expectations of future conditions. Refer to Note 37 for more details.

- 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. Refer to Note 37 for more details.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

The Group and the Bank also review their individually credit-impaired loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statements of profit or loss and other comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the borrower's financial situation and the net realisable value of collaterals. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

4 NET INTEREST INCOME

4(a) INTEREST INCOME

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Interest income on financial instruments measured at amortised cost:						
- Due from banks (includes cash and cash equivalents)	**334,618**	823,913	943,876	**334,618**	823,913	943,901
- Loans and advances to banks	**78,031**	189,899	214,044	**78,031**	189,899	214,044
- Loans and advances to customers	**601,650**	919,697	1,050,485	**601,650**	919,697	1,050,485
- Investment securities	**655,975**	1,109,195	802,098	**655,975**	1,109,195	802,098
- Placements with the Central Bank	**14,138**	53,129	49,377	**14,138**	53,129	49,377
	1,684,412	3,095,833	3,059,880	**1,684,412**	3,095,833	3,059,905
Interest income on financial instruments measured at fair value through other comprehensive income:						
- Investment securities	**-**	18,195	109,142	**-**	18,195	109,142
Total interest income calculated using EIR	**1,684,412**	3,114,028	3,169,022	**1,684,412**	3,114,028	3,169,047
Analysed as follows:						
Continuing operations	**1,684,412**	3,114,028	3,169,020	**1,684,412**	3,114,028	3,169,047
Discontinued operations (Note 41)	**-**	-	2	**-**	-	-
	1,684,412	3,114,028	3,169,022	**1,684,412**	3,114,028	3,169,047

4(b) INTEREST EXPENSE

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Interest expense on financial instruments measured at amortised cost:						
- Due to banks	**114,476**	67,309	42,390	**114,469**	67,265	42,390
- Deposits from banks	**1,721**	603	-	**1,721**	603	-
- Deposits from customers	**492,006**	1,006,402	787,711	**492,006**	1,006,402	787,711
- Subordinated debts issued	**-**	6,671	28,173	**-**	6,671	28,173
- Lease liabilities	**3,798**	4,845	-	**3,798**	4,845	-
- Loan notes	**-**	-	133	**-**	-	-
- Others	**1,289**	-	-	**-**	-	-
Total interest expense	**613,290**	1,085,830	858,407	**611,994**	1,085,786	858,274
Analysed as follows:						
Continuing operations	**613,283**	1,085,786	858,274	**611,994**	1,085,786	858,274
Discontinued operations (Note 41)	**7**	44	133	**-**	-	-
	613,290	1,085,830	858,407	**611,994**	1,085,786	858,274
NET INTEREST INCOME	**1,071,122**	2,028,198	2,310,615	**1,072,418**	2,028,242	2,310,773
Analysed as follows:						
Continuing operations	**1,071,129**	2,028,242	2,310,746	**1,072,418**	2,028,242	2,310,773
Discontinued operations (Note 41)	**(7)**	(44)	(131)	**-**	-	-
	1,071,122	2,028,198	2,310,615	**1,072,418**	2,028,242	2,310,773

5 NET FEE AND COMMISSION INCOME

5(a) Fee and commission income

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Fee and commission income	**554,228**	496,528	439,202	**554,228**	496,528	439,202
Credit card income	**83,965**	93,214	107,796	**83,965**	93,214	107,796
Custody fees income	**193,856**	166,004	163,279	**193,896**	166,715	164,330
Other fees	**45,708**	30,957	22,146	**45,781**	31,021	21,276
Asset management fees	**16,827**	40,591	49,422	**-**	-	-
Total fee and commission income	**894,584**	827,294	781,845	**877,870**	787,478	732,604
Analysed as follows:						
Continuing operations	**877,757**	786,703	731,362	**877,870**	787,478	732,604
Discontinued operations (Note 41)	**16,827**	40,591	50,483	**-**	-	-
	894,584	827,294	781,845	**877,870**	787,478	732,604

5(b) Fee and commission expense

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Commission paid to other banks	**(131,145)**	(94,657)	(88,380)	**(131,145)**	(94,657)	(88,381)
Credit card expenses	**(89,951)**	(89,176)	(92,226)	**(89,951)**	(89,176)	(92,226)
Custody fees expense	**(70,203)**	(56,689)	(57,279)	**(70,163)**	(56,715)	(57,178)
Retrocession fees	**(24,505)**	(54,685)	(48,651)	**(23,661)**	(54,685)	(48,651)
Other fees paid	**(450)**	(4,697)	(6,548)	**(450)**	(2,259)	(4,943)
Total fee and commission expense	**(316,254)**	(299,904)	(293,084)	**(315,370)**	(297,492)	(291,379)
Analysed as follows:						
Continuing operations	**(313,605)**	(297,502)	(291,381)	**(315,370)**	(297,492)	(291,379)
Discontinued operations (Note 41)	**(2,649)**	(2,402)	(1,703)	**-**	-	-
	(316,254)	(299,904)	(293,084)	**(315,370)**	(297,492)	(291,379)
Net fee and commission income	**578,330**	527,390	488,761	**562,500**	489,986	441,225
Analysed as follows:						
Continuing operations	**564,152**	489,201	439,981	**562,500**	489,986	441,225
Discontinued operations (Note 41)	**14,178**	38,189	48,780	**-**	-	-
	578,330	527,390	488,761	**562,500**	489,986	441,225

6 NET (LOSS)/GAIN FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loans and advances to banks	**-**	-	(15,687)
Loans and advances to customers	**-**	19,846	41,002
Debt instruments measured at amortised cost	**-**	(21,849)	(1,388)
	-	(2,003)	23,927

The Bank sold some assets measured at amortised cost in 2020 and 2019 as these assets were no longer in line with the Bank's policy due to risks associated with these assets.

7 NET TRADING INCOME AND OTHER OPERATING INCOME

7(a) NET TRADING INCOME

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net gain on debt instruments measured at fair value through profit or loss	124,602	499,320	235,878	124,602	499,320	235,878
Gain/(loss) on other derivatives held for trading	58,201	117,234	(7,016)	58,201	117,234	(7,016)
(Loss)/gain on foreign exchange derivatives	(71,391)	74,598	(105,279)	(71,391)	74,598	(105,279)
Gain on foreign exchange	836,929	611,198	785,698	833,831	611,198	793,220
	948,341	1,302,350	909,281	945,243	1,302,350	916,803
Analysed as follows:						
Continuing operations	948,341	1,302,350	909,281	945,243	1,302,350	916,803
Discontinued operations (Note 18(b))	-	-	-	-	-	-
	948,341	1,302,350	909,281	945,243	1,302,350	916,803

Net gain on debt instruments measured at fair value through profit or loss includes exchange gains of MUR 47.7m (2020: MUR 161.3m and 2019: MUR 23.0m) and interest income of MUR 53.1m (2020: MUR 212.2m and 2019: 188.9m).

7(b) OTHER GAINS/(LOSSES)

	THE GROUP THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Net (loss)/gain arising from derecognition of debt instrument measured at fair value through other comprehensive income (Note 1)	-	(3,046)	98
Fair value gain on equity Investment measured at fair value through profit or loss	1,696	-	-
	1,696	(3,046)	98

Note 1: The above relates to bonds disposed and redeemed on maturity during the year 2020 and 2019.

7(c) OTHER OPERATING INCOME/(EXPENSE)

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Profit on disposal of motor vehicle	-	769	-	-	402	-
Transaction and other related fees	(106)	6,168	(8,855)	(106)	(777)	665
Gain/(loss) on foreign exchange	(1,492)	(10,001)	3,761	-	-	-
	(1,598)	(3,064)	(5,094)	(106)	(375)	665
Analysed as follows:						
Continuing operations	(1,843)	(5,372)	(5,300)	(106)	(375)	665
Discontinued operations (Note 41)	245	2,308	206	-	-	-
	(1,598)	(3,064)	(5,094)	(106)	(375)	665

8 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents (Note 13)	956	(22,774)	(24,449)	956	(22,774)	(24,449)
Due from banks (Note 14)	(1,523)	991	3,660	(1,523)	991	3,660
Loans and advances to banks (Note 16(a))	17,811	(3,508)	(2,662)	17,811	(3,508)	(2,662)
Loans and advances to customers (Note 16(b))	420,594	977,437	577,719	420,594	977,437	577,719
Debt instruments measured at FVTOCI (Note 17(b))	-	(1,074)	527	-	(1,074)	527
Debt instruments measured at amortised cost (Note 17(c))	33,411	(586)	2,395	33,411	(586)	2,395
Financial guarantee contracts and loan commitments (Note 37(b))	22,215	(3,116)	390	22,215	(3,116)	390
Trade and other receivables	9,285	60	(65)	3,669	-	-
Net impairment losses	502,749	947,430	557,515	497,133	947,370	557,580
Bad debts recovered	(32,002)	(108,275)	(89,200)	(32,002)	(108,275)	(89,200)
	470,747	839,155	468,315	465,131	839,095	468,380
Analysed as follows:						
Continuing operations	470,747	839,095	468,380	465,131	839,095	468,380
Discontinued operations (Note 41)	-	60	(65)	-	-	-
	470,747	839,155	468,315	465,131	839,095	468,380

9 PERSONNEL EXPENSES

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
		(Restated)	(Restated)		(Restated)	(Restated)
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Salaries	406,029	425,126	369,667	388,827	401,348	339,654
Staff benefits	236,560	275,923	269,962	236,121	268,263	264,204
Retirement benefit cost (Note 30)	14,782	15,489	14,353	14,782	14,953	13,697
Pension cost - defined contribution scheme	27,861	27,234	24,533	27,861	25,972	22,414
Training expenses	(4,724)	7,624	6,605	(4,657)	7,543	6,327
	680,508	751,396	685,120	662,934	718,079	646,296
Analysed as follows:						
Continuing operations	662,934	718,079	646,296	662,934	718,079	646,296
Discontinued operations (Note 41)	17,574	33,317	38,824	-	-	-
	680,508	751,396	685,120	662,934	718,079	646,296

10 OTHER OPERATING EXPENSES

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Advertising and marketing expenses	13,888	54,363	64,312	12,757	53,411	63,736
Rental expense (non-cancellable)	-	-	36,713	-	-	38,862
Administrative expenses	232,954	255,811	179,159	234,617	250,236	171,208
Equipment and intangibles written off	11,618	206	1,309	11,618	206	1,309
Professional fees	64,749	68,097	60,212	60,552	62,708	48,391
	323,209	378,477	341,705	319,544	366,561	323,506
Analysed as follows:						
Continuing operations	313,733	369,248	332,705	319,544	366,561	323,506
Discontinued operations (Note 41)	9,476	9,229	9,000	-	-	-
	323,209	378,477	341,705	319,544	366,561	323,506

Special levy was reclassified from other operating expenses to taxation - Refer to note 11 for more details.

11 TAXATION

Income tax is calculated on the profit for the year as adjusted for income tax for the Bank's purposes as follows:

- up to MUR 1.5bn - 5%

- over to MUR 1.5bn - 15%

However, taxable income above MUR 1.5bn may be subject to graduated tax rate provided as per table below:

- the taxable income of current year exceeds MUR 1.5bn;

- the taxable income of base year exceeds MUR 1.5bn;

- the current year's taxable income exceeds that of its base year; and

- the bank satisfies prescribed conditions.

Taxable income	Rate of income tax
Up to MUR 1.5bn	5%
Exceeding MUR 1.5bn up to amount equivalent to the taxable income of the base year	15%
Amount exceeding taxable income of base year	5%

As per Income tax Act, 'base year' refer to taxable profit of year of assessment 2017/18, that is, financial year ended 30 June 2017. For the year ended 30 June 2020, the Bank has complied with the prescribed conditions and has applied the graduated tax rate. For the year under review, the chargeable income of the Bank was below the threshold of MUR 1.5bn.

The income tax rate applicable for 2019 was 15%.

Up to 30 June 2019, the Bank, was entitled to a tax credit equivalent to 80% of Mauritius tax payable in respect of its foreign source income (Segment B) thus reducing its maximum effective tax rate on segment B to 3%.

Income tax of the subsidiaries is calculated at the rate of 15% (2020 and 2019: 15%)

Corporate Social Responsibility fund

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income under Segment A ('Resident') of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.

11 TAXATION (Cont'd)

Special levy

Special levy on banks was amended under the Finance Act 2018 and 2019 and is now 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.

A communique issued by BOM during the year under review, clarified that Special Levy should be treated as a tax expense. Thus, the Bank reclassified the amount recognised in respect of Special Levy from 'Other operating expenses' to 'Tax expense' in the statement of profit or loss and other comprehensive income. The amount recognised for Special Levy has also been reclassified from 'Other liabilities' to 'Current tax liabilities' in the statement of financial position. These line items in the statement of profit or loss and other comprehensive income for the years ended 30 June 2019 and 2020 and in the statement of financial position as at 30 June 2019 and 2020 were also restated to reflect this reclassification as follows:

THE GROUP

Statement of Profit or Loss and other comprehensive income	30-Jun-20			30-Jun-19		
	As previously reported	Reclassification	As restated	As previously reported	Reclassification	As restated
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Continuing operations						
Other operating expenses:	(450,913)	81,665	(369,248)	(396,502)	63,797	(332,705)
Profit before tax	1,692,912	81,665	1,774,577	1,867,083	63,797	1,930,880
Tax expense:	(146,771)	(81,665)	(228,436)	(239,219)	(63,797)	(303,016)
Profit for the year	1,546,141	-	1,546,141	1,627,864	-	1,627,864

Statement of Financial Position	30-Jun-20			30-Jun-19		
	As previously reported	Reclassification	As restated	As previously reported	Reclassification	As restated
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Current tax liabilities	13,618	81,665	95,283	112,116	63,797	175,913
Other liabilities	578,800	(81,665)	497,135	522,732	(63,797)	458,935

THE BANK

Statement of Profit or Loss and other comprehensive income	30-Jun-20			30-Jun-19		
	As previously reported	Reclassification	As restated	As previously reported	Reclassification	As restated
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Other operating expenses	(448,226)	81,665	(366,561)	(387,303)	63,797	(323,506)
Profit before tax	1,668,326	81,665	1,749,991	1,824,002	63,797	1,887,799
Tax expense	(146,771)	(81,665)	(228,436)	(239,219)	(63,797)	(303,016)
Profit for the year	1,521,555	-	1,521,555	1,584,783	-	1,584,783

Statement of Financial Position	30-Jun-20			30-Jun-19		
	As previously reported	Reclassification	As restated	As previously reported	Reclassification	As restated
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Current tax liabilities	13,618	81,665	95,283	112,116	63,797	175,913
Other liabilities	568,061	(81,665)	486,396	507,327	(63,797)	443,530

11 TAXATION (Cont'd)

11(a) Statements of financial position

	THE GROUP			THE BANK		
	2021	2020 (Restated)	2019 (Restated)	**2021**	2020 (Restated)	2019 (Restated)
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Corporate tax liability:						
Provision for the year	**74,247**	139,890	170,618	**74,247**	139,890	170,618
Tax paid under advance payment scheme	**(60,053)**	(128,282)	(63,408)	**(60,053)**	(128,282)	(59,312)
	14,194	11,608	107,210	**14,194**	11,608	111,306
CSR liability	**2,789**	2,010	1,040	**2,789**	2,010	810
Special levy	**68,664**	81,665	63,797	**68,664**	81,665	63,797
Current tax liabilities	**85,647**	95,283	172,047	**85,647**	95,283	175,913
Analysed as follows:						
Current tax liabilities	**85,647**	95,283	175,913	**85,647**	95,283	175,913
Current tax assets (included in other assets Note 22)	**-**	-	(3,866)	**-**	-	-
	85,647	95,283	172,047	**85,647**	95,283	175,913

Total tax paid (including levy, APS, CSR and tax assessment review) during the year ended 30 June 2021 was MUR 185.7m (2020: MUR 328.6m, 2019: MUR 95.9m).

11(b) Statements of profit or loss and other comprehensive income

The components of income tax expense for the years ended 30 June 2021, 2020 and 2019 are as follows

	THE GROUP			THE BANK		
	2021	2020 (Restated)	2019 (Restated)	**2021**	2020 (Restated)	2019 (Restated)
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Current income tax	**74,247**	139,890	170,618	**74,247**	139,890	170,618
Under/(over) provision in income tax in prior years	**10,846**	425	(1,053)	**10,846**	425	(311)
Amount paid under tax assessment review	**-**	10,176	-	**-**	10,176	-
Withholding tax	**-**	2,541	431	**-**	2,541	431
CSR expense	**22,299**	15,856	7,199	**22,299**	15,856	6,469
Special levy	**68,664**	81,665	63,797	**68,664**	81,665	63,797
(Over)/under provision in deferred tax in prior years	**(44)**	(394)	34	**(44)**	(393)	31
Deferred tax movement (Note 11(d))	**(27,607)**	(21,180)	61,597	**(27,607)**	(21,724)	61,981
Tax expense for the year	**148,405**	228,979	302,623	**148,405**	228,436	303,016
Analysed as follows:						
Continuing operations	**148,405**	228,436	303,016	**148,405**	228,436	303,016
Discontinued operations (Note 41)	**-**	543	(393)	**-**	-	-
	148,405	228,979	302,623	**148,405**	228,436	303,016

11 TAXATION (Cont'd)

11(c) Reconciliation of the total tax expense

A reconciliation between the tax expense and the accounting profit multiplied by the tax rate for the years ended 30 June 2021, 2020 and 2019 is as follows:

	THE GROUP			THE BANK		
	2021	2020 (Restated)	2019 (Restated)	**2021**	2020 (Restated)	2019 (Restated)
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Accounting profit before tax:						
Continuing operations	**1,078,001**	1,774,578	1,930,880	**1,023,631**	1,749,991	1,887,799
Discontinued operations (Note 41)	**-**	(2,603)	(285)	**-**	-	-
	1,078,001	1,771,975	1,930,595	**1,023,631**	1,749,991	1,887,799
Taxed at 7% (2020: 7% and 2019: 17%)	**75,460**	124,038	328,201	**71,654**	122,499	320,926
Deemed credit on Segment B profits	**-**	-	(247,039)	**-**	-	(247,039)
(Over)/under provision in deferred tax in prior years	**(44)**	(394)	34	**(44)**	(393)	31
Under/(over) provision in income tax in prior years	**10,846**	425	(1,053)	**10,846**	425	(311)
Amount paid under tax assessment review	**-**	10,176	-	**-**	10,176	-
Non deductible expenses	**(1,031)**	7,710	46,908	**2,775**	5,863	52,812
Bad debt written off subject to tax	**-**	8,710	31,368	**-**	8,710	31,368
Non taxable income	**(30)**	(6,470)	(9,875)	**(30)**	(3,628)	(6,442)
Withholding tax	**-**	2,541	431	**-**	2,541	431
CSR adjustment	**3,127**	(6,414)	(8,521)	**3,127**	(6,437)	(9,333)
Tax rate differential	**(8,587)**	6,992	98,372	**(8,587)**	7,015	96,776
Special levy	**68,664**	81,665	63,797	**68,664**	81,665	63,797
Tax expense	**148,405**	228,979	302,623	**148,405**	228,436	303,016
Analysed as follows:						
Continuing operations	**148,405**	228,436	303,016	**148,405**	228,436	303,016
Discontinued operations (Note 41)	**-**	543	(393)	**-**	-	-
	148,405	228,979	302,623	**148,405**	228,436	303,016

The applicable tax rate used for the above is on the basis that the majority of taxable income is being taxed at income tax rate of 5%.

11(d) Deferred tax

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At 1 July	**(124,506)**	(101,664)	(162,869)	**(124,388)**	(100,953)	(162,584)
Disposal of subsidiary	**118**	-	-	**-**	-	-
Charge to profit or loss:						
(Over)/under provision in deferred tax in prior years (Note 11 (b))	**(44)**	(394)	34	**(44)**	(393)	31
Movement for the year	**(27,607)**	(21,180)	61,597	**(27,607)**	(21,724)	61,981
Charge to other comprehensive income:						
Movement for the year	**2,446**	(1,268)	(426)	**2,446**	(1,318)	(381)
At 30 June	**(149,593)**	(124,506)	(101,664)	**(149,593)**	(124,388)	(100,953)

Prior to 30 June 2019, deferred tax was calculated on all temporary differences under the liability method at the rate of 17% for Segment A and 3% for Segment B. Following the enactment of the new tax rates in August 2018, deferred tax is calculated at the rate of 7% for Segment A and 5% for Segment B.

NOTES TO THE FINANCIAL STATEMENTS

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11 TAXATION (Cont'd)

11(d) Deferred tax (Cont'd)

THE GROUP

	At 1 July 2019	Charge to retained earnings	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2020	**Disposal of subsidiary**	**Charge/ (credit) to profit or loss**	**Charge/ (credit) to OCI**	**At 30 June 2021**
Deferred tax assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Impairment losses on loans and advances to banks and customers	(142,018)	(18,096)	53,852	-	(106,262)	(24,834)	-	(131,096)	**-**	**(22,247)**	**-**	**(153,343)**
Other temporary differences	(285)	-	(253)	-	(538)	(31)	-	(569)	**569**	**-**	**-**	**-**
Impairment loss on bond and other financial assets	(11,402)	(3,026)	8,438	-	(5,990)	5,017	-	(973)	**-**	**(2,260)**	**-**	**(3,233)**
Retirement benefit obligations	(2,939)	-	(480)	(426)	(3,845)	(293)	(1,268)	(5,406)	**(491)**	**(1,013)**	**2,446**	**(4,464)**
	(156,644)	(21,122)	61,557	(426)	(116,635)	(20,141)	(1,268)	(138,044)	**78**	**(25,520)**	**2,446**	**(161,040)**
Deferred tax liability												
Accelerated capital allowances	14,897	-	74	-	14,971	(1,433)	-	13,538	**40**	**(2,131)**	**-**	**11,447**
Net deferred tax assets	(141,747)	(21,122)	61,631	(426)	(101,664)	(21,574)	(1,268)	(124,506)	**118**	**(27,651)**	**2,446**	**(149,593)**

THE BANK

	At 1 July 2019	Charge to retained earnings	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2020	**Disposal of subsidiary**	**Charge/ (credit) to profit or loss**	**Charge/ (credit) to OCI**	**At 30 June 2021**
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Deferred tax assets												
Impairment losses on loans and advances to banks and customers	(142,018)	(18,096)	53,852	-	(106,262)	(24,834)	-	(131,096)	**-**	**(22,247)**	**-**	**(153,343)**
Impairment loss on bond and other financial assets	(11,402)	(3,026)	8,438	-	(5,990)	5,017	-	(973)	**-**	**(2,260)**	**-**	**(3,233)**
Retirement benefit obligations	(2,939)	-	(392)	(381)	(3,712)	(867)	(1,318)	(5,897)	**-**	**(1,013)**	**2,446**	**(4,464)**
	(156,359)	(21,122)	61,898	(381)	(115,964)	(20,684)	(1,318)	(137,966)	**-**	**(25,520)**	**2,446**	**(161,040)**
Deferred tax liability												
Accelerated capital allowances	14,897	-	114	-	15,011	(1,433)	-	13,578	**-**	**(2,131)**	**-**	**11,447**
Net deferred tax assets	(141,462)	(21,122)	62,012	(381)	(100,953)	(22,117)	(1,318)	(124,388)	**-**	**(27,651)**	**2,446**	**(149,593)**

12 DIVIDENDS

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Dividends on Ordinary shares:			
Dividend paid	**338,932**	429,313	186,412
Dividends on Class A shares - Series 1 & Series 2:			
Dividend paid	**132,897**	147,371	147,096
Dividends in Specie			
Distribution of AfrAsia Capital Management Ltd (ACM)			
Shares	**38,277**	-	-
Total dividends	**510,106**	576,684	333,508

Ordinary Shares

During the year ended 30 June 2021, the directors proposed that a dividend of MUR 3 (2020: MUR 3.80, 2019: MUR 1.65) per share to be paid to the holders of Ordinary shares with respect to the year ended 30 June 2020. The Board of Directors approved the dividend on 30 November 2020 and it was paid in June and July 2021. Total dividend paid is MUR 339M (2020: MUR 429M; 2019: MUR 186M).

Class A Shares

On 25 February 2021, the Directors proposed and approved that an interim dividend of MUR 14.52 per share to be paid to the holders of Class A shares Series 1 and MUR 4.64 per share to be paid to holders of Class A shares series 2. The interim dividend amounted to MUR 66.2M and it was paid in July 2021.

In relation to the year ended 30 June 2020, the Board proposed a final dividend of MUR 15.90 per share to the holders of Class A shares Series 1 and MUR 4.37 per share to be paid to the holders of Class A shares Series 2. The Board of directors approved the dividends on 30 November 2020 and these were paid in February 2021. The total amount paid were MUR 66.7M.

The dividend paid in 2020 and 2019 were MUR 38.53 and MUR 38.15 per share to the holders of Class A Series 1 and MUR 8.79 and MUR 8.85 per share to the holders of Class A shares series 2 and amounted to MUR 147.4M and MUR 147.1M respectively.

Dividend in Specie

In November 2019, the Board approved the distribution of the shares of EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd). Following the approval from the Financial Services Commission and the Bank of Mauritius respectively, the Board declared the dividend in Specie of the shares of EKADA Capital Ltd in November 2020 and the distribution was completed in January 2021.

13 CASH AND CASH EQUIVALENTS

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Cash in hand	**28,782**	40,108	42,087	**28,782**	40,108	42,087
Unrestricted balances with the Central Bank (Note 1)	**16,893,152**	8,500,527	3,988,536	**16,893,152**	8,500,527	3,988,536
Short term placements with other banks	**43,312,526**	39,092,753	33,808,173	**43,312,526**	39,092,753	33,808,173
Short term placements with the Central Bank	**-**	281,945	-	**-**	281,945	-
Current accounts with other banks	**37,579,779**	21,124,814	12,887,788	**37,579,767**	21,120,088	12,886,142
	97,814,239	69,040,147	50,726,584	**97,814,227**	69,035,421	50,724,938
Less: allowance for impairment losses	**(4,128)**	(3,172)	(25,946)	**(4,128)**	(3,172)	(25,946)
	97,810,111	69,036,975	50,700,638	**97,810,099**	69,032,249	50,698,992

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with Central Bank and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group and the Bank in the management of its short-term commitments

Note 1: Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement.

The table below shows the credit quality and the maximum exposure to credit risk for short term placements with other banks based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

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13 CASH AND CASH EQUIVALENTS (Cont'd)

	THE GROUP AND THE BANK		
	2021	2020	2019
External rating grade	**MUR'000**	MUR'000	MUR'000
Performing:			
Credit rating AAA	**-**	281,946	-
Credit rating AA+ to AA-	**11,844,264**	15,662,466	2,979,536
Credit rating A+ to A-	**22,705,277**	10,802,675	19,647,910
Credit rating BBB+ to BBB-	**2,574,334**	4,050,875	4,221,998
Credit rating BB+ to BB-	**5,121,714**	8,576,736	6,958,729
Credit rating B+ to B-	**1,066,937**	-	-
Total gross carrying amount	**43,312,526**	39,374,698	33,808,173
Loss allowance	**(4,101)**	(3,156)	(25,929)
Carrying amount at 30 June	**43,308,425**	39,371,542	33,782,244

Allowance for impairment losses

The balances were classified in stage 1 and 12-month ECL was calculated hereon at 30 June 2021, 2020 and 2019.

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**3,172**	25,946	50,395
Movement in ECL during the year	**956**	(22,774)	(24,449)
Loss allowance as at 30 June	**4,128**	3,172	25,946

14 DUE FROM BANKS

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
At amortised cost:			
Short term collateralised placements	**16,378,549**	7,039,627	4,844,692
Medium term collateralised placements	**-**	-	1,781,279
Medium term placements with the Central Bank	**-**	507,262	1,009,464
Long term placements with Central Bank	**-**	-	507,181
Medium term placements with other banks	**1,598,895**	3,590,726	4,829,200
	17,977,444	11,137,615	12,971,816
Less: allowance for impairment losses	**(3,354)**	(4,877)	(3,886)
	17,974,090	11,132,738	12,967,930

The collateralised placements relate to reverse repurchase agreement (Repo) with local banks, with government securities held as collateral. The fair value of the collateral at 30 June 2021 was MUR 23.4bn (2020: MUR 10.9bn, 2019: MUR 9.4bn).

THE GROUP AND THE BANK

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

The financial assets were classified in Stage 1 and 12 month ECL was calculated hereon at 30 June 2021, 2020 and 2019.

	THE GROUP AND THE BANK		
	2021	2020	2019
External rating grade	**MUR'000**	MUR'000	MUR'000
Performing:			
Credit rating AAA	**-**	507,262	1,516,644
Credit rating AA+ to AA-	**-**	-	1,069,659
Credit rating A+ to A-	**-**	985,804	712,354
Credit rating BBB+ to BBB-	**11,113,026**	2,012,429	8,955,768
Credit rating BB+ to BB-	**5,797,435**	6,829,589	717,391
Credit rating B+ to B-	**1,066,983**	802,531	-
Total gross carrying amount	**17,977,444**	11,137,615	12,971,816
Loss allowance	**(3,354)**	(4,877)	(3,886)
Carrying amount at 30 June	**17,974,090**	11,132,738	12,967,930

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	**11,137,615**	12,971,816	5,164,742
New financial assets originated	**17,977,444**	11,137,615	12,971,816
Financial assets that have been repaid	**(11,137,615)**	(12,971,816)	(5,164,742)
Gross carrying amount at 30 June	**17,977,444**	11,137,615	12,971,816

Allowance for impairment losses

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**4,877**	3,886	226
New financial assets originated	**3,354**	4,877	3,886
Financial assets that have been repaid	**(4,877)**	(3,886)	(226)
Loss allowance as at 30 June	**3,354**	4,877	3,886

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15 DERIVATIVE FINANCIAL INSTRUMENTS

(a) THE GROUP

	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	2021	**2021**	2020	2020	2019	2019
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Foreign exchange option contracts	**2,050**	**(2,050)**	2,062	(1,759)	8,361	(7,945)
Foreign exchange contracts	**59,798**	**(13,701)**	125,451	(7,706)	84,052	(42,050)
Cross currency interest rate swap	**151,683**	**-**	97,580	-	-	-
Interest rate swap	**2,870**	**(3,162)**	3,906	(4,741)	-	-
Options contracts (structured deposits)	**191,479**	**(191,479)**	92,962	(92,962)	-	-
Index linked notes	**-**	**-**	-	-	652,182	(652,182)
	407,880	**(210,392)**	321,961	(107,168)	744,595	(702,177)

(b) THE BANK

	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	2021	**2021**	2020	2020	2019	2019
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Foreign exchange option contracts	**2,050**	**(2,050)**	2,062	(1,759)	8,361	(7,945)
Foreign exchange contracts	**59,798**	**(13,701)**	125,451	(7,706)	84,052	(42,050)
Cross currency interest rate swap	**151,683**		97,580	-	-	-
Interest rate swaps	**2,870**	**(3,162)**	3,906	(4,741)	-	-
Options contracts (structured deposits)	**191,479**	**(191,479)**	92,962	(92,962)	-	-
	407,880	**(210,392)**	321,961	(107,168)	92,413	(49,995)

The Group and 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 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 prevaling FX spot 'Accounting' rate as of the settlement date.

Swaps

Swaps are derivatives in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved.

Option contracts

Option contracts give the buyer the right, but not the obligation, to buy (in the case of a call) or sell (in the case of a put) the underlying asset at a specific price on or before a certain date.

Structured deposit

A structured deposit combines a normal deposit with a derivative product. The return on those structured deposits depends on the performance of the derivative's underlying asset. These underlying assets may include market indices, shares, interest rates, bonds , foreign exchange rates, or a combination of these. The derivative portion of the investment may involve the purchase/sale of options from / to the Bank's clients immediately followed by the sale/ purchase of the same options to/from the Bank's financial institutions counterparties. Since the derivative portion is fully back to back there is no options open position in the Bank's books.

16(a) LOANS AND ADVANCES TO BANKS

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Banks:			
Segment A	-	1,002,583	-
Segment B	6,668,316	4,255,014	6,034,226
Total gross carrying amount loans and advances to banks	6,668,316	5,257,597	6,034,226
Less: allowance for impairment losses	(29,481)	(11,670)	(15,178)
	6,638,835	5,245,927	6,019,048

All the loans and advances to banks are classified in stage 1 and 12 months ECL calculated thereon.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

External rating grade	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Performing:			
Credit rating A+ to A-	2,217,104	321,758	1,521,469
Credit rating BBB+ to BBB-	1,702,874	1,404,181	2,763,402
Credit rating BB+ to BB-	2,110,731	3,328,236	1,425,850
Credit rating B+ to B-	637,607	203,422	323,505
Total gross carrying amount	6,668,316	5,257,597	6,034,226
Loss allowance	(29,481)	(11,670)	(15,178)
Carrying amount at 30 June	6,638,835	5,245,927	6,019,048

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

Gross carrying amount	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	5,257,597	6,034,226	5,827,242
New financial assets originated	6,348,107	2,130,461	3,455,025
Financial assets that have been repaid	(4,957,998)	(2,918,440)	(2,794,423)
Financial assets that have been derecognised	-	-	(514,200)
Other movements	20,610	11,350	60,582
Gross carrying amount at 30 June	6,668,316	5,257,597	6,034,226

Allowance for impairment losses	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	11,670	15,178	22,755
Financial assets that have been derecognised	-	-	(4,915)
New financial assets originated	27,796	5,333	4,748
Financial assets that have been repaid	(8,484)	(9,585)	(12,079)
Other movements	(1,501)	744	4,669
Loss allowance as at 30 June	29,481	11,670	15,178

16(b) LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Retail and personal	2,676,026	2,297,051	1,460,455
Business	9,210,853	10,559,598	9,434,693
Government and parastatal bodies	-	-	992,546
Entities outside Mauritius	9,437,082	12,501,873	12,065,223
Credit cards	108,836	75,283	109,796
Total gross carrying amount loans and advances to customers	21,432,797	25,433,805	24,062,713
Less: allowance for impairment losses	(2,682,868)	(2,389,883)	(1,912,517)
	18,749,929	23,043,922	22,150,196

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	662,221	-	-	662,221
Credit rating AA+ to AA-	1,106,069	13,901	-	1,119,970
Credit rating A+ to A-	4,632,049	667,179	-	5,299,228
Credit rating BBB+ to BBB-	7,583,046	464,097	-	8,047,143
Credit rating BB+ to BB-	2,822,297	54,328	-	2,876,625
Credit rating B+ to B-	325,262	267,849	-	593,111
Credit rating CCC+ to C	-	17,401	-	17,401
Non performing:				
Credit rating D	-	-	2,817,098	2,817,098
Total gross carrying amount	17,130,944	1,484,755	2,817,098	21,432,797
Loss allowance	(327,424)	(69,158)	(2,286,286)	(2,682,868)
Carrying amount at 30 June	16,803,520	1,415,597	530,812	18,749,929

Internal rating grade	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	444,346	-	-	444,346
Credit rating AA+ to AA-	3,109,194	83,667	-	3,192,861
Credit rating A+ to A-	12,782,569	50,749	-	12,833,318
Credit rating BBB+ to BBB-	4,853,103	290,918	-	5,144,021
Credit rating BB+ to BB-	699,862	26,734	-	726,596
Credit rating B+ to B-	239,199	6,679	-	245,878
Credit rating CCC+ to C	-	17,457	-	17,457
Non performing:				
Credit rating D	-	-	2,829,328	2,829,328
Total gross carrying amount	22,128,273	476,204	2,829,328	25,433,805
Loss allowance	(151,766)	(15,745)	(2,222,372)	(2,389,883)
Carrying amount at 30 June	21,976,507	460,459	606,956	23,043,922

16(b) LOANS AND ADVANCES TO CUSTOMERS (Cont'd)

	THE GROUP AND THE BANK			
	2019			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	63,306	-	-	63,306
Credit rating AA+ to AA-	947,278	-	-	947,278
Credit rating A+ to A-	13,099,640	-	-	13,099,640
Credit rating BBB+ to BBB-	4,647,832	-	-	4,647,832
Credit rating BB+ to BB-	1,665,110	-	-	1,665,110
Credit rating B+ to B-	279,795	-	-	279,795
Credit rating CCC+ to C	-	1,117,417	-	1,117,417
Non performing:				
Credit rating D	-	-	2,242,335	2,242,335
Total gross carrying amount	20,702,961	1,117,417	2,242,335	24,062,713
Loss allowance	(120,351)	(226,360)	(1,565,806)	(1,912,517)
Carrying amount at 30 June	20,582,610	891,057	676,529	22,150,196

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	THE GROUP AND THE BANK			
	2021			
Gross carrying amount	**Stage 1 12-months ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount at 1 July	**22,128,273**	**476,204**	**2,829,328**	**25,433,805**
Changes in the gross carrying amount				
Transfer to stage 1	**837**	**(832)**	**(5)**	**-**
Transfer to stage 2	**(1,117,142)**	**1,117,142**	**-**	**-**
Transfer to stage 3	**(211,323)**	**(8,632)**	**219,955**	**-**
New financial assets originated	**5,483,720**	**125,391**	**442**	**5,609,553**
Financial assets that have been repaid	**(8,164,898)**	**(260,469)**	**(133,176)**	**(8,558,543)**
Write-offs	**-**	**-**	**(308,660)**	**(308,660)**
Other movements	**(988,523)**	**35,951**	**209,214**	**(743,358)**
Gross carrying amount at 30 June	**17,130,944**	**1,484,755**	**2,817,098**	**21,432,797**

16(b) LOANS AND ADVANCES TO CUSTOMERS (Cont'd)

	THE GROUP AND THE BANK			
	2020			
Gross carrying amount	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	20,702,962	1,117,415	2,242,336	24,062,713
Changes in the gross carrying amount				
Transfer to stage 1	20,382	(8,280)	(12,102)	-
Transfer to stage 2	(268,182)	300,663	(32,481)	-
Transfer to stage 3	(766,067)	(357,015)	1,123,082	-
New financial assets originated	9,413,781	218,772	59,100	9,691,653
Financial assets that have been repaid	(7,305,655)	(28,030)	(271,977)	(7,605,662)
Financial assets that have been derecognised	-	(708,726)	-	(708,726)
Write-offs	-	-	(506,314)	(506,314)
Other movements	331,052	(58,595)	227,684	500,141
Gross carrying amount at 30 June	22,128,273	476,204	2,829,328	25,433,805

	THE GROUP AND THE BANK			
	2019			
Gross carrying amount	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	18,901,352	2,815,420	1,796,423	23,513,195
Changes in the gross carrying amount				
Transfer to stage 1	149,260	(128,110)	(21,150)	-
Transfer to stage 2	(486,171)	486,173	(2)	-
Transfer to stage 3	(240,704)	(1,030,316)	1,271,020	-
New financial assets originated	11,821,406	4,700	17,233	11,843,339
Financial assets that have been repaid	(8,524,383)	(590,152)	(533,459)	(9,647,994)
Financial assets that have been derecognised	-	(310,091)	-	(310,091)
Write-offs	-	-	(213,662)	(213,662)
Other movements	(917,799)	(130,207)	(74,068)	(1,122,074)
Gross carrying amount at 30 June	20,702,961	1,117,417	2,242,335	24,062,713

16(b) LOANS AND ADVANCES TO CUSTOMERS (Cont'd)

Allowance for impairment losses	THE GROUP AND THE BANK 2021 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Loss allowance as at 1 July	151,766	15,745	2,222,372	2,389,883
Changes in the loss allowance				
Transfer to stage 1	30	(25)	(5)	-
Transfer to stage 2	(31,814)	31,814	-	-
Transfer to stage 3	(573)	(93)	666	-
Write-offs	-	-	(308,660)	(308,660)
Net remeasurement of loss allowance	(3)	8,589	73,268	81,854
New financial assets originated	88,702	11,183	440	100,325
Financial assets that have been repaid	(18,634)	(8,956)	(7,810)	(35,400)
Other movements	137,950	10,901	306,015	454,866
Loss allowance as at 30 June	327,424	69,158	2,286,286	2,682,868

Allowance for impairment losses	THE GROUP AND THE BANK 2020 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Loss allowance as at 1 July	120,351	226,360	1,565,806	1,912,517
Changes in the loss allowance				
Transfer to stage 1	4,028	(440)	(3,588)	-
Transfer to stage 2	(2,115)	3,952	(1,837)	-
Transfer to stage 3	(702)	(76,060)	76,762	-
Financial assets that have been derecognised	-	(139,932)	-	(139,932)
Write-offs	-	-	(506,314)	(506,314)
Net remeasurement of loss allowance	(3,965)	2,909	888,644	887,588
New financial assets originated	38,284	2,976	44,003	85,263
Financial assets that have been repaid	(38,741)	(392)	(78,051)	(117,184)
Other movements	34,626	(3,628)	236,947	267,945
Loss allowance as at 30 June	151,766	15,745	2,222,372	2,389,883

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16(b) LOANS AND ADVANCES TO CUSTOMERS (Cont'd)

Allowance for impairment losses	THE GROUP AND THE BANK 2019 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Loss allowance as at 1 July	159,101	565,679	909,637	1,634,417
Changes in the loss allowance				
Transfer to stage 1	26,348	(4,752)	(21,596)	-
Transfer to stage 2	(1,576)	1,578	(2)	-
Transfer to stage 3	(1,027)	(220,518)	221,545	-
Financial assets that have been derecognised	-	(142,023)	-	(142,023)
Write-offs	-	-	(192,203)	(192,203)
Net remeasurement of loss allowance	(64,666)	79,059	665,767	680,160
New financial assets originated	60,180	83	3,964	64,227
Financial assets that have been repaid	(47,311)	(33,028)	(202,904)	(283,243)
Other movements	(10,698)	(19,718)	181,598	151,182
Loss allowance as at 30 June	120,351	226,360	1,565,806	1,912,517

Allowance for impairment losses include both capital and interest on non-performing loans. Interest provision amounts to MUR 324m at 30 June 2021 (2020: MUR 250m, 2019: MUR 296m) on non-performing loans which are in arrears for more than 90 days (included in stage 3).

The interest suspended for the year ended 30 June 2021 amounts to MUR 97.3m (2020: MUR 67.7m and 2019: MUR 54.7m).
Revaluation adjustments on ECL of MUR 83.7m (2020: MUR 78.5m) have been accounted under ' Gain on foreign exchange'.

17 INVESTMENT SECURITIES

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Financial assets held for trading measured at fair value through profit or loss (Note 17(a))	**5,534,813**	2,046,878	5,715,984	**5,534,813**	2,042,480	4,843,845
Debt instruments measured at fair value through other comprehensive income (Note 17(b))	**-**	-	3,571,880	**-**	-	3,571,880
Debt instruments measured at amortised cost (Note 17(c))	**39,859,873**	46,612,747	36,884,143	**39,859,873**	46,612,747	36,884,143
Equity Investments designated at fair value through other comprehensive income (Note 17(d))	**13,804**	36,940	31,945	**13,804**	9,673	8,303
Equity Investment measured at fair value through profit or loss (Note 17(e))	**1,705**	-	-	**1,705**	-	-
	45,410,195	48,696,565	46,203,952	**45,410,195**	48,664,900	45,308,171

(a) FINANCIAL ASSETS HELD FOR TRADING MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Trading assets:						
Government of Mauritius debt securities	**2,805,517**	850,043	1,416,463	**2,805,517**	850,043	1,416,463
Bank of Mauritius bonds and notes	**1,038,656**	920,011	3,427,026	**1,038,656**	920,011	3,427,026
Local securities: corporate bonds and notes	**150,253**	-	-	**150,253**	-	-
Unquoted equity investments	**-**	4,398	58,356	**-**	-	-
Quoted equity investments	**-**	-	813,783	**-**	-	-
Foreign securities: corporate bonds and notes	**1,540,387**	272,426	356	**1,540,387**	272,426	356
	5,534,813	2,046,878	5,715,984	**5,534,813**	2,042,480	4,843,845

(b) DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Foreign securities treasury bills and bonds	**-**	-	3,571,880
	-	-	3,571,880

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value. The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The balances were classified in stage 1 and 12month ECL was calculated hereon.

External rating grade	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Performing:			
Credit rating A+ to A-	**-**	-	3,571,880
Carrying amount	**-**	-	3,571,880
Loss allowance	**-**	-	(1,074)
Total gross carrying amount at 30 June	**-**	-	3,570,806

17 INVESTMENT SECURITIES (Cont'd)

An analysis of changes in the carrying amount and the corresponding ECLs is, as follows:

Gross carrying amount	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Carrying amount at 1 July	**-**	3,571,880	4,055,941
Financial assets that have been repaid	**-**	(3,569,000)	(570,480)
Other movements	**-**	-	83,845
Fair value movement	**-**	(2,880)	2,574
Carrying amount at 30 June	**-**	-	3,571,880

Allowance for impairment loss	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**-**	1,074	547
Financial assets that have been repaid	**-**	(1,074)	(77)
Other movements	**-**	-	604
Loss allowance as at 30 June	**-**	-	1,074

(c) DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Government of Mauritius treasury bills and bonds	**12,177,847**	12,250,207	7,291,728
Bank of Mauritius bonds and notes	**3,432,443**	2,279,722	5,056,172
Local Securities: corporate bonds and notes	**1,952,332**	2,370,619	1,792,723
Foreign securities: corporate bonds and notes	**5,119,520**	7,499,416	-
Foreign securities: sovereign bills, bonds and notes	**17,218,935**	22,220,576	22,751,899
	39,901,077	46,620,540	36,892,522
Less: allowance for impairment losses	**(41,204)**	(7,793)	(8,379)
	39,859,873	46,612,747	36,884,143

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external rating system and year-end stage classification. The balances were classified in stage 1 and 12-month ECL was calculated hereon. The amounts presented are gross of impairment allowances.

External rating grade	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Performing:			
Credit rating AAA	**32,851,989**	37,518,100	28,837,100
Credit rating AA+ to AA-	**1,391,701**	3,152,204	3,846,157
Credit rating A+ to A-	**3,293,560**	3,579,616	2,416,542
Credit rating BBB+ to BBB-	**411,496**	100,025	-
Credit rating BB+ to BB-	**1,519,096**	2,270,595	1,792,723
Credit rating B+ to B-	**433,235**	-	-
Total gross carrying amount	**39,901,077**	46,620,540	36,892,522
Loss allowance	**(41,204)**	(7,793)	(8,379)
Carrying amount at 30 June	**39,859,873**	46,612,747	36,884,143

17 INVESTMENT SECURITIES (Cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

Gross carrying amount	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	46,620,540	36,892,522	27,360,177
New financial assets originated	26,062,877	36,825,566	25,605,260
Financial assets that have been repaid	(32,994,190)	(26,742,405)	(16,047,518)
Financial assets that have been derecognised	-	(595,253)	(89,762)
Other movements	211,850	240,110	64,365
Gross carrying amount at 30 June	39,901,077	46,620,540	36,892,522

An analysis of the movement of the loss allowance is as follows:

Allowance for impairment losses	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	7,793	8,379	6,029
New financial assets originated	1,343	3,403	6,284
Financial assets that have been repaid	(1,748)	(3,135)	(2,980)
Financial assets that have been derecognised	-	-	(45)
Other movements	33,816	(854)	(909)
Loss allowance as at 30 June	41,204	7,793	8,379

(d) EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Equity securities:						
At 1 July	36,940	31,945	18,559	9,673	8,303	-
Reclassification from other assets	-	-	7,181	-	-	7,181
Additions	2,649	-	-	2,649	-	-
Disposal of subsidiary	(49)	-	-	-	-	-
Fair value movement	(25,736)	4,995	6,205	1,482	1,370	1,122
At 30 June	13,804	36,940	31,945	13,804	9,673	8,303

The investments are expected to be held for the long term for strategic purposes and have been designated at FVTOCI. There was no disposal during the year. No dividend income was recognised on these investments during the year under review (2020 and 2019: Nil).

(e) EQUITY INVESTMENT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Acquisition during the year	9	-	-
Fair Value Movement	1,696	-	-
At 30 June	1,705	-	-

18 (a) INVESTMENT IN SUBSIDIARIES

	THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Cost			
At 1 July	-	-	189,563
Impairment loss recognised	-	-	(189,563)
Addition	-	38,277	-
Less Asset held for distribution (Note 18(b))	-	(38,277)	-
At 30 June	-	-	-

During FY 2020, all shares of EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd) held by AfrAsia Investments Limited ("AIL") were acquired by AfrAsia Bank Limited ("ABL") for a consideration of MUR 38.3m

In 2019, AfrAsia Investments Limited had acquired the shares of AfrAsia Special Opportunities Fund ("ASOF") from its unit holders. The directors of AfrAsia Investments Limited were of the opinion that the investment was fully impaired in the financial statements as ASOF was under liquidation and write-off in the profit or loss amounted to MUR 57.2m.

The details of the direct and indirect subsidiaries are as follows:

	Country of Incorporation	Class of Shares	Effective % Holdings 2021	2020	2019
			%	%	%
Direct subsidiaries					
AfrAsia Investments Limited	Mauritius	Ordinary	100	100	100
EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd)	Mauritius	Ordinary	-	100	-
Indirect subsidiary					
EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd)	Mauritius	Ordinary	-	-	100

18 (b) ASSET HELD FOR DISTRIBUTION

The asset held for distribution pertain to the distribution of the shares in EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd) as dividend in specie amounting to MUR 38.3m. The shares was distributed on 25 January 2021 and EKADA Capital Ltd was deconsolidated as subsidiary on that date (Refer to Note 41).

19 PROPERTY AND EQUIPMENT

(a) THE GROUP

	Improvement to buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Assets in progress	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
COST							
At 1 July 2018	57,734	81,752	14,926	11,878	100,506	14,634	281,430
Additions for the year	602	292	1,916	-	8,803	22,208	33,821
Capitalisation of assets in progress	602	53	182	-	13,688	(14,525)	-
Assets written off	-	(417)	(676)	-	(2,283)	-	(3,376)
At 30 June 2019	58,938	81,680	16,348	11,878	120,714	22,317	311,875
At 1 July 2019	58,938	81,680	16,348	11,878	120,714	22,317	311,875
Recognised to expense	-	-	-	-	-	(32)	(32)
Disposal for the year	-	-	-	(8,965)	-	-	(8,965)
Additions for the year	-	4,481	1,647	2,800	14,384	579	23,891
Capitalisation of assets in progress	527	683	141	-	8,923	(10,274)	-
Reclassification of assets	-	-	(2)	-	2	-	-
Assets written off	-	-	(136)	-	(451)	-	(587)
At 30 June 2020	59,465	86,844	17,998	5,713	143,572	12,590	326,182
At 1 July 2020	**59,465**	**86,844**	**17,998**	**5,713**	**143,572**	**12,590**	**326,182**
Reclassification of assets	**149**	**(320)**	**190**	**-**	**(19)**	**-**	**-**
Additions for the year	**-**	**923**	**1,056**	**-**	**2,846**	**2,810**	**7,635**
Capitalisation of assets in progress	**-**	**-**	**5**	**-**	**579**	**(584)**	**-**
Assets written off	**-**	**(2,008)**	**(1,115)**	**(5,530)**	**(2,989)**	**-**	**(11,642)**
Disposal of subsidiary	**-**	**(1,868)**	**1,959**	**(59)**	**(1,843)**	**-**	**(1,811)**
At 30 June 2021	**59,614**	**83,571**	**20,093**	**124**	**142,146**	**14,816**	**320,364**
ACCUMULATED DEPRECIATION							
At 1 July 2018	14,729	22,944	8,610	4,813	38,049	-	89,145
Charge for the year - Continuing operations	5,293	7,147	2,213	1,045	20,664	-	36,362
Charge for the year - Discontinued operations (Note 41)	-	28	-	744	592	-	1,364
Assets written off	-	(175)	(329)	-	(1,563)	-	(2,067)
At 30 June 2019	20,022	29,944	10,494	6,602	57,742	-	124,804
At 1 July 2019	20,022	29,944	10,494	6,602	57,742	-	124,804
Reclassification of assets	-	-	7	-	(7)	-	-
Charge for the year - Continuing operations	5,343	7,475	1,720	821	20,355	-	35,714
Charge for the year - Discontinued operations (Note 41)	-	11	428	-	-	-	439
Disposal for the year	-	-	-	(5,589)	-	-	(5,589)
Assets written off	-	-	(69)	-	(312)	-	(381)
At 30 June 2020	25,365	37,430	12,580	1,834	77,778	-	154,987
At 1 July 2020	**25,365**	**37,430**	**12,580**	**1,834**	**77,778**	**-**	**154,987**
Reclassification of assets	**291**	**(383)**	**112**	**-**	**(20)**	**-**	**-**
Charge for the year - Continuing operations	**5,351**	**7,480**	**2,169**	**482**	**20,151**	**-**	**35,633**
Charge for the year - Discontinued operations (Note 41)	**-**	**3**	**150**	**-**	**-**	**-**	**153**
Assets written off	**-**	**(912)**	**(758)**	**(2,204)**	**(2,226)**	**-**	**(6,100)**
Disposal of subsidiary	**-**	**(670)**	**765**	**(6)**	**(1,835)**	**-**	**(1,746)**
At 30 June 2021	**31,007**	**42,948**	**15,018**	**106**	**93,848**	**-**	**182,927**
CARRYING AMOUNT							
At 30 June 2021	**28,607**	**40,623**	**5,075**	**18**	**48,298**	**14,816**	**137,437**
At 30 June 2020	34,100	49,414	5,418	3,879	65,794	12,590	171,195
`At 30 June 2019	38,916	51,736	5,854	5,276	62,972	22,317	187,071

The directors have reviewed the carrying amount of the Group's property and equipment and are of the opinion that no impairment is required at the reporting date (2020 and 2019: Nil)

19 PROPERTY AND EQUIPMENT (Cont'd)

(b) THE BANK

	Improvement to buildings MUR'000	Furniture and fittings MUR'000	Office equipment MUR'000	Motor vehicles MUR'000	Computer equipment MUR'000	Assets in progress MUR'000	Total MUR'000
COST							
At 1 July 2018	57,883	79,733	16,885	8,129	98,953	14,634	276,217
Additions for the year	602	283	1,916	-	8,482	22,208	33,491
Capitalisation of assets in progress	602	53	182	-	13,688	(14,525)	-
Assets written off	-	(417)	(676)	-	(2,283)	-	(3,376)
At 30 June 2019	59,087	79,652	18,307	8,129	118,840	22,317	306,332
At 1 July 2019	59,087	79,652	18,307	8,129	118,840	22,317	306,332
Recognised to expense	-	-	-	-	-	(32)	(32)
Disposal for the year	-	-	-	(5,275)	-	-	(5,275)
Additions for the year	-	4,481	1,647	2,800	14,384	579	23,891
Capitalisation of assets in progress	527	683	141	-	8,923	(10,274)	-
Reclassification of assets	-	-	(2)	-	2	-	-
Assets written off	-	-	(136)	-	(451)	-	(587)
At 30 June 2020	59,614	84,816	19,957	5,654	141,698	12,590	324,329
At 1 July 2020	**59,614**	**84,816**	**19,957**	**5,654**	**141,698**	**12,590**	**324,329**
Reclassification of assets	**-**	**(171)**	**190**	**-**	**(19)**	**-**	**-**
Additions for the year	**-**	**923**	**1,056**	**-**	**2,846**	**2,810**	**7,635**
Capitalisation of assets in progress	**-**	**-**	**5**	**-**	**579**	**(584)**	**-**
Assets written off	**-**	**(2,008)**	**(1,115)**	**(5,530)**	**(2,989)**	**-**	**(11,642)**
At 30 June 2021	**59,614**	**83,560**	**20,093**	**124**	**142,115**	**14,816**	**320,322**
ACCUMULATED DEPRECIATION							
At 1 July 2018	15,020	22,016	9,525	2,599	37,203	-	86,363
Charge for the year	5,293	7,146	2,213	1,045	20,664	-	36,361
Assets written off	-	(175)	(329)	-	(1,563)	-	(2,067)
At 30 June 2019	20,313	28,987	11,409	3,644	56,304	-	120,657
At 1 July 2019	20,313	28,987	11,409	3,644	56,304	-	120,657
Reclassification of assets	-	-	7	-	(7)	-	-
Charge for the year	5,343	7,474	2,148	821	19,927	-	35,713
Disposal for the year	-	-	-	(2,637)	-	-	(2,637)
Assets written off	-	-	(69)	-	(312)	-	(381)
At 30 June 2020	25,656	36,461	13,495	1,828	75,912	-	153,352

	Improvement to buildings MUR'000	Furniture and fittings MUR'000	Office equipment MUR'000	Motor vehicles MUR'000	Computer equipment MUR'000	Assets in progress MUR'000	Total MUR'000
At 1 July 2020	**25,656**	**36,461**	**13,495**	**1,828**	**75,912**	**-**	**153,352**
Reclassification of assets	**-**	**(93)**	**112**	**-**	**(19)**	**-**	**-**
Charge for the year	**5,351**	**7,480**	**2,169**	**482**	**20,151**	**-**	**35,633**
Assets written off	**-**	**(911)**	**(758)**	**(2,204)**	**(2,227)**	**-**	**(6,100)**
At 30 June 2021	**31,007**	**42,937**	**15,018**	**106**	**93,817**	**-**	**182,885**
CARRYING AMOUNT							
At 30 June 2021	**28,607**	**40,623**	**5,075**	**18**	**48,298**	**14,816**	**137,437**
At 30 June 2020	33,958	48,355	6,462	3,826	65,786	12,590	170,977
At 30 June 2019	38,774	50,665	6,898	4,485	62,536	22,317	185,675
NET BOOK VALUE AT 30 JUNE 2021							
SEGMENT A	**15,760**	**22,380**	**2,796**	**10**	**26,608**	**8,162**	**75,716**
SEGMENT B	**12,847**	**18,243**	**2,279**	**8**	**21,690**	**6,654**	**61,721**
	28,607	**40,623**	**5,075**	**18**	**48,298**	**14,816**	**137,437**
NET BOOK VALUE AT 30 JUNE 2020							
SEGMENT A	15,426	21,966	2,935	1,738	29,884	5,719	77,668
SEGMENT B	18,532	26,389	3,527	2,088	35,902	6,871	93,309
	33,958	48,355	6,462	3,826	65,786	12,590	170,977
NET BOOK VALUE AT 30 JUNE 2019							
SEGMENT A	14,448	18,878	2,570	1,671	23,304	8,315	69,186
SEGMENT B	24,326	31,787	4,328	2,814	39,232	14,002	116,489
	38,774	50,665	6,898	4,485	62,536	22,317	185,675

For the year ended 30 June 2021, an amount of MUR 3.1m (2020: 0.6m and 2019: MUR 3.4m) with respect to certain categories of assets have been written off due to damage. Assets amounting to MUR 5.5m was given to a staff as benefits and has been written off during the year ended 30 June 2021.

The directors have reviewed the carrying amount of the Bank's property and equipment and are of the opinion that no impairment is required at the reporting date (2020 and 2019: Nil)

20 INTANGIBLE ASSETS

(a) THE GROUP	Computer software MUR'000	Banking software MUR'000	Other MUR'000	Assets in progress MUR'000	Goodwill MUR'000	Customer relations MUR'000	Total MUR'000
COST							
At 1 July 2018	54,511	221,620	9,105	49,078	134,903	124,609	593,826
Additions for the year	4,412	8,936	526	19,818	-	-	33,692
Capitalisation of assets in progress	18,755	10,763	-	(29,518)	-	-	-
Recognised to Expense	-	-	-	(1,293)	-	-	(1,293)
Impairment loss on goodwill	-	-	-	-	(134,903)	-	(134,903)
At 30 June 2019	77,678	241,319	9,631	38,085	-	124,609	491,322
At 1 July 2019	77,678	241,319	9,631	38,085	-	124,609	491,322
Additions for the year	5,195	3,170	-	59,158	-	-	67,523
Capitalisation of assets in progress	1,056	10,235	-	(11,291)	-	-	-
At 30 June 2020	83,929	254,724	9,631	85,952	-	124,609	558,845
At 1 July 2020	**83,929**	**254,724**	**9,631**	**85,952**	**-**	**124,609**	**558,845**
Additions for the year	**8,707**	**1,167**	**-**	**62,366**	**-**	**-**	**72,240**
Capitalisation of assets in progress	**2,953**	**6,075**	**-**	**(9,028)**	**-**	**-**	**-**
Recognise to expense	**-**	**-**	**-**	**(853)**	**-**	**-**	**(853)**
Disposal of subsidiary	**(678)**	**-**	**-**	**-**	**-**	**-**	**(678)**
Disposal	**-**	**-**	**-**	**(1,169)**	**-**	**-**	**(1,169)**
Assets written off	**(1,691)**	**-**	**(318)**	**(9,014)**	**-**	**(124,609)**	**(135,632)**
At 30 June 2021	**93,220**	**261,966**	**9,313**	**128,254**	**-**	**-**	**492,753**
ACCUMULATED AMORTISATION							
At 1 July 2018	22,949	55,433	6,328	-	-	91,197	175,907
Charge for the year - Continuing operations	11,941	25,291	1,353	-	-	33,412	71,997
Charge for the year - Discontinued operations (Note 41)	17	-	-	-	-	-	17
At 30 June 2019	34,907	80,724	7,681	-	-	124,609	247,921

20 INTANGIBLE ASSETS (Cont'd)

(a) THE GROUP (Cont'd)	Computer software MUR'000	Banking software MUR'000	Other MUR'000	Assets in progress MUR'000	Goodwill MUR'000	Customer relations MUR'000	Total MUR'000
At 1 July 2019	34,907	80,724	7,681	-	-	124,609	247,921
Charge for the year - Continuing operations	12,912	26,912	1,099	-	-	-	40,923
Charge for the year - Discontinued operations (Note 41)	11	-	-	-	-	-	11
At 30 June 2020	47,830	107,636	8,780	-	-	124,609	288,855
At 1 July 2020	**47,830**	**107,636**	**8,780**	**-**	**-**	**124,609**	**288,855**
Charge for the year - Continuing operations	**12,278**	**29,467**	**221**	**-**	**-**	**-**	**41,966**
Charge for the year - Discontinued operations (Note 41)	**53**	**-**	**-**	**-**	**-**	**-**	**53**
Assets written off	**(1,218)**	**-**	**(318)**	**-**	**-**	**(124,609)**	**(126,145)**
Disposal of subsidiary	**(655)**	**-**	**-**	**-**	**-**	**-**	**(655)**
At 30 June 2021	**58,288**	**137,103**	**8,683**	**-**	**-**	**-**	**204,074**
NET CARRYING AMOUNT							
At 30 June 2021	**34,932**	**124,863**	**630**	**128,254**	**-**	**-**	**288,679**
At 30 June 2020	36,099	147,088	851	85,952	-	-	269,990
At 30 June 2019	42,771	160,595	1,950	38,085	-	-	243,401

The directors have reviewed the carrying amount of the Group's intangible assets and are of the opinion that no impairment is required at the reporting date.

20 INTANGIBLE ASSETS (Cont'd)

(b) THE BANK

	Computer software MUR'000	Banking software MUR'000	Other MUR'000	Assets in progress MUR'000	Total MUR'000
COST					
At 1 July 2018	53,919	221,621	9,102	49,078	333,720
Additions for the year	4,412	8,936	526	19,818	33,692
Capitalisation of assets in progress	18,755	10,763	-	(29,518)	-
Recognised to expense	-	-	-	(1,293)	(1,293)
At 30 June 2019	77,086	241,320	9,628	38,085	366,119
At 1 July 2019	77,086	241,320	9,628	38,085	366,119
Additions for the year	5,111	3,170	-	59,158	67,439
Capitalisation of assets in progress	1,056	10,235	-	(11,291)	-
At 30 June 2020	83,253	254,725	9,628	85,952	433,558
At 1 July 2020	**83,253**	**254,725**	**9,628**	**85,952**	**433,558**
Additions for the year	**8,707**	**1,167**	**-**	**62,366**	**72,240**
Capitalisation of assets in progress	**2,953**	**6,075**	**-**	**(9,028)**	**-**
Recognised to expense	**-**	**-**	**-**	**(853)**	**(853)**
Disposal	**-**	**-**	**-**	**(1,169)**	**(1,169)**
Assets written off	**(1,691)**	**-**	**(318)**	**(9,014)**	**(11,023)**
At 30 June 2021	**93,222**	**261,967**	**9,310**	**128,254**	**492,753**
ACCUMULATED AMORTISATION					
At 1 July 2018	22,374	55,433	6,328	-	84,135
Charge for the year	11,942	25,291	1,353	-	38,586
At 30 June 2019	34,316	80,724	7,681	-	122,721
At 1 July 2019	34,316	80,724	7,681	-	122,721
Charge for the year	12,912	26,912	1,099	-	40,923
At 30 June 2020	47,228	107,636	8,780	-	163,644

20 INTANGIBLE ASSETS (Cont'd)

(b) THE BANK (Cont'd)

	Computer software MUR'000	Banking software MUR'000	Other MUR'000	Assets in progress MUR'000	Total MUR'000
At 1 July 2020	**47,228**	**107,636**	**8,780**	**-**	**163,644**
Charge for the year	**12,278**	**29,467**	**221**	**-**	**41,966**
Assets written off	**(1,218)**	**-**	**(318)**	**-**	**(1,536)**
At 30 June 2021	**58,288**	**137,103**	**8,683**	**-**	**204,074**
CARRYING AMOUNT					
At 30 June 2021	**34,934**	**124,864**	**627**	**128,254**	**288,679**
At 30 June 2020	36,025	147,089	848	85,952	269,914
At 30 June 2019	42,770	160,596	1,947	38,085	243,398
NET BOOK VALUE AS AT 30 JUNE 2021					
SEGMENT A	**19,246**	**68,789**	**345**	**70,657**	**159,037**
SEGMENT B	**15,688**	**56,075**	**282**	**57,597**	**129,642**
	34,934	**124,864**	**627**	**128,254**	**288,679**
NET BOOK VALUE AS AT 30 JUNE 2020					
SEGMENT A	16,366	66,816	385	39,044	122,611
SEGMENT B	19,659	80,273	463	46,908	147,303
	36,025	147,089	848	85,952	269,914
NET BOOK VALUE AS AT 30 JUNE 2019					
SEGMENT A	15,937	59,842	725	14,191	90,695
SEGMENT B	26,833	100,754	1,222	23,894	152,703
	42,770	160,596	1,947	38,085	243,398

During the year ended 30 June 2021, intangibles assets in progress amounting to MUR 9.0m has been written off and MUR 1.2m has been disposed off since management decided not to proceed with the projects.

The directors have reviewed the carrying amount of the Bank's intangible assets and are of the opinion that no impairment is required at the reporting date (2020 and 2019: Nil).

21 LEASE

The Group and the Bank lease building and the average lease term is 3 years. The Group and the Bank do not have the option to purchase the leased assets at the end of the lease term. The Group and the Bank's obligations are secured by the lessor's title to the leased assets for such leases.

RIGHT OF USE ASSETS	THE GROUP AND THE BANK	
	2021	2020
	MUR'000	MUR'000
COST		
At 1 July	**113,596**	92,766
Additions	**72**	20,830
Remeasurement of right of use assets	**415**	-
Lease terminated	**(4,918)**	-
Lease expired	**(8,664)**	-
At 30 June	**100,501**	113,596
ACCUMULATED DEPRECIATION		
At 1 July	**33,579**	-
Charge for the year	**34,140**	33,579
Lease terminated	**(3,072)**	-
Lease expired	**(8,664)**	-
At 30 June	**55,983**	33,579
CARRYING AMOUNT		
AT 30 June	**44,518**	80,017

One of the lease contracts for property was terminated and 2 lease contracts have expired during the current financial year. The additions to the lease contracts relate to the CPI adjustments to the rental payments for one property lease contract.

There are no variable lease payments in the lease contracts of the Group and the Bank.

LEASE LIABILITIES	THE GROUP AND THE BANK	
	2021	2020
	MUR'000	MUR'000
Analysed as:		
Non-current	**19,975**	48,501
Current	**27,683**	34,070
	47,658	82,571
Disclosure required by IFRS 16		
Maturity analysis		
Year 1	**29,621**	37,526
Year 2	**15,568**	30,647
Year 3	**5,189**	15,568
Year 4	**-**	5,189
	50,378	88,930
Less unearned interest	**(2,720)**	(6,359)
	47,658	82,571

The Group and the Bank do not face a significant liquidity risk with regard to its lease liabilities. The leases are denominated in MUR and ZAR.

For disclosure under IAS 17, please refer to Note 35 - Contingent liabilities and commitments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

21 LEASE (Cont'd)

RECONCILIATION OF FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

LEASE LIABILITY

	THE GROUP AND THE BANK							
		Financing cash flows		Non-Cash changes				
	Opening balance 01 July	Additions	Lease repayments	Adoption of IFRS 16	Remeasurement of lease liabilities	Lease terminated	Interest Accrued	Closing Balance 30 June
2021	**82,571**	**72**	**(37,404)**	**-**	**415**	**(1,822)**	**3,825**	**47,658**
2020	-	20,830	(36,085)	92,766	-	-	5,060	82,571

AMOUNTS RECOGNISED IN PROFIT OR LOSS

	THE GROUP AND THE BANK	
	2021	2020
	MUR'000	MUR'000
Depreciation expense on right-of-use assets	**32,912**	31,735
Depreciation expense on right-of-use assets - staff benefits	**1,228**	1,844
Interest expense on lease liabilities (Note 4(b))	**3,798**	4,845
Interest expense accounted under staff costs	**89**	215
	38,027	38,639

22 OTHER ASSETS

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Mandatory balances with the Central Bank	**2,276,930**	2,174,086	1,865,835	**2,276,930**	2,174,086	1,865,835
Trade receivable (net)	**-**	874	146	**-**	-	-
Contract assets	**-**	9,110	11,908	**-**	-	-
Current tax receivable (Note 11)	**-**	-	3,866	**-**	-	-
Indirect and other taxes receivable	**98,960**	84,393	73,870	**98,960**	84,393	73,870
Due from credit card service provider	**-**	12,510	25,866	**-**	12,510	25,866
Prepaid expenses	**56,732**	43,331	37,183	**56,732**	42,936	36,722
Other receivables	**39,332**	28,777	23,541	**39,332**	32,712	18,544
Amount due from subsidiaries	**-**	-	-	**-**	922	85,885
	2,471,954	2,353,081	2,042,215	**2,471,954**	2,347,559	2,106,722

22 OTHER ASSETS (Cont'd)

Mandatory balances with the central bank are not available for use in the Bank's day-to-day operations. Mandatory balances with the Central Bank are based on the daily ratio applied for the maintenance of minimum rupee and foreign currency balances as at 30 June 2021, 2020 and 2019 respectively.

During the year ended 30 June 2021, an impairment review has been performed on the amount due from subsidiaries, as a result of a fall in its financial performance. The movement in impairment loss is as follows:

	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**47,718**	50,000	-
Impairment during the year	**-**	91,473	103,000
Financial assets that have been repaid	**-**	(58,416)	-
Write off	**-**	(44,000)	(53,000)
Other movement	**3,098**	8,661	-
Loss allowance as at 30 June	**50,816**	47,718	50,000

Receivable from subsidiary is nil (2020: MUR 922m and 2019: MUR 86m) bears interest at 3.60%, is unsecured and is repayable on demand. Receivable from subsidiary is nil (2020: MUR 1m and 2019: MUR 1m) and is unsecured, interest free and payable on demand.

At 30 June 2021, there was a receivable from a director of MUR 3.7m which was fully provided as management has assessed the recoverability to be doubtful.

THE GROUP	**< 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
2020	789	-	80	5	874
2019	-	33	77	36	146

The credit term is 30 days and the average credit period is 90 days.

Contract assets are initially recognised for revenue as per the agreement in place between the subsidiary and its customers. Upon invoicing of the fees, the amount recognised as contract assets are reclassified to trade receivables.

The ageing of trade receivables are as follows:

	2021	2020	2019
Movement in allowance for expected credit loss	**MUR'000**	MUR'000	MUR'000
Loss allowance as at 1 July	**96**	36	101
Movement in ECL during the year (Note 8)	**-**	60	(65)
Disposal of subsidiary	**(96)**	-	-
Loss allowance as at 30 June	**-**	96	36

23 DUE TO BANKS

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At amortised cost:						
Borrowings from the Central Bank	**-**	6,376	29,787	**-**	6,376	29,787
Borrowings from other banks	**1,000,025**	-	-	**1,000,025**	-	-
Bank overdraft	**97**	6,876	647	**97**	6,876	647
	1,000,122	13,252	30,434	**1,000,122**	13,252	30,434

The borrowings from the Central Bank are secured by the Bank's cash balances held with the Central Bank. For 2019, the borrowings from Central Bank of MUR 6.4m are secured and long-term with tenor of 360 days attracting interest rate of 0.68%.

Short term interbank borrowing from local bank at 30 June 2021 was MUR 1.00 bn with an interest rate of 0.45% per annum with a remaining tenor of 2 days.

24 (a). DEPOSITS FROM BANKS

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At amortised cost:						
- Current account	**17,255**	15,754	14,106	**17,255**	15,754	14,106
- Savings account	**347,471**	80,611	-	**347,471**	80,611	-
	364,726	96,365	14,106	**364,726**	96,365	14,106

24 (b). DEPOSITS FROM CUSTOMERS

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At amortised cost:						
Personal						
- Current accounts	**22,350,824**	15,583,148	10,111,598	**22,350,824**	15,583,148	10,111,598
- Savings accounts	**4,745,568**	4,965,847	4,537,142	**4,745,568**	4,965,847	4,537,142
- Term deposits	**8,803,199**	11,265,782	9,978,045	**8,803,199**	11,265,782	9,978,045
Business						
- Current accounts	**119,274,562**	91,180,935	80,350,818	**119,288,834**	91,205,309	80,526,578
- Savings accounts	**1,024,076**	970,602	570,048	**1,024,076**	970,602	570,048
- Term deposits	**20,747,512**	25,418,203	25,200,564	**20,747,512**	25,418,203	25,200,564
Government institutions						
- Current accounts	**1,592,014**	717,204	248,093	**1,592,014**	717,204	248,093
- Savings accounts	**17,749**	22,604	22,191	**17,749**	22,604	22,191
- Term deposits	**276,782**	701,781	-	**276,782**	701,920	-
	178,832,286	150,826,106	131,018,499	**178,846,558**	150,850,619	131,194,259

Included in 'Deposits from customers' are deposits of MUR 1.6bn (2020: MUR 1.1bn and 2019: MUR 790.2m) held as collateral against loans and advances to the respective customers.

25 DEBTS ISSUED

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Loan notes (i)	-	1,083	136,457	-	-	-
Unsecured subordinated bonds (ii)	-	-	184,205	-	-	184,205
	-	1,083	320,662	-	-	184,205

(i) Loan notes

The loan notes issued represent the discounted value of capital guaranteed to investors on the structured products issued by the subsidiary.

	THE GROUP		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
The notes are due as follows:			
Within 1 year	-	1,083	136,457
	-	1,083	136,457

The loan notes were unsecured and interest free. The loan notes for 2020 and 2019 were capital protected contracts and represented the discounted value of the capital of investors, subject to the credit risk of the issuer.

(ii) Unsecured subordinated bonds

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
The bonds are due as follows:						
Within 1 year	-	-	184,205	-	-	184,205
	-	-	184,205	-	-	184,205

Interest on unsecured subordinated bonds denominated in MUR ranges between 5.85% to 7.00% for 2019 while USD-denominated bonds bear interest between 4.19% to 6.67% for 2019.

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

	THE GROUP		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
At 1 July	1,083	320,662	855,302
Repayment of unsecured bonds	-	(170,556)	(385,033)
Cash movements	(1,083)	(135,374)	(118,637)
Non cash movements	-	(13,649)	(30,970)
At 30 June	-	1,083	320,662

	THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
At 1 July	-	184,205	600,208
Repayment of unsecured bonds	-	(170,556)	(385,033)
Non cash movements	-	(13,649)	(30,970)
At 30 June	-	-	184,205

26 OTHER LIABILITIES

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Dividend payable	85,102	344	344	85,102	344	344
Advance commission	210	253	50,369	210	253	50,369
Other payables	148,514	277,599	192,788	144,000	266,860	178,640
Loss allowance on financial guarantee contracts and loan commitments (Note 37)	29,576	7,361	10,476	29,576	7,361	10,476
Personnel expenses related accruals	149,105	211,578	204,958	149,105	211,578	203,701
	412,507	497,135	458,935	407,993	486,396	443,530

Accounted under other payables are funds received from deposit clients at reporting date which has not yet been allocated to the respective client accounts. Refer to Note 11 for more details on the restatement.

27 Financial liabilities measured at fair value through profit or loss

	THE GROUP	
	2020	2019
Held for trading:	MUR'000	MUR'000
Equities	4,398	813,783
Bonds	-	58,356
	4,398	872,139

Financial liabilities measured at FVTPL are portfolio of funds that are managed on a fair value basis by the subsidiary. The corresponding financial asset measured at FVTPL are disclosed in Note 17.

28 ORDINARY SHARES

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Ordinary shares of no par value			
Issued and fully paid	**3,641,049**	3,641,049	3,641,049

	THE GROUP AND THE BANK					
Analysed as follows:	**2021**		2020		2019	
Issued and fully paid	**Number of shares**	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
At 1 July and 30 June	**112,977,210**	**3,641,049**	112,977,210	**3,641,049**	**112,977,210**	3,641,049

Each of the above share confer to its holder the following rights:

(a) the right to vote at meetings of shareholders and on a poll to cast one vote for each share held;

(b) subject to the rights of any other class of shares, the right to an equal share in dividends and other distributions made by the Bank;

(c) subject to the rights of any other class of shares, the right to an equal share in the distribution of the surplus assets of the Bank on its liquidation.

29 CLASS A SHARES

THE GROUP	**2021**		2020		2019	
Issued and fully paid	**Number of shares**	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
USD 20,000,000 Class A Series 1 Shares	**2,000,000**	**604,580**	2,000,000	604,580	2,000,000	604,580
MUR 800,000,000 Class A Series 2 Shares	**8,000,000**	**800,000**	8,000,000	800,000	8,000,000	800,000
Transaction costs	**-**	**(18,812)**	-	(4,812)	-	(4,812)
	10,000,000	**1,385,768**	10,000,000	1,399,768	10,000,000	1,399,768

THE BANK	**2021**		2020		2019	
Issued and fully paid	**Number of shares**	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
USD 20,000,000 Class A Series 1 Shares	**2,000,000**	**604,580**	2,000,000	604,580	2,000,000	604,580
MUR 800,000,000 Class A Series 2 Shares	**8,000,000**	**800,000**	8,000,000	800,000	8,000,000	800,000
Transaction costs	**-**	**(18,812)**	-	(18,812)	-	(18,812)
	10,000,000	**1,385,768**	10,000,000	1,385,768	10,000,000	1,385,768

THE GROUP AND THE BANK	**2021**		2020		2019	
Analysed as follows:	**Number of shares**	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
USD 20,000,000 Class A Series 1 Shares						
At 30 June	**2,000,000**	**604,580**	2,000,000	604,580	2,000,000	604,580

	2021		2020		2019	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
MUR 800,000,000 Class A Series 2 Shares						
At 30 June	**8,000,000**	**800,000**	8,000,000	800,000	8,000,000	800,000

The Class A shares do not carry any general voting right at any shareholders meeting of the Bank other than an irrevocable right to vote on any proposal to amend the Class A shares Terms and Conditions.

The shares are callable, at the option of the issuer, six years after the issue date (30 June 2014), with the prior approval of the Bank of Mauritius. The Bank has not exercised the option to redeem the shares as at 30 June 2021.

Dividends are payable at the discretion of the Board of Directors of AfrAsia Bank Limited and subject to the prior approval of Bank of Mauritius.

30 RETIREMENT BENEFIT OBLIGATION

The Group and the Bank have a defined contribution (DC) scheme which is a funded obligation administered by Swan Life Ltd.

The liability relates to retirement gratuities payable under The Workers' Right Act 2019 which is unfunded.

The actuarial valuation was carried out at 30 June 2021 by Swan Life Ltd.

The plan expose the Group and the Bank to normal risks associated with defined benefit pension plans such as interest risk and salary risk.

Interest risk: If the bond/bill yields decrease, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Salary risk: If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Retirement gratuities

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Present value of obligations	**73,189**	102,034	67,307	**73,189**	99,851	64,652
Movement in liability recognised in statements of financial position:	**2021**	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Net liability at start of year	**102,034**	67,307	42,776	**99,851**	64,652	41,688
Disposal of subsidiary	**(2,183)**	-	-	**-**	-	-
Amount recognised in profit or loss	**14,782**	15,489	14,352	**14,782**	14,953	13,695
Amount recognised in other comprehensive income	**(41,444)**	20,723	10,179	**(41,444)**	21,731	9,269
Benefits paid	**-**	(1,485)	-	**-**	(1,485)	-
Net liability at end of the year	**73,189**	102,034	67,307	**73,189**	99,851	64,652
Amounts recognised in statements of profit or loss and other comprehensive income	**2021**	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Current service cost	**11,087**	11,689	11,125	**11,087**	11,310	10,548
Net interest cost	**3,695**	3,800	3,227	**3,695**	3,643	3,147
Components of amount recognised in profit or loss	**14,782**	15,489	14,352	**14,782**	14,953	13,695
Remeasurement of defined benefit obligations:						
Liability experience (gain)/ loss	**(22,891)**	10,979	1,999	**(22,891)**	12,934	1,632
Liability (gain)/ loss due to change in financial assumptions	**(18,553)**	9,744	8,180	**(18,553)**	8,797	7,637
Components of amount recognised in other comprehensive income	**(41,444)**	20,723	10,179	**(41,444)**	21,731	9,269
	(26,662)	36,212	24,531	**(26,662)**	36,684	22,964
Changes in the present value of the defined benefit obligations:	**2021**	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At 1 July						
Disposal of subsidiary	**102,034**	67,307	42,776	**99,851**	64,652	41,688
Interest cost	**(2,183)**	-	-	**-**	-	-
Current service cost	**3,695**	3,800	3,227	**3,695**	3,643	3,147
Liability experience (gain)/ loss	**11,087**	11,689	11,125	**11,087**	11,310	10,548
Liability (gain)/loss due to change in financial	**(22,891)**	10,979	1,999	**(22,891)**	12,934	1,632
assumptions	**(18,553)**	9,744	8,180	**(18,553)**	8,797	7,637
Benefits paid						
At 30 June	**-**	(1,485)	-	**-**	(1,485)	-
	73,189	102,034	67,307	**73,189**	99,851	64,652

30 RETIREMENT BENEFIT OBLIGATION (Cont'd)

Retirement gratuities (Cont'd)

Future cash flows:

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

The weighted average duration of the defined benefit obligation is 14 years.

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Sensitivity analysis:						
Increase in defined benefit obligation due to 1% decrease in discount rate	**21,331**	18,932	13,464	**14,544**	18,318	12,652
Decrease in defined benefit obligation due to 1% increase in discount rate	**17,634**	15,675	11,160	**12,116**	15,185	10,494
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**21,323**	18,763	13,613	**14,636**	18,164	12,796
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	**17,945**	15,836	11,459	**12,396**	15,347	10,779

The sensitivity analyses above have 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.

	THE GROUP			THE BANK		
The principal actuarial assumptions used for accounting purposes are:	**2021**	2020	2019	**2021**	2020	2019
Discount rate	**3.50%**	3.7% - 3.8%	5.7% - 5.9%	**5.10%**	3.70%	5.70%
Salary increases	**3.50%**	3.5% - 5%	5.00%	**3.50%**	3.50%	5.00%
Average retirement age	**60 years**	60 years	60 years	**60 years**	60 years	60 years

The rate per annum of withdrawal from service before retirement for the Bank is between 10% and 15% for age upto 30, reducing to 0% after 50 years.

The discount rate is determined by reference to the yield on government bonds of duration equivalent to the duration of liabilities.

31 RETAINED EARNINGS AND OTHER RESERVES

	THE GROUP					
	Retained Earnings	Fair value reserve	Statutory reserve	General Banking reserve	Provision reserve	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2018	770,869	(1,570)	454,679	142,351	-	595,460
Profit for the year	1,627,972	-	-	-	-	-
Remeasurement of retirement benefit obligations	(9,753)	-	-	-	-	-
Appropriation of reserves	(254,286)	-	237,719	16,567	-	254,286
Dividends	(333,508)	-	-	-	-	-
Gains arising during the year	-	2,047	-	-	-	2,047
Reclassification of losses included in profit or loss on derecognition	-	(98)	-	-	-	(98)
ECL for financial assets at FVTOCI	-	527	-	-	-	527
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	6,205	-	-	-	6,205
At 30 June 2019	1,801,294	7,111	692,398	158,918	-	858,427
At 1 July 2019	1,801,294	7,111	692,398	158,918	-	858,427
Profit for the year	1,542,996	-	-	-	-	-
Remeasurement of retirement benefit obligations	(19,455)	-	-	-	-	-
Additional provision in relation to Bank of Mauritius Guideline	(146,054)	-	-	-	146,054	146,054
Appropriation of reserves	(316,858)	-	228,233	88,625	-	316,858
Dividends	(576,684)	-	-	-	-	-
Fair value losses arising during the year	-	(2,880)	-	-	-	(2,880)
Reclassification of gains included in profit or loss on derecognition	-	3,046	-	-	-	3,046
ECL for financial assets at FVTOCI	-	(1,074)	-	-	-	(1,074)
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	4,995	-	-	-	4,995
At 30 June 2020	2,285,239	11,198	920,631	247,543	146,054	1,325,426
At 1 July 2020	**2,285,239**	**11,198**	**920,631**	**247,543**	**146,054**	**1,325,426**
Profit for the year	**916,056**	**-**	**-**	**-**	**-**	**-**
Remeasurement of retirement benefit obligations	**38,998**	**-**	**-**	**-**	**-**	**-**
Reversal of provision in relation to Bank of Mauritius Guideline	**146,054**	**-**	**-**	**-**	**(146,054)**	**(146,054)**
Appropriation of reserves	**(183,166)**	**-**	**131,284**	**51,882**	**-**	**183,166**
Dividends	**(510,106)**	**-**	**-**	**-**	**-**	**-**
Fair value (loss)/gain on equity instruments designated at fair value through other comprehensive income	**-**	**(25,736)**	**-**	**-**	**-**	**(25,736)**
At 30 June 2021	**2,693,075**	**(14,538)**	**1,051,915**	**299,425**	**-**	**1,336,802**

FAIR VALUE RESERVE

This reserve includes movement in fair value in relation to financial assets measured at FVTOCI.

STATUTORY RESERVE

This reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the Bank's profit for the year is transferred each year until the balance is equal to the amount paid as stated capital.

	THE BANK					
	Retained Earnings	Fair value reserve	Statutory reserve	General Banking reserve	Provision reserve	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2018	848,141	(1,569)	454,679	142,351	-	595,461
Profit for the year	1,584,783	-	-	-	-	-
Remeasurement of retirement benefit obligations	(8,888)	-	-	-	-	-
Appropriation of reserves	(254,286)	-	237,719	16,567	-	254,286
Dividends	(333,508)	-	-	-	-	-
Gains arising during the year	-	2,047	-	-	-	2,047
Reclassification of losses included in profit or loss on derecognition	-	(98)	-	-	-	(98)
ECL for financial assets at FVTOCI	-	527	-	-	-	527
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	1,122	-	-	-	1,122
At 30 June 2019	1,836,242	2,029	692,398	158,918	-	853,345
At 1 July 2019	1,836,242	2,029	692,398	158,918	-	853,345
Profit for the year	1,521,555	-	-	-	-	-
Remeasurement of retirement benefit obligations	(20,413)	-	-	-	-	-
Additional provision in relation to Bank of Mauritius Guideline	(146,054)	-	-	-	146,054	146,054
Appropriation of reserves	(316,858)	-	228,233	88,625	-	316,858
Dividends	(576,684)	-	-	-	-	-
Fair value losses arising during the year	-	(2,880)	-	-	-	(2,880)
Reclassification of gains included in profit or loss on derecognition	-	3,046	-	-	-	3,046
ECL for financial assets at FVTOCI	-	(1,074)	-	-	-	(1,074)
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	1,370	-	-	-	1,370
At 30 June 2020	2,297,788	2,491	920,631	247,543	146,054	1,316,719
At 1 July 2020	**2,297,788**	**2,491**	**920,631**	**247,543**	**146,054**	**1,316,719**
Profit for the year	**875,226**	**-**	**-**	**-**	**-**	**-**
Remeasurement of retirement benefit obligations	**38,998**	**-**	**-**	**-**	**-**	**-**
Reversal of provision in relation to Bank of Mauritius Guideline	**146,054**	**-**	**-**	**-**	**(146,054)**	**(146,054)**
Appropriation of reserves	**(183,166)**	**-**	**131,284**	**51,882**	**-**	**183,166**
Dividends	**(510,106)**	**-**	**-**	**-**	**-**	**-**
Fair value (loss)/gain on equity instruments designated at fair value through other comprehensive income	**-**	**1,482**	**-**	**-**	**-**	**1,482**
At 30 June 2021	**2,664,794**	**3,973**	**1,051,915**	**299,425**	**-**	**1,355,313**

GENERAL BANKING RESERVE

This reserve comprises amounts set aside for general banking risks, including future losses and other unforeseen risks. It also includes provision made to meet other regulatory provision including country risk.

PROVISION RESERVE

The Bank had accounted with respect to 30 June 2020, for the incremental regulatory provision through a charge to the equity as allowed in Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and 'Additional Macroprudential Measures For the Banking Sector (January 2015)'. The incremental provision is recognised in provision reserve. In 2021 the provision reserve was reversed as the IFRS9 provision for stage 1 and stage 2 for loans and advances exceed the minimum portfolio provision. This reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.
The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

THE GROUP	2021				2020				2019			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets at amortised cost	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments												
Foreign exchange option contracts	-	2,050	-	2,050	-	2,062	-	2,062	-	8,361	-	8,361
Forward foreign exchange contracts and swaps	-	59,798	-	59,798	-	125,451	-	125,451	-	84,052	-	84,052
Cross currency interest rate swap	-	151,683	-	151,683	-	97,580	-	97,580	-	-	-	-
Interest rate swaps	-	2,870	-	2,870	-	3,906	-	3,906	-	-	-	-
Options contracts	-	191,479	-	191,479	-	92,962	-	92,962	-	652,182	-	652,182
	-	407,880	-	407,880	-	321,961	-	321,961	-	744,595		744,595
Debt instruments mandatorily measured at fair value through profit or loss									-			
Government of Mauritius debts securities	-	2,805,517	-	2,805,517	-	850,043	-	850,043	-	1,416,463	-	1,416,463
Bank of Mauritius bonds and notes	-	1,038,656	-	1,038,656	-	920,011	-	920,011	-	3,427,026	-	3,427,026
Unquoted equity investments	-	-	-	-	-	4,398	-	4,398	-	58,356	-	58,356
Listed equity shares	-	-	-	-		-	-	-	-	813,783	-	813,783
Corporate bonds and notes	1,656,406	34,234	-	1,690,640	190,635	81,791	-	272,426	356	-	-	356
	1,656,406	3,878,407	-	5,534,813	190,635	1,856,243	-	2,046,878	356	5,715,628	-	5,715,984
Debt instruments at fair value through other comprehensive income												
Foreign Securities treasury bills and bonds	-	-	-	-	-	-	-	-	-	3,571,880	-	3,571,880
	-	-	-	-	-	-	-	-	-	3,571,880	-	3,571,880
Equity investment designated at fair value through other comprehensive income*												
Equity investments	-	-	13,804	13,804	-	-	36,940	36,940	-	-	31,945	31,945
	-	-	13,804	13,804	-	-	36,940	36,940	-	-	31,945	31,945
Equity Investment measured at fair value through profit or loss												
Equity investment	1,705	-	-	1,705	-	-	-	-	-	-	-	-
	1,705	-	-	1,705	-	-	-	-	-	-	-	-
	1,658,111	4,286,287	13,804	5,958,202	190,635	2,178,204	36,940	2,405,779	356	10,032,103	31,945	10,064,404
Financial liabilities at amortised cost												
Derivative financial instruments												
Foreign exchange option contracts	-	2,050	-	2,050	-	1,759	-	1,759	-	7,945	-	7,945
Forward foreign exchange contracts	-	13,701	-	13,701	-	7,706	-	7,706	-	42,050	-	42,050
Interest rate swap	-	3,162	-	3,162	-	4,741	-	4,741	-	-	-	-
Options contracts	-	191,479	-	191,479	-	92,962	-	92,962	-	652,182	-	652,182
	-	210,392	-	210,392	-	107,168	-	107,168	-	702,177	-	702,177
Financial liabilities measured at fair value through profit or loss												
Equities	-	-	-	-	-	4,398	-	4,398	-	813,783	-	813,783
Bonds				-	-	-	-	-	-	58,356	-	58,356
	-	-	-	-	-	4,398	-	4,398	-	872,139	-	872,139

* An increase in Net Asset Value/share price will lead to an increase in fair value of investment and a decrease in NAV will lead to a decrease in fair value of investments.
The reconcilation for level 3 has been disclosed in note 17(d).

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value (Cont'd)

THE BANK	2021				2020				2019			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets at amortised cost	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments												
Foreign exchange option contracts	-	2,050	-	2,050	-	2,062	-	2,062	-	8,361	-	8,361
Foreign exchange contracts	-	59,798	-	59,798	-	125,451	-	125,451	-	84,052	-	84,052
Cross currency interest rate swap	-	151,683	-	151,683	-	97,580	-	97,580	-	-	-	-
Interest rate swaps	-	2,870	-	2,870	-	3,906	-	3,906	-	-	-	-
Options contracts	-	191,479	-	191,479	-	92,962	-	92,962	-	-	-	-
	-	407,880	-	407,880	-	321,961	-	321,961	-	92,413		92,413
Financial assets held for trading measured at fair value through profit or loss												
Government of Mauritius debts securities	-	2,805,517	-	2,805,517	-	850,043	-	850,043	-	1,416,463	-	1,416,463
Bank of Mauritius bonds and notes	-	1,038,656	-	1,038,656	-	920,011	-	920,011	-	3,427,026	-	3,427,026
Corporate bonds and notes	1,656,406	34,234	-	1,690,640	190,635	81,791	-	272,426	356	-	-	356
	1,656,406	3,878,407	-	5,534,813	190,635	1,851,845	-	2,042,480	356	4,843,489	-	4,843,845
Debt instruments measured at fair value through other comprehensive income												
Foreign Securities treasury bills and bonds	-	-	-	-	-	-	-	-	-	3,571,880	-	3,571,880
	-	-	-	-	-	-	-	-	-	3,571,880		3,571,880
Equity investments designated at fair value through other comprehensive income *												
Equity investments	-	-	13,804	13,804	-	-	9,673	9,673	-	-	8,303	8,303
	-	-	13,804	13,804	-	-	9,673	9,673	-	-	8,303	8,303
Equity Investment measured at fair value through profit or loss												
Equity investment	1,705	-	-	1,705	-	-	-	-	-	-	-	-
	1,705	-	-	1,705	-	-	-	-	-	-	-	-
	1,658,111	4,286,287	13,804	5,958,202	190,635	2,173,806	9,673	2,374,114	356	8,507,782	8,303	8,516,441
Financial liabilities at amortised cost												
Derivative financial instruments												
Foreign exchange option contracts	-	2,050	-	2,050	-	1,759	-	1,759	-	7,945	-	7,945
Forward foreign exchange contracts and swaps	-	13,701	-	13,701	-	7,706	-	7,706	-	42,050	-	42,050
Interest rate swaps	-	3,162	-	3,162	-	4,741	-	4,741	-	-	-	-
Options contracts	-	191,479	-	191,479	-	92,962	-	92,962	-	-	-	-
	-	210,392	-	210,392	-	107,168	-	107,168	-	49,995		49,995

*An increase in Net Asset Value/share price will lead to an increase in fair value of investment and a decrease in NAV will lead to a decrease in fair value of investments.
The reconciliation for level 3 has been disclosed in note 17(d).

Valuation techniques

Financial assets held for trading measured at fair value through profit or loss

(i) Unquoted equity investments
Unquoted equity investments relate to investments in equity funds. The fair value of these investments has been based on their published share price used for trading.
(ii) Government of Mauritius debts securities and Bank of Mauritius bonds and notes
Those investments are valued based on the weighted yield bond curve of similar instruments as made publicly available by the local regulator.
(iii) Corporate and Foreign Sovereign debt securities
Those investments are valued based on the market yield or market price if available the most which is appropriate.

Equity Investments designated at fair value through other comprehensive income

The investment in equity shares has been fair valued at year end based either on the net assets value of the investee or are based on the market yield of similar instruments as made publicly available by the local regulator.

Derivative 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.

Transfers between hierarchy

There was no transfer between fair value hierarchy during the year under review.

32 FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial assets and liabilities not measured at fair value

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

Assets and liabilities for which fair value approximates carrying value

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

Fixed and floating rate financial instruments

The fair value of fixed and floating rate financial assets and liabilities carried at amortised cost is 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 and floating interest bearing deposits based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining terms to maturity and credit spreads.

The fair value of the below financial assets and financial liabilities are classified in level 3 in the fair value hierarchy.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's and the Bank'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 and non-financial liabilities.

THE GROUP

	2021		2020		2019	
	Carrying amount	Total fair value	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	97,810,111	97,810,111	69,036,975	69,036,975	50,700,638	50,700,638
Due from banks	17,974,090	17,974,090	11,132,738	11,132,738	12,967,930	12,967,930
Loans and advances to banks	6,638,835	6,638,835	5,245,927	5,245,927	6,019,048	6,019,048
Loans and advances to customers	18,749,929	18,751,543	23,043,922	23,513,051	22,150,196	22,284,503
Debt instruments at amortised cost	39,859,873	45,869,154	46,612,747	48,583,089	36,884,143	37,553,867
Other assets (excluding prepayments, accrued income,inventory and taxes)	2,302,308	2,302,308	2,216,920	2,216,920	1,922,348	1,922,348
	183,335,146	189,346,041	157,289,229	159,728,700	130,644,303	131,448,334

	2021		2020		2019	
	Carrying amount	Total fair value	Carrying amount	Total fair value	Carrying amount	Total fair value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial liabilities						
Due to banks	1,000,122	1,000,122	13,252	13,252	30,434	30,434
Deposits from banks	364,726	364,726	96,365	96,365	14,106	14,106
Deposits from customers	178,832,286	179,008,496	150,826,106	151,219,408	131,018,499	131,424,988
Debts issued	-	-	1,083	1,083	320,662	361,671
Lease liabilities	47,658	47,658	82,571	82,571	-	-
Other liabilities (excluding advance commission and taxes)	353,621	353,621	484,907	484,907	394,083	394,083
	180,598,413	180,774,623	151,504,284	151,897,586	131,777,784	132,225,282

32 FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial assets and liabilities not measured at fair value (Cont'd)

THE BANK

	2021		2020		2019	
	Carrying amount	Total fair value	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	97,810,099	97,810,099	69,032,249	69,032,249	50,698,992	50,698,992
Due from banks	17,974,090	17,974,090	11,132,738	11,132,738	12,967,930	12,967,930
Loans and advances to banks	6,638,835	6,638,835	5,245,927	5,245,927	6,019,048	6,019,048
Loans and advances to customers	18,749,929	18,751,543	23,043,922	23,513,051	22,150,196	22,284,503
Debt instruments at amortised cost	39,859,873	45,869,154	46,612,747	48,583,089	36,884,143	37,553,867
Other assets (excluding prepayments, accrued income,inventory and taxes)	2,302,308	2,302,308	2,211,795	2,211,795	1,991,181	1,991,181
	183,335,134	189,346,029	157,279,378	159,718,849	130,711,490	131,515,521

	2021		2020		2019	
	Carrying amount	Total fair value	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial liabilities	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Due to banks	1,000,122	1,000,122	13,252	13,252	30,434	30,434
Deposits from banks	364,726	364,726	96,365	96,365	14,106	14,106
Deposits from customers	178,846,558	179,022,768	150,850,619	151,243,920	131,194,259	131,600,749
Debts issued	-	-	-	-	184,205	225,214
Lease liabilities	47,658	47,658	82,571	82,571	-	-
Other liabilities (excluding advance commission and taxes)	353,203	353,203	474,168	474,168	378,678	378,678
	180,612,267	180,788,477	151,516,975	151,910,276	131,801,682	132,249,181

33 ADDITIONAL CASH FLOW INFORMATION

		THE GROUP			THE BANK		
		2021	2020 (Restated)	2019 (Restated)	2021	2020 (Restated)	2019 (Restated)
(a) Cash and cash equivalents	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash in hand		**28,782**	40,108	42,087	**28,782**	40,108	42,087
Unrestricted balances with the Central Bank		**16,893,152**	8,500,527	3,988,536	**16,893,152**	8,500,527	3,988,536
Short term placements with other banks		**43,312,526**	39,092,753	33,808,173	**43,312,526**	39,092,753	33,808,173
Short term placements with the central bank		**-**	281,945	-	**-**	281,945	-
Current accounts with other banks		**37,579,779**	21,124,814	12,887,788	**37,579,767**	21,120,088	12,886,142
Allowance for impairment losses		**(4,128)**	(3,172)	(25,946)	**(4,128)**	(3,172)	(25,946)
	13	**97,810,111**	69,036,975	50,700,638	**97,810,099**	69,032,249	50,698,992
Bank overdrafts		**(97)**	(6,876)	(647)	**(97)**	(6,876)	(647)
		97,810,014	69,030,099	50,699,991	**97,810,002**	69,025,373	50,698,345
(b) Change in operating assets							
Net change in mandatory balances with the Central Bank		**(102,844)**	(308,251)	(346,038)	**(102,844)**	(308,251)	(346,038)
Net change in placement with the Central Bank		**507,262**	1,009,383	159,017	**507,262**	1,009,383	159,019
Net change in placement with the other banks		**(7,347,091)**	824,818	(7,966,092)	**(7,347,091)**	824,818	(7,966,092)
Net change in derivative financial instruments		**(85,919)**	422,634	152,457	**(85,919)**	(229,548)	116,076
Net change in loans and advances to banks		**(1,410,719)**	776,629	(206,984)	**(1,410,719)**	776,629	(206,984)
Net change in loans and advances to customers		**3,905,400**	(1,762,888)	(764,854)	**3,905,400**	(1,762,888)	(764,854)
Net change in investment securities		**3,227,175**	(2,432,270)	(10,901,117)	**3,222,778**	(3,300,007)	(10,926,637)
Net change in other assets		**(28,017)**	(5,215)	(11,137)	**(25,262)**	31,813	(22,942)
		(1,334,753)	(1,475,160)	(19,884,748)	**(1,336,395)**	(2,958,051)	(19,958,452)
(c) Change in operating liabilities							
Net change in due to banks		**993,649**	(23,411)	(902,854)	**993,649**	(23,411)	(902,854)
Net change in derivative financial instruments		**103,224**	(595,009)	(50,767)	**103,224**	57,173	(14,387)
Net change in debts issued		**(1,083)**	(149,023)	(149,607)	**-**	(13,649)	(30,970)
Net change in deposits from banks		**268,361**	82,259	(19,234)	**268,361**	82,259	(19,234)
Net change in deposits from customers		**28,006,179**	19,807,608	19,915,739	**27,995,939**	19,656,360	19,842,134
Net change in other liabilities		**(177,810)**	41,317	(24,594)	**(185,378)**	45,986	(12,329)
Net change in Financial liabilities measured at fair value through profit or loss		**(4,398)**	(867,741)	(25,515)	**-**	-	-
		29,188,122	18,296,000	18,743,168	**29,175,795**	19,804,718	18,862,360

		THE GROUP			THE BANK		
		2021	2020 (Restated)	2019 (Restated)	2021	2020 (Restated)	2019 (Restated)
(d) Non-cash items included in profit before tax	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Continuing operations							
Depreciation of property and equipment	19	**35,633**	35,714	36,362	**35,633**	35,713	36,361
Depreciation of right of use assets	21	**34,140**	33,579	-	**34,140**	33,579	-
Amortisation of intangible assets	20	**41,966**	40,923	71,997	**41,966**	40,923	38,586
Profit on disposal of property and equipment		**-**	(402)	-	**-**	(402)	-
Property and equipment written off	19	**5,542**	206	1,309	**5,542**	206	1,309
Intangible assets written off	20	**9,487**	-	134,903	**9,487**	-	-
Adjustment for property and equipment		**853**	32	1,293	**853**	32	1,293
Loss on termination of lease		**24**	-	-	**24**	-	-
Interest in lease liabilities	21	**3,825**	5,060	-	**3,825**	5,060	-
Retirement benefit obligation	30	**14,782**	14,953	13,697	**14,782**	14,953	13,697
Impairment loss on investment in subsidiary		**-**	-	-	**-**	-	189,563
Loss on winding up of subsidiary		**-**	-	57,210	**-**	-	-
Impairment on financial investments - held for trading		**-**	(54,600)	(12,472)	**-**	(54,600)	(12,472)
Net impairment loss on financial assets	8	**470,747**	839,095	468,380	**465,131**	839,095	468,380
Impairment on receivable from subsidary	22	**-**	-	-	**-**	33,057	103,000
Disposal of subsidiary		**(64,340)**	-	-	**-**	-	-
		552,659	914,560	772,679	**611,383**	947,616	839,717
Discontinued operations							
Non-cash items included in profit before tax from discontinued operations		**206**	679	1,971	**-**	-	-
Depreciation of property and equipment		**153**	439	1,364	**-**	-	-
Amortisation of intangible assets		**53**	11	17	**-**	-	-
Profit on disposal of property and equipment		**-**	(367)	-	**-**	-	-
Retirement benefit obligation		**-**	536	655	**-**	-	-
Net impairment loss on financial assets		**-**	60	65	**-**	-	-
		206	679	1,971	**-**	-	-
		552,865	915,239	774,650	**611,383**	947,616	839,717

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

34 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group and the Bank classify an asset or liability as current when:

- they expect to realise the asset/settle the liability within 12 months after the reporting period;
- they expect to settle the liability in its normal operating cycle;
- they hold the asset or liability primarily for the purpose of trading;
- they expect to realise the asset, or intend to sell or consume it, in its normal operating cycle;
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; or
- they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Bank classify all other assets and liabilities as current.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(a)THE GROUP

	2021			2020			2019		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
ASSETS	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	**97,810,111**	**-**	**97,810,111**	69,036,975	-	69,036,975	50,700,638	-	50,700,638
Due from banks	**9,424,916**	**8,549,174**	**17,974,090**	11,132,738	-	11,132,738	12,460,749	507,181	12,967,930
Derivative financial instruments	**148,162**	**259,718**	**407,880**	127,513	194,448	321,961	92,413	652,182	744,595
Loans and advances to banks	**1,598,371**	**5,040,464**	**6,638,835**	2,524,197	2,721,730	5,245,927	3,620,346	2,398,702	6,019,048
Loans and advances to customers	**6,049,876**	**12,700,053**	**18,749,929**	9,416,916	13,627,006	23,043,922	8,588,332	13,561,864	22,150,196
Investment securities	**25,347,790**	**20,062,405**	**45,410,195**	34,859,445	13,837,120	48,696,565	35,224,940	10,979,012	46,203,952
Property and equipment	**-**	**137,437**	**137,437**	-	171,195	171,195	-	187,071	187,071
Intangible assets	**-**	**288,679**	**288,679**	-	269,990	269,990	-	243,401	243,401
Right of use assets	**-**	**44,518**	**44,518**	-	80,017	80,017	-	-	-
Deferred tax assets	**-**	**149,593**	**149,593**	-	124,506	124,506	-	101,664	101,664
Other assets	**2,471,954**	**-**	**2,471,954**	2,353,081	-	2,353,081	2,042,215	-	2,042,215
TOTAL ASSETS	**142,851,180**	**47,232,041**	**190,083,221**	129,450,865	31,026,012	160,476,877	112,729,633	28,631,077	141,360,710
LIABILITIES									
Due to banks	**1,000,122**	**-**	**1,000,122**	13,252	-	13,252	19,204	11,230	30,434
Deposits from banks	**364,726**	**-**	**364,726**	96,365	-	96,365	14,106	-	14,106
Deposits from customers	**173,996,258**	**4,836,028**	**178,832,286**	143,336,876	7,489,230	150,826,106	123,730,906	7,287,593	131,018,499
Derivative financial instruments	**102,358**	**108,034**	**210,392**	9,465	97,703	107,168	49,995	652,182	702,177
Debts issued	**-**	**-**	**-**	1,083	-	1,083	320,662	-	320,662
Financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	4,398	-	4,398	813,783	58,356	872,139
Retirement benefits obligation	**-**	**73,189**	**73,189**	-	102,034	102,034	-	67,307	67,307
Current tax liabilities	**85,647**	**-**	**85,647**	95,283	-	95,283	175,913	-	175,913
Lease liabilities	**27,683**	**19,975**	**47,658**	34,070	48,501	82,571	-	-	-
Other liabilities	**412,507**	**-**	**412,507**	497,135	-	497,135	458,935	-	458,935
TOTAL LIABILITIES	**175,989,301**	**5,037,226**	**181,026,527**	144,087,927	7,737,468	151,825,395	125,583,504	8,076,668	133,660,172

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FOR THE YEAR ENDED 30 JUNE 2021

34 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Cont'd)

(b)THE BANK

	2021			2020			2019		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	97,810,099	-	97,810,099	69,032,249	-	69,032,249	50,698,992	-	50,698,992
Due from banks	9,424,916	8,549,174	17,974,090	11,132,738	-	11,132,738	12,460,749	507,181	12,967,930
Derivative financial instruments	148,162	259,718	407,880	127,513	194,448	321,961	92,413	-	92,413
Loans and advances to banks	1,598,371	5,040,464	6,638,835	2,524,197	2,721,730	5,245,927	3,620,346	2,398,702	6,019,048
Loans and advances to customers	6,049,876	12,700,053	18,749,929	9,416,916	13,627,006	23,043,922	8,588,332	13,561,864	22,150,196
Investment securities	25,347,790	20,062,405	45,410,195	34,827,829	13,837,071	48,664,900	34,387,515	10,920,656	45,308,171
Asset held for distribution	-	-	-	38,277	-	38,277	-	-	-
Property and equipment	-	137,437	137,437	-	170,977	170,977	-	185,675	185,675
Intangible assets	-	288,679	288,679	-	269,914	269,914	-	243,398	243,398
Right of use assets	-	44,518	44,518	-	80,017	80,017	-	-	-
Deferred tax assets	-	149,593	149,593	-	124,388	124,388	-	100,953	100,953
Other assets	2,471,954	-	2,471,954	2,347,559	-	2,347,559	2,106,722	-	2,106,722
TOTAL ASSETS	142,851,168	47,232,041	190,083,209	129,447,278	31,025,551	160,472,829	111,955,069	27,918,429	139,873,498
LIABILITIES									
Due to banks	1,000,122	-	1,000,122	13,252	-	13,252	19,204	11,230	30,434
Deposits from banks	364,726	-	364,726	96,365	-	96,365	14,106	-	14,106
Deposits from customers	174,010,530	4,836,028	178,846,558	143,361,389	7,489,230	150,850,619	123,906,666	7,287,593	131,194,259
Derivative financial instruments	102,358	108,034	210,392	9,465	97,703	107,168	49,995	-	49,995
Debts issued	-	-	-	-	-	-	184,205	-	184,205
Retirement benefits obligation	-	73,189	73,189	-	99,851	99,851	-	64,652	64,652
Current tax liabilities	85,647	-	85,647	95,283	-	95,283	175,913	-	175,913
Lease liabilities	27,683	19,975	47,658	34,070	48,501	82,571	-	-	-
Other liabilities	407,993	-	407,993	486,396	-	486,396	443,530	-	443,530
TOTAL LIABILITIES	175,999,059	5,037,226	181,036,285	144,096,220	7,735,285	151,831,505	124,793,619	7,363,475	132,157,094

35 CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. Even though the obligations may not be recognised on the statements of financial position they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

Contingent liabiliites

	THE SUBSIDIARY		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
At 1 July	**5,052**	3,814	-
Amounts received during the year from clients	**-**	1,238	3,814
Disposal of subsidiary	**(5,052)**	-	-
At 30 June	**-**	5,052	3,814

	THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Financial guarantees	**296,899**	281,866	353,258
Letters of credit	**149,690**	151,588	208,486
Bills for collection	**1,266,173**	825,895	323,703
	1,712,762	1,259,349	885,447
Commitments			
Undrawn commitments to lend	**981,661**	914,812	1,093,881
Total	**2,694,423**	2,174,161	1,979,328

Refer to note 37 for disclosure on allowance for impairment losses.

Contingent liabilities

Financial guarantees and letters of credit (including standby letters of credit) commit the Group and the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods.

Undrawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific 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.

Capital Commitment

The Group and the Bank

Authorised by the Board of Directors for the next 12 months but contracted for:

Commitments for the acquisition of plant and equipment and intangible assets of MUR 125m

Lease commitment

The Group and the Bank as lessee

Disclosure as per IAS 17

The Group and the Bank have entered into commercial leases on premises and vehicles. These leases have an average life that ranges between three and five years with no renewal option included in the contract. There are no restrictions placed upon the lessee by entering the leases.

Future minimum lease payments under the non-cancellable operating leases at 30 June 2019 are as follows:

	THE GROUP AND THE BANK	
	2019	
	MUR'000	MUR'000
Within one year	33,261	34,143
After one year but not more than five years	62,171	67,488
	95,432	101,631

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36 RELATED PARTY DISCLOSURES

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
Compensation to key management personnel (Including executive director)	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Short-term employee benefits	**146,420**	153,694	132,870	**138,570**	142,602	112,262

Transactions with directors and key management personnel of the Group and the Bank

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year:

THE GROUP	**2021**		2020		2019	
	Balances as at 30 June 2021	**Income from / (expense to)**	Balances as at 30 June 2020	Income from / (expense to)	Balances as at 30 June 2019	Income from / (expense to)
Directors and key management personnel of the Group:	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances	**45,016**	**1,737**	49,496	2,093	51,530	2,509
Deposits from customers:						
- Term deposits	**24,702**	**(963)**	50,662	(1,286)	47,719	(1,433)
- Savings and current accounts	**86,930**	**(463)**	130,706	(2,352)	105,930	(3,582)
	111,632	**(1,426)**	181,368	(3,638)	153,649	(5,015)
Directors' fees	**3,756**	**(19,690)**	3,833	(10,381)	4,230	(8,062)
Other fees	**-**	**(1,871)**	6,341	(3,071)	3,761	(2,150)
Other expense	**39,136**	**(3,319)**	36,847	(314)	21,190	(531)
	154,524	**(26,306)**	228,389	(17,404)	182,830	(15,758)

THE BANK	**2021**		2020		2019	
	Balances as at 30 June 2021	**Income from / (expense to)**	Balances as at 30 June 2020	Income from / (expense to)	Balances as at 30 June 2019	Income from / (expense to)
Directors of the Bank:	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances	**194**	**427**	12,595	922	27,076	1,070
Deposits from customers:						
- Term deposits	**16,162**	**(954)**	43,674	(1,179)	39,003	(966)
- Savings and current accounts	**8,141**	**(104)**	27,465	(367)	26,625	(1,209)
	24,303	**(1,058)**	71,139	(1,546)	65,628	(2,175)
Directors' fees	**3,756**	**(19,690)**	3,273	(10,381)	4,230	(7,502)
Other fees	**-**	**(1,909)**	6,341	(3,073)	3,761	(2,150)
	28,059	**(22,657)**	80,753	(15,000)	73,619	(11,827)

	2021		2020		2019	
Key management personnel of the Bank:	**Balances as at 30 June 2021**	**Income from / (expense to)**	Balances as at 30 June 2020	Income from / (expense to)	Balances as at 30 June 2019	Income from / (expense to)
Loans and advances	**35,187**	**1,074**	36,879	1,148	18,559	987
Deposits from customers:						
- Term deposits	**8,540**	**(9)**	6,426	(107)	8,716	(467)
- Savings and current accounts	**34,356**	**(176)**	48,181	(301)	21,812	(657)
	42,896	**(185)**	54,607	(408)	30,528	(1,124)
Other expense	**39,136**	**(3,319)**	36,847	(314)	21,190	(530)
	82,032	**(3,504)**	91,454	(722)	51,718	(1,654)

36 RELATED PARTY DISCLOSURES (Cont'd)

Transactions with other related parties

In addition to transactions with key management personnel, the Group and the Bank entered into transactions with entities having significant influence over the Group and the Bank. The following table shows the outstanding balance and the corresponding transaction during the year.

(a) THE GROUP	Fees from related parties	Fees to related parties	Interest from related parties	Interest to related parties	Amount owed by related parties	Amount owed to related parties	Bank balances with related parties
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2021							
Entities with significant influence over the Group	**2,293**	**57,004**	**44,059**	**4,556**	**1,517,524**	**1,069,996**	**13,949,487**
2020							
Entities with significant influence over the Group	12,139	69,794	145,041	11,375	2,265,234	288,638	86,230
2019							
Entities with significant influence over the Group	7,455	70,025	181,419	18,853	14,398,153	510,382	148,606

(b) THE BANK	Fees from related parties	Fees to related parties	Interest from related parties	Interest to related parties	Amount owed by related parties	Amount owed to related parties	Bank balances with related parties
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2021							
Entities with significant influence over the Bank	**2,165**	**56,151**	**44,059**	**4,544**	**1,517,524**	**1,037,311**	**13,949,487**
Subsidiary companies	**852**	**533**	**-**	**-**	**-**	**14,111**	**-**
	3,017	**56,684**	**44,059**	**4,544**	**1,517,524**	**1,051,422**	**13,949,487**
2020							
Entities with significant influence over the Bank	11,961	69,794	145,041	8,274	2,265,234	267,816	86,230
Subsidiary companies	1,704	2,995	-	1,502	39,198	32,307	-
	13,665	72,789	145,041	9,776	2,304,432	300,123	86,230
2019							
Entities with significant influence over the Bank	7,392	70,025	181,132	17,135	14,392,484	452,889	148,606
Subsidiary companies	7,649	-	200	2,648	84,843	177,678	-
	15,041	70,025	181,332	19,783	14,477,327	630,567	148,606

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose in the normal course of business. For the year ended 30 June 2021, 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. At 30 June 2021, none of the facilities to related parties was non-performing (2020: MUR Nil, 2019: MUR Nil). In addition, for the year ended 30 June 2021 the Bank has not written off any amount owed by related party (2020: MUR Nil, 2019: MUR Nil).

Amount due to/from related parties

The related party transactions were carried out under market terms and conditions with the exception of loans to Key Management Personnel who benefited from preferential rates as applicable to staff. The above balances were unsecured.

The total on and off balance sheet exposure to the related parties amounted to MUR 1.98 bn (2020: MUR 1.7 bn, 2019: MUR 3.0 bn) representing 7.13% (2020: 5.5%, 2019: 10%) of loan and advances exposure.

37 FINANCIAL RISK MANAGEMENT

Introduction

Risk is inherent in the Group's and the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's and the Bank's continuing profitability and each individual within the Group and the Bank is accountable for the risk exposures relating to his or her responsibilities. The Group and the Bank are exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors as well as the Group's and the Bank's senior management are responsible for understanding both the nature and level of risks taken by the institution and how the risks relate to adequate capital level. The Board is also responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk Committee

The Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Committee is responsible for managing risk decisions and monitoring risk levels.

Asset and Liability Management

The Bank's Asset and Liability Management is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Bank.

Internal Audit

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

(a) Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group and the Bank. These limits reflect the business strategy and market environment of the Group and the Bank as well as the level of risk that the Group and the Bank are willing to accept, with additional emphasis on selected industries. In addition, the Group's and the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the Risk Committee and the Head of each business division. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis.

Risk mitigation

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in foreign currencies.

Excessive risk concentration

Concentrations of credit risk arise when several distinct counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, a number of controls and measures to minimise undue concentration of exposure in the Bank's portfolio have been implemented. The Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Any identified concentrations of credit risks are controlled and managed and in line with the Risk Appetite Framework.

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk

Credit risk is the risk of suffering financial loss should any customers or counterparties fail to fulfil their contractual obligations to the Bank. The Bank's main income generating activity is advancing credit to customers thereby making credit risk a principal risk factor whose effective management is of critical importance. Credit risk arises principally from direct lending, trade finance, participation in syndicated credit advances, trade finance, investment in debt securities but also from other products such non fund based facilities including but not limited to guarantees, derivatives and letters of credit. The Group and the Bank take a holistic approach with credit risk management by considering all elements of credit risk exposure such as counterparty default risk, geographical, political and industry risk for an effective risk management approach.

Credit risk management

The Bank's approach to credit risk management comprises of three main pillars which includes i) Policies ii) Risk Methodologies iii) Processes, systems and reports. The systematically driven credit risk management framework involves maintaining a culture of responsible lending complemented by a well defined credit risk appetite and internal policies duly supported by robust control systems. Independently of the business functions, it is ensured that there is expert scrutiny and approval of credit risk with ongoing monitoring of exposure relative to the set appetite, limits and quality of assets and counterparty. It is also ensured that there is independent oversight and reporting the governance committees in respect of breaches of limits, policies/ procedures and compliance the approved risk appetite. The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL.

The Bank uses a combination of credit rating (internal and external) and statistical regression analysis to determine the probability of default. Internal credit ratings are mapped to S&P table on default rates to arrive at the Bank's PD for each customer. Statistical Regression is derived using an analysis of historical data, whereby the Bank has estimated relationships between macro-economic variables, credit risk and credit losses. Country rating is also factored in our ECL computation for non-resident counterparties.

Internal Credit Risk Ratings

All customers and counterparties of the Bank are assigned a credit rating by CRISIL system based on quantitative and qualitative information received and fed into the model thereby providing a Through The Cycle (TTC) ratings based on historical data. Ratings are revised based on updated information on a frequent basis.

As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Bank's exposures:- Payment record and ageing analysis;

- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The subsequent table provides a mapping of the Bank's internal credit risk grades to external ratings.

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37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

2021

Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
-	AAA	Prime	0.04% - 0.04%
AAA	AA-	High Grade	0.04% - 0.04%
AA+	A+	Upper Medium Grade	0.06% - 0.06%
AA	A-		0.07% - 0.07%
AA-	BBB	Lower Medium Grade	0.18% - 0.18%
A+	BB+	Non-Investment Grade Speculative	0.38% - 0.38%
A	BB		0.48% - 1.02%
A-			
BBB+	BB-		1.15% - 1.92%
BBB			
BBB-	B+	Highly Speculative	1.98% - 4.21%
BB+	B		3.76% - 6.65%
BB			
BB-	B-		7.82% - 13.04%
B+			
B			
B-			
CCC/C	CCC/C	Highly Vulnerable	28.30%
D	D	In Default	100%

2020

Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
AAA	AAA	Prime	0.04% - 0.04%
AA+	A+	Upper Medium Grade	0.06% - 0.06%
AA			
AA-	BBB	Lower Medium Grade	0.20% - 0.20%
A+	BB+	Non-Investment Grade Speculative	0.33% - 0.43%
A	BB		0.54% - 1.09%
A-			
BBB+	BB-		1.09% - 1.95%
BBB			
BBB-	B+	Highly Speculative	2.41% - 4.24%
BB+	B		3.91% - 6.85%
BB			
BB-	B-		7.79% - 13.88%
B+			
B			
B-			
CCC/C	CCC/C	Highly Vulnerable	27.08%
D	D	In Default	100%

2019

CRISIL	Corresponding S&P rating	Description	Average PD Range
AAA	AAA	Prime	0.03% - 0.03%
AA+	A+	Upper Medium Grade	0.05% - 0.05%
AA			
AA-	BBB	Lower Medium Grade	0.16% - 0.16%
A+	BB+	Non-Investment Grade Speculative	0.32% - 0.33%
A	BB		0.53% - 0.99%
A-			
BBB+	BB-		0.95% - 0.98%
BBB			
BBB-	B+	Highly Speculative	2.01% - 3.74%
BB+	B		3.41% - 4.22%
BB			
BB-	B-		6.75% - 7.07%
B+			
B			
B-			
CC	CC	Highly Vulnerable	34.44% - 34.44%
D	D	In Default	100%

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Significant Increase in Credit Risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a Significant Increase In Credit Risk (SICR) since initial recognition. The Bank recognises lifetime ECL on SICR assets.

At each reporting date, the Bank assesses whether the credit risk on financial instruments have increased significantly as follows:

- The assessment is based on the risk of default (as opposed to the overall expected loss).
- If an asset is considered "low risk" at the reporting date, the Bank may assume that it is not subject to SICR.
- Forward looking information is also used in the determination of SICR.
- A 30-days past due backstop criterion is also used for SICR identification.

In addition, the Bank has developed a number of objective and subjective factors to consider when evaluating whether an account exhibits SICR as follows:

- Negative market information
- Changes in credit worthiness/ratings
- Adverse changes in economic/business environment
- Modification to a borrower due to financial difficulty
- Financial difficulty
- Application of court order
- Significant country downgrade
- Decline is share price /profitability
- Significant country downgrade: if the external country rating on the borrower drops to below A- and has dropped by two or more notches.

The Bank has implemented adequate procedures for monitoring and control to ensure effectiveness of the qualitative and quantitative criteria used to identify signs of SICR, thereby increasing probability of identifying signs of SICR assets prior to default or asset turning 30 days past due.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

The Bank has monitoring procedures in place to make sure that the qualitative and quantitative criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

Incorporation of forward looking information

The Bank incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its intial recognition and its measurement of ECL.

The Bank asset book is split into two segments, namely Segment A for local exposures and Segment B for cross-border exposures.

The Segment A portfolio is further segregated into 2 distinct homogenous group namely Mid-Corporate and Large-Corporate, whereby clients fall into either one of the 15 sectors, based on a Bank of Mauritius classification criteria. Marginal PDs for each facility are generated through the respective PD function built upon the logistic regression equation of each sector/ sub-sector. Via these econometric models, the relationships between movements in macroeconomic variables and default behaviours of our clients are investigated and where evidence could be found, relevant PDs are derived embedding forward looking information. A wide array of Macroeconomic variables have been considered in assessing for significant predictive power within the PD models; these include GDP, Inflation, PPI as well as key market indicators such as the SEMDEX and DEMEX. For clients belonging to sectors with no internal default experience, PDs are derived based on the internal rating models as assessments support that movements in the macroeconomic variables do not have a significant impact on default behaviours. The Segment B portfolio on the other hand is segregated by country of risk. The PD attached to each facility, derived from the Bank's rating based approach is subsequently adjusted to incorporate forward-looking information based on the movements of Sovereign Credit Default Swap (CDS) curves.

In light of COVID-19, ABL revised its ECL framework so as to cater for the higher level of uncertainty in markets, both local and across borders. The bank ensured that in doing so, it remains in line with the many guiding principles released by local and international body on IFRS9 in a COVID-19 context. Adjusting for forward looking information during this unprecedented event, the bank has adopted a probabilistic approach based on forward looking scenarios, as prescribed in the IFRS9 framework, given uncertainties prevailing across markets. As such, the bank has defined 3 scenarios (upside, baseline/most likely and downside) and assigned weights suggesting the likelihood of such event occurring based on economic and market conditions assessments in the context of COVID-19. The scenarios assumed are very bearish, so as to properly reflect the current and projected global economic environment. The baseline scenarios for both Segment A and B are determined by means of the CDS curves movement of the different countries, capturing the market information and investors sentiment arising from the crisis effect brought on by the pandemic; CDS Proxies have been derived and used on exposures residing in countries where no adequate CDS curves are available.

The Bank has also factored in post-model adjustments to take into account the unlikeliness to pay criteria on certain sectors impacted by COVID-19. The adjustment is based on borrowers' non-payment behaviors observed in the current economic environment which may result in an increasing amount of balances becoming past due and having a higher probability of default in the future. Such overlays include the "early recognition" of lifetime ECL on assets in highly impacted sectors, COVID-19 restructured facilities or clients with overdue ratings, without changes in stage classification.

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

ECL Measurement

The key inputs into the measurement of ECL are the following:

(i) probability of default (PD);

(ii) loss given default (LGD);

(iii) exposure at default (EAD).

These parameters are derived as detailed below and they are adjusted to reflect forward-looking information as described above.

The IFRS 9 ECL is calculated every quarter, or as frequently as required. Separate IFRS9 ECL calculation is done for Stage 1, Stage 2 and Stage 3 accounts.

The ECL for all accounts in Stage 1 is calculated by multiplying the PD, LGD and EAD. For Stage 2 accounts, lifetime ECL is calculated on the contractual maturity. Lastly, ECL for Stage 3 accounts is calculated simply by multiplying the EAD and LGD, given that the account is in default (i.e. the PD is 100%).

PD is an estimate of the likelihood of default over a given time horizon. PDs are estimated considering the contractual maturities of exposures and the estimation is based on current conditions, adjusted to take into account estimates of future conditions that will potentially impact PD.

The PD of the domestic accounts is derived either through the econometric models where available or alternatively, based on the Bank's internal rating models (as explained above). For international accounts, the PD is determined based on the external rating of the counterparty if available. Otherwise, the Bank uses the internal rating models, capped to the respective country rating. The PDs are thereafter duly adjusted to include any forward looking premium as required.

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 any collateral.

LGD for performing accounts is dependent on the collateral held against the exposure. The Bank derives the LGD based on the type of collateral rather than the estimated collateral value, as prescribed by BASEL. The LGD for non-performing accounts is prudently calculated under the assumption that the Bank will take possession of the collateral and liquidate.

EAD represents the expected exposure that a bank may be exposed to in the event of default. The EAD of a financial asset is the amount of risk at the time the Bank expect the default to occur. For overdraft, credit card and financial guarantees, the EAD includes the current outstanding amount, as well as potential future amounts that may be drawn under the contract. The Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are canceled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- Instrument type
- Sector/sub-sector
- Geographic location

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Individually assessed allowances

The Group and the Bank determine the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Regulatory provision

Regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and 'Additional Macroprudential Measures For the Banking Sector (January 2015)' which require the Bank to take a minimum portfolio provision of 1% on standard credits and an additional portfolio provision as a macro prudential policy measure ranging between 0.5% to 1% depending on the sectors. The Bank has reversed the regulatory provision of MUR 146m in portfolio reserve during the year since the stage 1 and 2 provision for loans and advances was higher than the minimum portfolio provision.

Credit-related commitments risks

The Bank make available for its customers guarantees which may require that the Bank make payments on their behalf and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of specific act, generally related to the import or export of goods. Such committments expose the Bank to similar risks to loans and are mitigated by the same control process and policies.

Country risk

Country risk is the uncertainty whether obligors will be able to fulfil financial obligations given political or economic conditions in the country in question. The Bank make a thorough evaluation of risks, which may be associated with their cross-border operations and which have the potential to adversely affect its risk profile. These risks can be elaborated below:

Transfer Risk - Where a country suffers economic, political or social problems, leading to a drainage in its foreign currency reserves, the borrowers in that country may not be able to convert their funds from local currency into foreign currency to repay their external obligations.

Sovereign Risk - This risk denotes a foreign government's capacity and willingness to repay its direct and indirect (i.e., guaranteed) foreign currency obligations. It arises as a result of a bank having any type of lending, extension of credit, or advance to a country's government.

Currency Risk - The risk that a borower's domectic currency holdings and cash flow become inadequate to service its foreign currency obligations because of devaluation.

Contagion Risk - The risk that adverse developments in one country may, for instance, lead to a downgrade of rating or credit squeeze not only for that country but also for other countries in the region, notwithstanding the fact that those countries may be more creditworthy and that the adverse developments do not apply.

Indirect Country Risk - The risk that the repayment ability of a domestic borrower is endangered owing to the deterioration of the economic, political or social conditions in a foreign country where the borrower has substantial business relationship or interest.

Macroeconomic Risk - The risk that the borrower in a country may, for example, suffer from the impact of high interest rates due to measures taken by the government of that country to defend its currency.

According to the Bank of Mauritius guideline on country risk management, the Bank is required to prudently make provisions on country risk. A provision of MUR 50M was raised for the year ended 30 June 2017. No incremental provisioning was required for the year ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021. This is posted in the general banking reserve, which comprises amounts set aside for general banking risks, including future losses and other unforeseen risks. Country risk is also embeded in the IFRS 9 framework of the Bank.

Conferring to ABL's country risk policy, the Bank would set exposure limits for individual countries to manage and monitor Country risk. Country exposure limits should apply to all on and off balance sheet exposures to foreign borrowers. While it is the responsibility of the Board Risk Committee (BRC) to approve the proposed structure of limits, investment strategy and the related limits with regards to the Bank risk appetite , the Board of Directors is also responsible for setting the Bank's tolerance for country risks.

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37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Group's and the Bank's concentrations of risk are managed by client/ counterparty (excluding government), by geographical region and by industry sector. The maximum credit exposure to any client or counterparty as of 30 June 2021 was MUR 13.9bn (2020: MUR 17.6bn and 2019: MUR 18.5bn) before taking account of collateral or other credit enhancements.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by geography and by industry before the effect of mitigation through the use of master netting and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
Financial assets	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Cash and cash equivalents	**97,814,239**	69,040,147	50,726,584	**97,814,227**	69,035,421	50,724,938
Due from banks	**17,977,444**	11,137,615	12,971,816	**17,977,444**	11,137,615	12,971,816
Derivative financial instruments	**407,880**	321,961	744,595	**407,880**	321,961	92,413
Loans and advances to banks	**6,668,316**	5,257,597	6,034,226	**6,668,316**	5,257,597	6,034,226
Loans and advances to customers	**21,432,797**	25,433,805	24,062,713	**21,432,797**	25,433,805	24,062,713
Investment securities	**45,451,399**	48,704,358	46,212,331	**45,451,399**	48,672,693	45,316,550
Other assets (excluding prepayments, accrued income, inventory and taxes)	**2,302,308**	2,216,920	1,922,348	**2,302,308**	2,211,795	1,991,181
	192,054,383	162,112,403	142,674,613	**192,054,371**	162,070,887	141,193,837

The Group's and the Bank's financial assets before taking into account any collateral held or other credit enhancements, can be analysed as follows by the following geographical regions:

GROSS MAXIMUM EXPOSURE

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Africa						
Mauritius	**74,699,028**	58,739,539	52,199,588	**74,699,016**	58,704,122	52,243,133
Other African countries	**8,676,615**	12,332,502	13,310,034	**8,676,615**	12,332,502	13,310,034
North America	**54,254,420**	41,225,695	35,588,651	**54,254,420**	41,225,695	35,279,049
Europe	**21,568,983**	19,636,463	10,005,145	**21,568,983**	19,632,067	10,005,145
Asia	**32,269,714**	29,377,200	26,778,439	**32,269,714**	29,377,200	26,778,439
Others	**585,623**	801,004	4,792,756	**585,623**	799,301	3,578,037
	192,054,383	162,112,403	142,674,613	**192,054,371**	162,070,887	141,193,837

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

An industry analysis of the Group's and the Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

GROSS MAXIMUM EXPOSURE

	THE GROUP			THE BANK		
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Agriculture	**979,158**	1,278,888	509,649	**979,158**	1,278,888	509,649
Construction, infrastructure and real estate	**1,849,854**	1,980,120	1,119,041	**1,849,854**	1,980,120	1,119,041
Financial and business services	**136,141,763**	100,910,269	122,495,156	**136,141,751**	100,868,753	121,014,380
Government and parastatal bodies	**32,201,281**	35,021,623	479,419	**32,201,281**	35,021,623	479,419
Information, communication and technology	**1,274,563**	1,100,878	16,516	**1,274,563**	1,100,878	16,516
Manufacturing	**3,934,486**	5,867,227	2,725,894	**3,934,486**	5,867,227	2,725,894
Personal	**2,785,392**	2,373,536	1,912,148	**2,785,392**	2,373,536	1,912,148
Tourism	**4,919,289**	4,528,383	3,165,754	**4,919,289**	4,528,383	3,165,754
Traders	**3,794,823**	4,452,605	1,550,713	**3,794,823**	4,452,605	1,550,713
Others	**4,173,774**	4,598,874	8,700,323	**4,173,774**	4,598,874	8,700,323
	192,054,383	162,112,403	142,674,613	**192,054,371**	162,070,887	141,193,837

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- Floating charges for commercial lending;
- Fixed charges for retail lending and for commercial lending;
- Cash deposits held under lien; and
- Pledge of quoted shares.

The Group and the Bank also request for personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

The value of collateral and other credit enhancements received on loans and advances as at 30 June 2021 is MUR 17.4bn (2020: MUR 18.4bn and 2019: MUR 14.7bn). All other financial assets are unsecured except for collateralised placements.

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Analysis of loans and advances to banks and customers by past due status:

THE GROUP AND THE BANK

	30 June 2021		30 June 2020		30 June 2019	
Loans and advances to customers	**Gross carrying amount**	**Loss allowance**	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	MUR 000	**MUR 000**	MUR 000	MUR 000	MUR 000	MUR 000
0-29 days	**18,563,474**	**405,210**	22,601,874	168,192	20,707,171	121,006
30-59 days	**32,213**	**2,253**	-	-	2,998	78
60-89 days	**61,303**	**15,489**	-	-	1,127,597	226,227
90-180 days	**189,953**	**78,342**	795,389	629,677	72,870	31,973
More than 181 days	**2,585,854**	**2,181,574**	2,036,542	1,592,014	2,152,077	1,533,233
Total	**21,432,797**	**2,682,868**	25,433,805	2,389,883	24,062,713	1,912,517

See Note 16 for more detailed information with respect to the allowance for impairment losses on loans and advances to customers.

The fair value of the collaterals that the Group and the Bank hold relating to loans that were past due but not impaired and loans individually determined to be impaired at 30 June 2021 amounts to MUR 307.7m (2020: MUR 507m and 2019: MUR 665m) and MUR 659.9m (2020: MUR 810m and 2019: MUR 658m) respectively.

Collateral repossessed

During the year, the Group and the Bank did not take possession of any collateral (2020: Nil and 2019: Nil).

Modified financial assets

As a results of the Bank's forbearance activities financial assets might be modified. The following refer to the modified financial assets where modification does not result in derecognition.

Financial assets (with loss allowance based on lifetime ECL) modified during the year

	30-Jun-21	30-Jun-20
	MUR'000	MUR'000
Gross carrying amount after modification	**4,399,976**	5,278,916
Loss allowance after modification	**238,594**	48,227
	4,638,570	5,327,143

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Commitments and guarantees

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statements of financial position, they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

Financial guarantees and unutilised commitments are assessed and provision made in similar manner as for loans.

The table below shows the Group's and the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group and the Bank could have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Financial guarantees	**296,899**	281,866	353,258
Letters of credit	**149,690**	151,588	208,486
Bills for collection	**1,266,173**	825,895	323,703
Undrawn commitments to lend	**981,661**	914,812	1,093,881
	2,694,423	2,174,161	1,979,328

Financial guarantee contracts and loan commitments

The allowance for impairment losses on off balance sheet items has been calculated on financial guarantees, letters of credit and undrawn commitments. The loss allowance has been classified under other liabilities. Revolving credit facilities amounting to MUR 3bn has been included in the IFRS 9 disclosure below but not included in the undrawn commitments balance.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Financial guarantee contracts and loan commitments (Cont'd)

	2021			
External rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing:				
Credit rating AAA	**136,132**	**-**	**-**	**136,132**
Credit rating AA+ to AA-	**144,749**	**-**	**-**	**144,749**
Credit rating A+ to A-	**380,058**	**157**	**-**	**380,215**
Credit rating BBB+ to BBB-	**590,590**	**6,785**	**-**	**597,375**
Credit rating BB+ to BB-	**4,910,102**	**6,871**	**-**	**4,916,973**
Credit rating B+ to B-	**997,960**	**5,799**	**-**	**1,003,759**
Non performing:				
Credit rating D	**-**	**-**	**736**	**736**
Total gross carrying amount	**7,159,591**	**19,612**	**736**	**7,179,939**
Loss allowance	**(28,743)**	**(833)**	**-**	**(29,576)**
Carrying amount	**7,130,848**	**18,779**	**736**	**7,150,363**

	2020			
External rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	139,426	-	-	139,426
Credit rating AA+ to AA-	2,202,413	-	-	2,202,413
Credit rating A+ to A-	1,156,176	-	-	1,156,176
Credit rating BBB+ to BBB-	641,455	-	-	641,455
Credit rating BB+ to BB-	80,906	-	-	80,906
Credit rating B+ to B-	109,469	-	-	109,469
Non performing:				
Credit rating D	-	-	786	786
Total gross carrying amount	4,329,845	-	786	4,330,631
Loss allowance	(7,311)	-	(50)	(7,361)
Carrying amount	4,322,534	-	736	4,323,270

	2019			
External rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	40	-	-	40
Credit rating BBB+ to BBB-	3,535	-	-	3,535
Credit rating BB+ to BB-	205,048	-	-	205,048
Credit rating B+ to B-	347,710	-	-	347,710
Credit rating CCC+ to C	-	4,615	-	4,615
Non performing:				
Credit rating D	-	-	796	796
Total gross carrying amount	556,333	4,615	796	561,744
Loss allowance	(10,411)	(65)	-	(10,476)
Carrying amount	545,922	4,550	796	551,268

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Financial guarantee contracts and loan commitments (Cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

Financial guarantee contracts and loan commitments	2021 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Gross carrying amount as at 1 July 2020	4,329,845	-	786	4,330,631
Changes in the amount guaranteed:				
Transfer to stage 2	(20,792)	20,792	-	-
New financial assets originated	2,054,124	6,796	-	2,060,920
Financial assets that have been derecognised	(740,780)		(50)	(740,830)
Other movements	1,537,194	(7,976)	-	1,529,218
Gross carrying amount at 30 June 2021	7,159,591	19,612	736	7,179,939

Financial guarantee contracts and loan commitments	2020 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Gross carrying amount as at 1 July 2019	556,332	4,615	796	561,743
Changes in the amount guaranteed:				
Transfer to stage 3	(50)	-	50	-
New financial assets originated	4,246,485	-	-	4,246,485
Financial assets that have been derecognised	(416,950)	(4,615)	(20)	(421,585)
Other movements	(55,972)	-	(40)	(56,012)
Gross carrying amount at 30 June 2020	4,329,845	-	786	4,330,631

Financial guarantee contracts and loan commitments	2019 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Gross carrying amount as at 1 July 2018	871,592	-	3,095	874,687
Changes in the amount guaranteed:				
Transfer to stage 3	(31)	-	31	-
New financial assets originated	359,174	4,615	-	363,789
Financial assets that have been derecognised	(362,944)	-	(1,690)	(364,634)
Other changes	(311,459)	-	(640)	(312,099)
Gross carrying amount at 30 June 2019	556,332	4,615	796	561,743

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Financial guarantee contracts and loan commitments (Cont'd)

Loss allowance - Financial guarantee contracts	2021 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Loss allowance as at 1 July 2020	7,311	-	50	7,361
Changes in the loss allowance				
Transfer to stage 2	(833)	833		-
New financial assets originated	7,833	-	-	7,833
Financial assets that have been derecognised	(2,600)	-	(50)	(2,650)
Other movements	17,032	-	-	17,032
Expected credit loss as at 30 June 2021	28,743	833	-	29,576

Loss allowance - Financial guarantee contracts	2020 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Loss allowance as at 1 July 2019	10,411	65	-	10,476
Changes in the loss allowance				
Transfer to stage 3	(1)	-	1	-
New financial assets originated	6,824	-	-	6,824
Financial assets that have been derecognised	(7,641)	(65)	-	(7,706)
Other movements	(2,282)	-	49	(2,233)
Expected credit loss as at 30 June 2020	7,311	-	50	7,361

Loss allowance - Financial guarantee contracts	2019 Stage 1 12-months ECL MUR'000	Stage 2 Lifetime ECL MUR'000	Stage 3 Lifetime ECL MUR'000	Total MUR'000
Loss allowance as at 1 July 2018	10,086	-	-	10,086
Changes in the loss allowance				
Transfer to stage 3	(31)	-	31	-
New financial assets originated	4,893	65	-	4,958
Financial assets that have been derecognised	(3,167)	-	-	(3,167)
Other movements	(1,370)	-	(31)	(1,401)
Expected credit loss as at 30 June 2019	10,411	65	-	10,476

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management

Liquidity risk is the risk that the Group and the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Sources of liquidity risk include unforseen withdrawal of demand deposit, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset in a timely manner with minimum risk of capital loss, unpredicted non payment of a loan obligation and a sudden increased demand for loans.

The Bank's Asset and Liability Manegement Committee (ALCO) is responsible for managing the bank's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

The Group and the Bank maintain a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group and the Bank also have committed lines of credit that they can access to meet liquidity needs. In addition, the Group and the Bank maintain a statutory deposit with the Bank of Mauritius. The liquidity position is assessed and managed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and specifically to the Group and the Bank.

Analysis of financial assets and liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Bank's financial assets and liabilities based on contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group and the Bank expect that many customers will not request repayment on the earliest date the Group and the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Group's and the Bank's deposit retention history.

Analysis of financial assets and liabilities by remaining contractual maturities

THE GROUP	30 June 2021								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	54,501,687	43,308,424	-	-	97,810,111	-	-	-	97,810,111
Due from banks	-	2,138,397	5,149,532	2,136,987	9,424,916	8,549,174	-	8,549,174	17,974,090
Derivative financial instruments	-	13,781	127,943	6,438	148,162	108,034	151,684	259,718	407,880
Loans and advances to banks	-	-	341,913	1,256,458	1,598,371	5,040,464	-	5,040,464	6,638,835
Loans and advances to customers	298,092	4,916,449	231,548	603,787	6,049,876	7,145,195	5,554,858	12,700,053	18,749,929
Investment securities	-	17,884,797	3,237,427	4,225,566	25,347,790	13,998,443	6,063,962	20,062,405	45,410,195
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,302,308	-	-	-	2,302,308	-	-	-	2,302,308
Total	57,102,087	68,261,848	9,088,363	8,229,236	142,681,534	34,841,310	11,770,504	46,611,814	189,293,348
Liabilities									
Due to banks	1,000,122	-	-	-	1,000,122	-	-	-	1,000,122
Deposits from banks:									
-Current account	17,255	-	-	-	17,255	-	-	-	17,255
-Savings account	347,471	-	-	-	347,471	-	-	-	347,471
	364,726	-	-	-	364,726	-	-	-	364,726
Deposits from customers:									
-Current account	143,217,400	-	-	-	143,217,400	-	-	-	143,217,400
-Savings account	5,787,393	-	-	-	5,787,393	-	-	-	5,787,393
-Term deposits	-	13,181,149	4,840,335	6,969,981	24,991,465	4,109,672	726,356	4,836,028	29,827,493
	149,004,793	13,181,149	4,840,335	6,969,981	173,996,258	4,109,672	726,356	4,836,028	178,832,286
Derivative financial instruments	-	12,119	89,188	1,051	102,358	108,034	-	108,034	210,392
Lease liabilities	-	7,654	7,481	12,548	27,683	19,975	-	19,975	47,658
Other liabilities	149,521	162	-	203,938	353,621	-	-	-	353,621
Total	150,519,162	13,201,084	4,937,004	7,187,518	175,844,768	4,237,681	726,356	4,964,037	180,808,805
Net liquidity gap	(93,417,075)	55,060,764	4,151,359	1,041,718	(33,163,234)	30,603,629	11,044,148	41,647,777	8,484,543

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

THE GROUP	30 June 2020								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	29,665,433	39,371,542	-	-	69,036,975	-	-	-	69,036,975
Due from banks	-	3,023,747	4,587,624	3,521,367	11,132,738	-	-	-	11,132,738
Derivative financial instruments	-	95,556	30,404	1,553	127,513	96,868	97,580	194,448	321,961
Loans and advances to banks	-	325,684	1,198,553	999,960	2,524,197	2,721,730	-	2,721,730	5,245,927
Loans and advances to customers	132,554	7,458,705	696,077	1,129,580	9,416,916	7,780,347	5,846,659	13,627,006	23,043,922
Investment securities	2	19,635,361	9,787,744	5,436,338	34,859,445	11,468,382	2,368,738	13,837,120	48,696,565
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,210,873	920	80	5,047	2,216,920	-	-	-	2,216,920
Total	32,008,862	69,911,515	16,300,482	11,093,845	129,314,704	22,067,327	8,312,977	30,380,304	159,695,008
Liabilities									
Due to banks	6,875	-	-	6,377	13,252	-	-	-	13,252
Derivative financial instruments	-	8,911	205	349	9,465	97,703	-	97,703	107,168
Deposits from banks:									
-Current account	15,754	-	-	-	15,754	-	-	-	15,754
-Savings account	80,611	-	-	-	80,611	-	-	-	80,611
	96,365	-	-	-	96,365	-	-	-	96,365
Deposits from customers:									
-Current account	107,482,370	-	(1,083)	-	107,481,287	-	-	-	107,481,287
-Savings account	5,959,053	-	-	-	5,959,053	-	-	-	5,959,053
-Term deposits	-	17,389,662	5,608,385	6,898,489	29,896,536	7,355,286	133,944	7,489,230	37,385,766
	113,441,423	17,389,662	5,607,302	6,898,489	143,336,876	7,355,286	133,944	7,489,230	150,826,106
Debts issued	-	-	1,083	-	1,083	-	-	-	1,083
Lease liabilities	-	8,203	8,342	17,525	34,070	48,501	-	48,501	82,571
Other liabilities	-	-	-	484,907	484,907	-	-	-	484,907
Financial liabilities measured at fair value through profit or loss	2	-	-	4,396	4,398	-	-	-	4,398
Total	113,544,665	17,406,776	5,616,932	7,412,043	143,980,416	7,501,490	133,944	7,635,434	151,615,850
Net liquidity gap	(81,535,803)	52,504,739	10,683,550	3,681,802	(14,665,712)	14,565,837	8,179,033	22,744,870	8,079,158

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

THE GROUP	30 June 2019									
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Cash and cash equivalents	16,892,465	33,808,173	-	-	50,700,638	-	-	-	50,700,638
Due from banks	-	4,840,807	4,822,090	2,797,852	12,460,749	507,181	-	507,181	12,967,930
Loans and advances to banks	-	925,600	2,320,192	374,554	3,620,346	2,398,702	-	2,398,702	6,019,048
Loans and advances to customers	100,808	6,910,096	397,799	1,179,629	8,588,332	8,561,002	5,000,862	13,561,864	22,150,196
Investment securities	813,783	18,267,522	8,220,328	7,923,307	35,224,940	9,184,773	1,794,239	10,979,012	46,203,952
Other assets (excluding prepayments, accrued income, inventory and taxes)	1,676,950	5,082	10,655	229,661	1,922,348	-	-	-	1,922,348
Total	19,484,006	64,757,280	15,771,064	12,505,003	112,517,353	20,651,658	6,795,101	27,446,759	139,964,112
Liabilities									
Due to banks	647	-	-	18,557	19,204	11,230	-	11,230	30,434
Derivative financial instruments	-	8,216	8,577	33,202	49,995	652,182	-	652,182	702,177
Deposits from banks:									
-Current account	96,365	-	-	-	96,365	-	-	-	96,365
	96,365	-	-	-	96,365	-	-	-	96,365
Deposits from customers:									
-Current account	90,764,707	-	(136,457)	-	90,628,250	-	-	-	90,628,250
-Savings account	5,129,381	-	-	-	5,129,381	-	-	-	5,129,381
-Term deposits	-	16,441,090	4,680,838	6,769,088	27,891,016	7,185,195	102,398	7,287,593	35,178,609
	95,894,088	16,441,090	4,544,381	6,769,088	123,648,647	7,185,195	102,398	7,287,593	130,936,240
Debts issued*	-	-	320,662	-	320,662	-	-	-	320,662
Other liabilities	-	-	-	394,083	394,083	-	-	-	394,083
Financial liabilities measured at fair value through profit or loss	813,783	-	-	-	813,783	58,356	-	58,356	872,139
Total	96,804,883	16,449,306	4,873,620	7,214,930	125,342,739	7,906,963	102,398	8,009,361	133,352,100
Net liquidity gap	(77,320,877)	48,307,974	10,897,444	5,290,073	(12,825,386)	12,744,695	6,692,703	19,437,398	6,612,012

*Included in debt issue are subordinated debt with maturity of 1 year amounting to MUR 184.2m

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

THE BANK	2021									
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Cash and cash equivalents	54,501,675	43,308,424	-	-	97,810,099	-	-	-	97,810,099
Due from banks	-	2,138,397	5,149,532	2,136,987	9,424,916	8,549,174	151,684	8,549,174	17,974,090
Derivative financial instruments	-	13,781	127,943	6,438	148,162	108,034	-	259,718	407,880
Loans and advances to banks	-	-	341,913	1,256,458	1,598,371	5,040,464	5,554,858	5,040,464	6,638,835
Loans and advances to customers	298,092	4,916,449	231,548	603,787	6,049,876	7,145,195	6,063,962	12,700,053	18,749,929
Investment securities	-	17,884,797	3,237,427	4,225,566	25,347,790	13,998,443		20,062,405	45,410,195
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,302,308	-	-	-	2,302,308	-	-	-	2,302,308
Total	57,102,075	68,261,848	9,088,363	8,229,236	142,681,522	34,841,310	11,770,504	46,611,814	189,293,336
Liabilities									
Due to banks	1,000,122	-	-	-	1,000,122	-	-	-	1,000,122
Deposits from banks:									
-Current account	17,255	-	-	-	17,255	-	-	-	17,255
-Savings account	347,471	-	-	-	347,471	-	-	-	347,471
	364,726	-	-	-	364,726	-	-	-	364,726
Deposits from customers:									
-Current account	143,231,672	-	-	-	143,231,672	-	-	-	143,231,672
-Savings account	5,787,393	-	-	-	5,787,393	-	-	-	5,787,393
-Term deposits	-	13,181,149	4,840,335	6,969,981	24,991,465	4,109,672	726,356	4,836,028	29,827,493
	149,019,065	13,181,149	4,840,335	6,969,981	174,010,530	4,109,672	726,356	4,836,028	178,846,558
Derivative financial instruments	-	12,119	89,188	1,051	102,358	108,034	-	108,034	210,392
Lease liabilities	-	7,654	7,481	12,548	27,683	19,975	-	19,975	47,658
Other liabilities	149,521	162	-	203,520	353,203	-	-	-	353,203
Total	150,533,434	13,201,084	4,937,004	7,187,100	175,858,622	4,237,681	726,356	4,964,037	180,822,659
Net liquidity gap	(93,431,359)	55,060,764	4,151,359	1,042,136	(33,177,100)	30,603,629	11,044,148	41,647,777	8,470,677

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

THE BANK	2020								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Cash and cash equivalents	29,660,707	39,371,542	-	-	69,032,249	-	-	-	69,032,249
Due from banks	-	3,023,747	4,587,624	3,521,367	11,132,738	-	-	-	11,132,738
Derivative financial instruments	-	95,556	30,404	1,553	127,513	96,868	97,580	194,448	321,961
Loans and advances to banks	-	325,684	1,198,553	999,960	2,524,197	2,721,730	-	2,721,730	5,245,927
Loans and advances to customers	132,554	7,458,705	696,077	1,129,580	9,416,916	7,780,347	5,846,659	13,627,006	23,043,922
Investment securities	-	19,635,361	9,787,744	5,404,724	34,827,829	11,468,333	2,368,738	13,837,071	48,664,900
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,210,873	69	853	-	2,211,795	-	-	-	2,211,795
Total	32,004,134	69,910,664	16,301,255	11,057,184	129,273,237	22,067,278	8,312,977	30,380,255	159,653,492
Liabilities									
Due to banks	6,875	-	-	6,377	13,252	-	-	-	13,252
Deposits from banks:									
-Current account	15,754	-	-	-	15,754	-	-	-	15,754
-Savings account	80,611	-	-	-	80,611	-	-	-	80,611
	96,365	-	-	-	96,365	-	-	-	96,365
Deposits from customers:									
-Current account	107,505,661		-	-	107,505,661	-	-	-	107,505,661
-Savings account	5,959,053	-	-	-	5,959,053	-	-	-	5,959,053
-Term deposits	-	17,389,662	5,608,385	6,898,628	29,896,675	7,355,286	133,944	7,489,230	37,385,905
	113,464,714	17,389,662	5,608,385	6,898,628	143,361,389	7,355,286	133,944	7,489,230	150,850,619
Derivative financial instruments	-	8,911	205	349	9,465	97,703	-	97,703	107,168
Debts issued	-	-	-	-	-	-	-	-	-
Lease liabilities	-	8,203	8,342	17,525	34,070	48,501	-	48,501	82,571
Other liabilities	-	-	-	474,168	474,168	-	-	-	474,168
Total	113,567,954	17,406,776	5,616,932	7,397,047	143,988,709	7,501,490	133,944	7,635,434	151,624,143
Net liquidity gap	(81,563,820)	52,503,888	10,684,323	3,660,137	(14,715,472)	14,565,788	8,179,033	22,744,821	8,029,349

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

THE BANK	2019								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Cash and cash equivalents	16,890,819	33,808,173	-	-	50,698,992	-	-	-	50,698,992
Due from banks	-	4,840,807	4,822,090	2,797,852	12,460,749	507,181	-	507,181	12,967,930
Derivative financial instruments	-	31,100	26,302	35,011	92,413	-	-	-	92,413
Loans and advances to banks	-	925,600	2,320,192	374,554	3,620,346	2,398,702	-	2,398,702	6,019,048
Loans and advances to customers	100,808	6,910,096	397,799	1,179,629	8,588,332	8,561,002	5,000,862	13,561,864	22,150,196
Investment securities	-	18,267,522	8,196,735	7,923,258	34,387,515	9,126,417	1,794,239	10,920,656	45,308,171
Other assets (excluding prepayments, accrued income, inventory and taxes)	1,865,835	-	-	125,346	1,991,181	-	-	-	1,991,181
Total	18,857,462	64,783,298	15,763,118	12,435,650	111,839,528	20,593,302	6,795,101	27,388,403	139,227,931
Liabilities									
Due to banks	647	-	-	18,557	19,204	11,230	-	11,230	30,434
Deposits from banks:									
-Current account	14,106	-	-	-	14,106	-	-	-	14,106
	14,106	-	-	-	14,106	-	-	-	14,106
Deposits from customers:									
-Current account	90,886,269	-	-	-	90,886,269	-	-	-	90,886,269
-Savings account	5,129,381	-	-	-	5,129,381	-	-	-	5,129,381
-Term deposits	-	16,441,090	4,680,838	6,769,088	27,891,016	7,185,195	102,398	7,287,593	35,178,609
	96,015,650	16,441,090	4,680,838	6,769,088	123,906,666	7,185,195	102,398	7,287,593	131,194,259
Derivative financial instruments	-	8,216	8,577	33,202	49,995	-	-	-	49,995
Debts issued*	-	-	184,205	-	184,205	-	-	-	184,205
Other liabilities	-	-	-	378,678	378,678	-	-	-	378,678
Total	96,030,403	16,449,306	4,873,620	7,199,525	124,552,854	7,196,425	102,398	7,298,823	131,851,677
Net liquidity gap	(77,172,941)	48,333,992	10,889,498	5,236,125	(12,713,326)	13,396,877	6,692,703	20,089,580	7,376,254

*Included in debt issue are subordinated debt with maturity of 1 year amounting to MUR 184.2m

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

The table below shows the contractual expiry by maturity of the Group's and the Bank's commitments.

THE GROUP AND THE BANK

	Less than 3 months MUR'000	3 to 12 months MUR'000	1 to 5 years MUR'000	More than 5 Years MUR'000	Total MUR'000
30 June 2021					
Contingent liabilities	**1,493,657**	**140,126**	**36,330**	**42,649**	**1,712,762**
Commitments	**510,431**	**172,637**	**179,813**	**118,780**	**981,661**
Total	**2,004,088**	**312,763**	**216,143**	**161,429**	**2,694,423**
30 June 2020					
Contingent liabilities	1,004,239	203,854	11,599	39,657	1,259,349
Commitments	220,704	280,761	101,921	311,426	914,812
Total	1,224,943	484,615	113,520	351,083	2,174,161
30 June 2019					
Contingent liabilities	589,262	251,954	44,071	160	885,447
Commitments	303,386	186,410	7,879	596,206	1,093,881
Total	892,648	438,364	51,950	596,366	1,979,328

The Group and the Bank do not expect all the contingent liabilities or commitments to be drawn before expiry of commitments.

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Group and the Bank classify exposures to market risk into either trading or non trading portfolios and manage these portfolios separately. Except for the concentrations within foreign currency, the Group and the Bank have no significant concentration of market risk.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Management has established limits on the maximum adverse volatility on its future net interest income.

The Bank's main exposure to interest rate risk stems from a variety of sources: Yield curve risk, which refers to changes in the level, slope and shape of the yield curve; Repricing risk, which arises from timing differences in the maturity and repricing of balance-sheet items; Basis risk that is caused by imperfect correlation between different yield curves.

The following table demonstrates the sensitivity to a Day 1 100 basis points shock (2020: 100 basis points; 2019: 50 basis points) on the Bank's net interest income. The net interest income sensitivity is the effect of the assumed changes in interest rates, based on the financial assets and financial liabilities held at 30 June.

THE GROUP

Currency	**2021 Change in Basis points**	2020 Change in Basis points	2019 Change in Basis points	**2021 Sensitivity of profit or loss MUR'000**	2020 Sensitivity of profit or loss MUR'000	2019 Sensitivity of profit or loss MUR'000
AUD	**+100**	+100	+50	**7,180**	6,973	2,170
	-100	-100	-50	**(433)**	131	(2,170)
EUR	**+100**	+100	+50	**263,425**	200,671	68,571
	-100	-100	-50	**(264,443)**	(203,178)	(75,287)
GBP	**+100**	+100	+50	**60,888**	51,342	26,967
	-100	-100	-50	**(14,755)**	(15,126)	(26,967)
MUR	**+100**	+100	+50	**(9,391)**	(5,539)	7,769
	-100	-100	-50	**(26,913)**	(33,041)	(7,769)
USD	**+100**	+100	+50	**788,670**	553,835	239,917
	-100	-100	-50	**(193,667)**	(321,706)	(239,917)

THE BANK

Currency	**2021 Change in Basis points**	2020 Change in Basis points	2019 Change in Basis points	**2021 Sensitivity of profit or loss MUR'000**	2020 Sensitivity of profit or loss MUR'000	2019 Sensitivity of profit or loss MUR'000
AUD	**+100**	+100	+50	**7,180**	6,973	2,233
	-100	-100	-50	**(433)**	131	(2,233)
EUR	**+100**	+100	+50	**263,425**	200,663	68,569
	-100	-100	-50	**(264,443)**	(203,170)	(75,285)
GBP	**+100**	+100	+50	**60,888**	51,342	27,246
	-100	-100	-50	**(14,755)**	(15,126)	(27,246)
MUR	**+100**	+100	+50	**(9,391)**	(5,574)	7,240
	-100	-100	-50	**(26,913)**	(33,006)	(7,240)
USD	**+100**	+100	+50	**788,670**	553,831	238,232
	-100	-100	-50	**(193,667)**	(321,702)	(238,232)

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

The table below analyses the Group's and the Bank's interest rate risk exposure on non-trading financial assets and liabilities. The Group's and the Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

THE GROUP

	2021							
Assets	**Carrying amount MUR'000**	**On demand MUR'000**	**Less than 3 months MUR'000**	**3 to 6 months MUR'000**	**6 to 12 months MUR'000**	**1 to 5 years MUR'000**	**Over 5 years MUR'000**	**Non interest bearing MUR'000**
Cash and cash equivalents	97,810,111	37,579,753	43,308,424	-	-	-	-	16,921,934
Due from banks	17,974,090	-	2,138,397	5,149,532	2,136,987	8,549,174	-	-
Loans and advances to banks	6,638,835	-	-	341,913	1,256,458	5,040,464	-	-
Loans and advances to customers	18,749,929	298,092	4,916,449	231,548	603,787	7,145,195	5,554,858	-
Debt instruments measured at amortised cost	39,859,873	-	16,239,619	2,495,716	3,186,173	12,352,930	5,585,435	-
Other assets (excluding prepayments, accrued income and inventory)	2,302,308	1,047,901	-	-	-	-	-	1,254,407
Total assets	183,335,146	38,925,746	66,602,889	8,218,709	7,183,405	33,087,763	11,140,293	18,176,341
Liabilities								
Due to banks	1,000,122	1,000,122	-	-	-	-	-	-
Deposits from banks	364,726	347,471	-	-	-	-	-	17,255
Deposits from customers	178,832,286	7,842,860	12,945,890	4,601,245	6,731,422	3,680,709	726,356	142,303,804
Total liabilities	180,197,134	9,190,453	12,945,890	4,601,245	6,731,422	3,680,709	726,356	142,321,059
Total interest sensitivity gap	3,138,012	29,735,293	53,656,999	3,617,464	451,983	29,407,054	10,413,937	(124,144,718)

THE GROUP

	2020							
Assets	Carrying amount MUR'000	On demand MUR'000	Less than 3 months MUR'000	3 to 6 months MUR'000	6 to 12 months MUR'000	1 to 5 years MUR'000	Over 5 years MUR'000	Non interest bearing MUR'000
Cash and cash equivalents	69,036,975	21,124,798	39,371,542	-	-	-	-	8,540,635
Due from banks	11,132,738	-	3,023,747	4,587,624	3,521,367	-	-	-
Loans and advances to banks	5,245,927	-	325,684	1,198,553	999,960	2,721,730	-	-
Loans and advances to customers	23,043,922	132,554	7,458,705	696,077	1,129,580	7,780,347	5,846,659	-
Debt instruments measured at amortised cost	46,612,747	-	18,946,389	9,060,846	4,863,620	11,388,909	2,352,983	-
Other assets (excluding prepayments, accrued income and inventory)	2,216,920	1,009,308	920	80	5,047	-	-	1,201,565
Total assets	157,289,229	22,266,660	69,126,987	15,543,180	10,519,574	21,890,986	8,199,642	9,742,200
Liabilities								
Due to banks	13,252	6,875	-	-	6,377	-	-	-
Deposits from banks	96,365	80,611	-	-	-	-	-	15,754
Deposits from customers	150,826,106	7,776,925	17,258,333	5,441,704	6,645,071	6,993,611	133,944	106,576,518
Debts issued	1,083	-	-	1,083	-	-	-	-
Total liabilities	150,936,806	7,864,411	17,258,333	5,442,787	6,651,448	6,993,611	133,944	106,592,272
Total interest sensitivity gap	6,352,423	14,402,249	51,868,654	10,100,393	3,868,126	14,897,375	8,065,698	(96,850,072)

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

THE GROUP	2019							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	50,700,638	15,191,168	33,808,173	-	-	-	-	1,701,297
Due from banks	12,967,930	-	4,840,807	4,822,090	2,797,852	507,181	-	-
Loans and advances to banks	6,019,048	100,808	925,600	2,320,192	374,554	2,398,702	-	-
Loans and advances to customers	22,150,196	-	6,910,096	397,799	1,179,629	8,561,002	5,000,862	-
Debt instruments measured at amortised cost	36,884,143	-	11,721,302	7,503,269	7,175,226	8,855,045	1,629,301	-
Equity Investment designated at fair value through other comprehensive income	31,945	-	-	-	31,945	-	-	-
Other assets (excluding prepayments, accrued income and inventory)	1,922,348	475,385	5,082	10,655	229,661	-	-	1,201,565
Total assets	130,676,248	15,767,361	58,211,060	15,054,005	11,788,867	20,321,930	6,630,163	2,902,862
Liabilities								
Due to banks	30,434	647	-	-	18,557	11,230	-	-
Deposits from banks	14,106	14,106	-	-	-	-	-	-
Deposits from customers	131,018,499	95,976,347	16,441,090	4,544,381	6,769,088	7,185,195	102,398	-
Debts issued	320,662	-	-	320,662	-	-	-	-
Total liabilities	131,383,701	95,991,100	16,441,090	4,865,043	6,787,645	7,196,425	102,398	-
Total interest sensitivity gap	(707,453)	(80,223,739)	41,769,970	10,188,962	5,001,222	13,125,505	6,527,765	2,902,862

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

THE BANK	2021							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	97,810,099	37,579,741	43,308,424	-	-	-	-	16,921,934
Due from banks	17,974,090	-	2,138,397	5,149,532	2,136,987	8,549,174	-	-
Loans and advances to banks	6,638,835	-	-	341,913	1,256,458	5,040,464	-	-
Loans and advances to customers	18,749,929	298,092	4,916,449	231,548	603,787	7,145,195	5,554,858	-
Debt instruments measured at amortised cost	39,859,873	-	16,239,619	2,495,716	3,186,173	12,352,930	5,585,435	-
Other assets (excluding prepayments, accrued income and inventory)	2,302,308	1,047,901	-	-	-	-	-	1,254,407
Total assets	183,335,134	38,925,734	66,602,889	8,218,709	7,183,405	33,087,763	11,140,293	18,176,341
Liabilities								
Due to banks	1,000,122	1,000,122	-	-	-	-	-	-
Deposits from banks	364,726	347,471	-	-	-	-	-	17,255
Deposits from customers	178,846,558	7,857,132	12,945,890	4,601,245	6,731,422	3,680,709	726,356	142,303,804
Total liabilities	180,211,406	9,204,725	12,945,890	4,601,245	6,731,422	3,680,709	726,356	142,321,059
Total interest sensitivity gap	3,123,728	29,721,009	53,656,999	3,617,464	451,983	29,407,054	10,413,937	(124,144,718)

THE BANK	2020							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and cash equivalents	69,032,249	21,120,072	39,371,542	-	-	-	-	8,540,635
Due from banks	11,132,738	-	3,023,747	4,587,624	3,521,367	-	-	-
Loans and advances to banks	5,245,927	-	325,684	1,198,553	999,960	2,721,730	-	-
Loans and advances to customers	23,043,922	132,554	7,458,705	696,077	1,129,580	7,780,347	5,846,659	-
Debt instruments measured at amortised cost	46,612,747	-	18,946,389	9,060,846	4,863,620	11,388,909	2,352,983	-
Other assets (excluding prepayments, accrued income and inventory)	2,211,795	969,895	69	853	-	-	-	1,240,978
Total assets	157,279,378	22,222,521	69,126,136	15,543,953	10,514,527	21,890,986	8,199,642	9,781,613
Liabilities								
Due to banks	13,252	6,875	-	-	6,377	-	-	-
Deposits from banks	96,365	80,611	-	-	-	-	-	15,754
Deposits from customers	150,850,619	7,801,438	17,258,333	5,441,704	6,645,071	6,993,611	133,944	106,576,518
Total liabilities	150,960,236	7,888,924	17,258,333	5,441,704	6,651,448	6,993,611	133,944	106,592,272
Total interest sensitivity gap	6,319,142	14,333,597	51,867,803	10,102,249	3,863,079	14,897,375	8,065,698	(96,810,659)

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

THE BANK

	2019							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and cash equivalents	50,698,992	15,189,522	33,808,173	-	-	-	-	1,701,297
Due from banks	12,967,930	-	4,840,807	4,822,090	2,797,852	507,181	-	-
Loans and advances to banks	6,019,048	-	925,600	2,320,192	374,554	2,398,702	-	-
Loans and advances to customers	22,150,196	100,808	6,910,096	397,799	1,179,629	8,561,002	5,000,862	-
Debt instruments measured at amortised cost	36,884,143	-	11,721,302	7,503,269	7,175,226	8,855,045	1,629,301	-
Other assets (excluding prepayments, accrued income and inventory)	1,991,181	664,270	-	-	125,346	-	-	1,201,565
Total assets	130,711,490	15,954,600	58,205,978	15,043,350	11,652,607	20,321,930	6,630,163	2,902,862
Liabilities								
Due to banks	30,434	647	-	-	18,557	11,230	-	-
Deposits from banks	14,106	14,106	-	-	-	-	-	-
Deposits from customers	131,194,259	25,825,878	18,473,252	4,680,838	6,769,088	7,185,195	102,398	68,157,610
Debts issued	184,205	-	-	184,205	-	-	-	-
Total liabilities	131,423,004	25,840,631	18,473,252	4,865,043	6,787,645	7,196,425	102,398	68,157,610
Total interest sensitivity gap	(711,514)	(9,886,031)	39,732,726	10,178,307	4,864,962	13,125,505	6,527,765	(65,254,748)

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The table below indicates the currencies to which the Group and the Bank had significant exposure at 30 June on all its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the MUR, with all other variables held constant on the statements of profit or loss (due to the fair value of currency sensitive non trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in the statement of profit or loss, while a positive amount reflects a net potential increase.

THE GROUP

Currency	% Change in Currency rate	2021 Effect of change in currency on Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	41,802	(41,822)	(20)
	-5%	(41,802)	41,822	20
EUR	+5%	1,535,645	(1,540,110)	(4,465)
	-5%	(1,535,645)	1,540,110	4,465
GBP	+5%	441,129	(441,960)	(831)
	-5%	(441,129)	441,960	831
USD	+5%	6,040,720	(6,036,803)	3,917
	-5%	(6,040,720)	6,036,803	(3,917)

Currency	% Change in Currency rate	2020 Effect of change in currency on Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	48,574	(48,453)	121
	-5%	(48,574)	48,453	(121)
EUR	+5%	1,196,120	(1,193,653)	2,467
	-5%	(1,196,120)	1,193,653	(2,467)
GBP	+5%	353,734	(353,395)	339
	-5%	(353,734)	353,395	(339)
USD	+5%	5,028,718	(5,037,759)	(9,041)
	-5%	(5,028,718)	5,037,759	9,041

Currency	% Change in Currency rate	2019 Effect of change in currency on Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	44,683	(46,419)	(1,736)
	-5%	(44,683)	46,419	1,736
EUR	+5%	1,146,540	(1,125,829)	20,711
	-5%	(1,146,540)	1,125,829	(20,711)
GBP	+5%	358,688	(359,186)	(498)
	-5%	(358,688)	359,186	498
USD	+5%	4,154,738	(4,151,564)	3,174
	-5%	(4,154,738)	4,151,564	(3,174)

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

THE BANK

Currency	% Change in Currency rate	2021 Effect of change in currency on Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	41,802	(41,822)	(20)
	-5%	(41,802)	41,822	20
EUR	+5%	1,535,645	(1,540,110)	(4,465)
	-5%	(1,535,645)	1,540,110	4,465
GBP	+5%	441,129	(441,960)	(831)
	-5%	(441,129)	441,960	831
USD	+5%	6,040,720	(6,036,803)	3,917
	-5%	(6,040,720)	6,036,803	(3,917)

Currency	% Change in Currency rate	2020 Effect of change in currency on Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	48,574	(48,453)	121
	-5%	(48,574)	48,453	(121)
EUR	+5%	1,196,120	(1,193,433)	2,687
	-5%	(1,196,120)	1,193,433	(2,687)
GBP	+5%	353,734	(353,395)	339
	-5%	(353,734)	353,395	(339)
USD	+5%	5,028,718	(5,037,759)	(9,041)
	-5%	(5,028,718)	5,037,759	9,041

Currency	% Change in Currency rate	2019 Effect of change in currency on Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	44,683	(46,419)	(1,736)
	-5%	(44,683)	46,419	1,736
EUR	+5%	1,146,459	(1,125,796)	20,663
	-5%	(1,146,459)	1,125,796	(20,663)
GBP	+5%	358,684	(358,927)	(243)
	-5%	(358,684)	358,927	243
USD	+5%	4,153,861	(4,150,771)	3,090
	-5%	(4,153,861)	4,150,771	(3,090)

(e) Other price risk

Other price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices. The non-trading equity price risk exposure arises from debt instrument measured at fair value through other comprehensive income.

38 CAPITAL

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's and the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Mauritius in supervising the Group and the Bank. During the past year, the Group and the Bank have complied fully with all its externally imposed capital requirements.

Capital management

"The primary objectives of the Group's and the Bank's capital management are to ensure that the Group and the Bank comply with externally imposed capital requirements and that the Group and the Bank maintain strong credit ratings and healthy capital ratios in order to support the business and to maximise shareholders' value.

The Group and the Bank manage their capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new capital securities.

ELIGIBLE RISK-WEIGHTED CAPITAL

	THE GROUP			THE BANK		
	Basel III	Basel III	Basel III	**Basel III**	Basel III	Basel III
	2021	2020	2019	**2021**	2020	2019
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Tier 1 capital	**8,546,750**	7,996,924	7,240,680	**8,536,977**	7,986,957	7,257,255
Tier 2 capital	**555,833**	399,896	463,159	**555,833**	399,896	463,159
Total capital	**9,102,583**	8,396,820	7,703,839	**9,092,810**	8,386,853	7,720,414
Risk-weighted assets	**56,243,598**	55,437,946	50,286,707	**56,208,349**	55,363,146	48,714,294
	%	%	%	**%**	%	%
Capital adequacy ratio	**16.18**	15.15	15.32	**16.18**	15.15	15.85

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings, foreign currency translation and other reserves. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Mauritius. The other component of regulatory capital is Tier 2 capital, which includes stage 1 and stage 2 provisions and country risk reserves.

39 EVENTS AFTER REPORTING DATE

There are no events after the reporting date which require adjustments or disclosures to the financial statements as at 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

40 OFFSETTING FINANCIAL INSTRUMENTS

The Group and the Bank offsetting financial arrangement is summarised below.

Derivatives and loans and advances to banks

The Group and the Bank uses master netting agreements and holds cash collateral and marketable securities to mitigate the credit risk of derivatives, repurchase agreements and securities lending.

The Group and the Bank enters into derivatives with central counterparty clearing houses (CCPs) or bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Group and the Bank execute a credit support annex in conjunction with each ISDA agreement, which requires the Group and the Bank and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of derivatives transacted on exchanges and with CCPs. The collateral posted with regards to open derivatives is cash or marketable securities.

The Group's and the Bank's repurchase, and reverse repurchase, transactions and securities borrowing and lending are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

THE GROUP

2021

	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	**Amount offset**	**Net amount reported**	**Cash collateral**	**Net amount**
ASSETS	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Derivative financial instruments	**407,880**	**-**	**407,880**	**(154,190)**	**253,690**
Loans and advances to customers	**18,749,929**	**-**	**18,749,929**	**(1,593,416)**	**17,156,513**
	19,157,809	**-**	**19,157,809**	**(1,747,606)**	**17,410,203**
LIABILITIES					
Deposits from banks	**364,726**	**-**	**364,726**	**(154,190)**	**210,536**
Deposits from customers	**178,832,286**	**-**	**178,832,286**	**(1,593,416)**	**177,238,870**
	179,197,012	**-**	**179,197,012**	**(1,747,606)**	**177,449,406**

2020

	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	321,961	-	321,961	(80,611)	241,350
Loans and advances to customers	23,043,922	-	23,043,922	(1,119,385)	21,924,537
	23,365,883	-	23,365,883	(1,199,996)	22,165,887
LIABILITIES					
Deposits from banks	96,365	-	96,365	(80,611)	15,754
Deposits from customers	150,826,106	-	150,826,106	(1,119,385)	149,706,721
	150,922,471	-	150,922,471	(1,199,996)	149,722,475

2019

	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	-	744,595	744,595	-	744,595
Loans and advances to customers	22,150,196	-	22,150,196	(790,271)	21,359,925
	22,150,196	744,595	22,894,791	(790,271)	22,104,520
LIABILITIES					
Deposits from customers	131,018,499	-	131,018,499	(790,271)	130,228,228
Derivative financial instruments	(42,418)	744,595	702,177	-	702,177
	130,976,081	744,595	131,720,676	(790,271)	130,930,405

40 OFFSETTING FINANCIAL INSTRUMENTS (Cont'd)

THE BANK

2021

	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	**Amount offset**	**Net amount reported**	**Cash collateral**	**Net amount**
ASSETS	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Derivative financial instruments	**407,880**	**-**	**407,880**	**(154,190)**	**253,690**
Loans and advances to customers	**18,749,929**	**-**	**18,749,929**	**(1,593,416)**	**17,156,513**
	19,157,809	**-**	**19,157,809**	**(1,747,606)**	**17,410,203**
LIABILITIES					
Deposits from banks	**364,726**	**-**	**364,726**	**(154,190)**	**210,536**
Deposits from customers	**178,846,558**	**-**	**178,846,558**	**(1,593,416)**	**177,253,142**
	179,211,284	**-**	**179,211,284**	**(1,747,606)**	**177,463,678**

2020

	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	321,961	-	321,961	(80,611)	241,350
Loans and advances to customers	23,043,922	-	23,043,922	(1,119,385)	21,924,537
	23,365,883	-	23,365,883	(1,199,996)	22,165,887
LIABILITIES					
Deposits from banks	96,365	-	96,365	(80,611)	15,754
Deposits from customers	150,850,619	-	150,850,619	(1,119,385)	149,731,234
	150,946,984	-	150,946,984	(1,199,996)	149,746,988

2019

	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	-	92,413	92,413	-	92,413
Loans and advances to customers	22,150,196	-	22,150,196	(790,271)	21,359,925
	22,150,196	92,413	22,242,609	(790,271)	21,452,338
LIABILITIES					
Deposits from customers	131,194,259	-	131,194,259	(790,271)	130,403,988
Derivative financial instruments	(42,418)	92,413	49,995	-	49,995
	131,151,841	92,413	131,244,254	(790,271)	130,453,983

The Group and the Bank entered into various forward-geared contracts with Firstrand Bank. On maturity of these contracts, the Group and the Bank will be required to pay only the net amount. Hence the fair value of all the forward geared contracts has been offset in the financial statements.

The Group and the Bank receive cash collaterals as security on various loan arrangements. The Group and the Bank have a right to offset these cash collaterals against the loan amounts on default of the Group's and the Bank's clients. As at 30 June 2020 and 2019 these amounts have been shown in "due to customers" and have not been offset against the loan balances.

41 DISCONTINUED OPERATIONS

In November 2019, the Board approved the distribution of the shares of EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd). Following the approval from the Financial Services Commission and the Bank of Mauritius respectively, the Board declared the dividend in Specie of the shares of EKADA Capital Ltd in November 2020 and the distribution was completed in January 2021. The subsidiary was consolidated for the period up to 25 January 2021.

The results of the discontinued operation, which have been included in the profit for the year, were as follows:

	THE GROUP		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Interest income	**-**	-	2
Interest expense	**(7)**	(44)	(133)
Net interest income, calculated using EIR method	**(7)**	(44)	(131)
Fees and commission income	**16,827**	40,591	50,483
Fees and commission expense	**(2,649)**	(2,402)	(1,703)
Net fees and commission income	**14,178**	38,189	48,780
Other operating income	**245**	2,308	206
Total operating income	**14,416**	40,453	48,855
Net impairment loss on financial assets	**-**	(60)	65
Net operating income	**14,416**	40,393	48,920
Personnel expenses	**(17,574)**	(33,317)	(38,824)
Depreciation of equipment	**(153)**	(439)	(1,364)
Depreciation of right of use assets	**(700)**	-	-
Amortization of intangible assets	**(53)**	(11)	(17)
Other operating expenses	**(9,476)**	(9,229)	(9,000)
Total operating expenses	**(27,956)**	(42,996)	(49,205)
Loss before tax	**(13,540)**	(2,603)	(285)
Income tax expense	**-**	(543)	393
(Loss)/profit for the year	**(13,540)**	(3,146)	108

The asset and liabilities at 25 January 2021, date of disposal, were as follows:

	THE GROUP
	2019
	MUR'000
ASSETS	
Cash and cash equivalents	**5,891**
Property and equipment	**769**
Intangible assets	**219**
Right of use assets	**10,203**
Investment Securities	**49**
Deferred tax assets	**118**
Other assets	**8,286**
TOTAL ASSETS	**25,535**
LIABILITIES	
Retirement benefit obligations	**2,183**
Lease liabilities	**10,203**
Other liabilities	**13,705**
TOTAL LIABILITIES	**26,091**

42 SEGMENTAL REPORTING

The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments.

		Year ended 30 June 2021			Year ended 30 June 2020			Year ended 30 June 2019		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income	I	1,084,806	599,606	1,684,412	1,313,453	1,800,575	3,114,028	1,210,073	1,958,974	3,169,047
Interest expense	I	(308,830)	(303,164)	(611,994)	(500,810)	(584,976)	(1,085,786)	(484,612)	(373,662)	(858,274)
Net interest income, calculated using EIR method		775,976	296,442	1,072,418	812,643	1,215,599	2,028,242	725,461	1,585,312	2,310,773
Fee and commission income	II	179,280	698,590	877,870	181,027	606,451	787,478	176,972	555,632	732,604
Fee and commission expense	II	(103,540)	(211,830)	(315,370)	(81,719)	(215,773)	(297,492)	(41,457)	(249,922)	(291,379)
Net fee and commission income		75,740	486,760	562,500	99,308	390,678	489,986	135,515	305,710	441,225
Net (loss)/gain from derecognition of financial assets measured at amortised cost	III	-	-	-	-	(2,003)	(2,003)	-	23,927	23,927
Net trading income	IV (a)	570,712	374,531	945,243	821,492	480,858	1,302,350	514,520	402,283	916,803
Other gains/(losses)	IV (b)	-	1,696	1,696	-	(3,046)	(3,046)	98	-	98
Other operating income	IV (c)	(106)	-	(106)	(375)	-	(375)	665	-	665
Total operating income		1,422,322	1,159,429	2,581,751	1,733,068	2,082,086	3,815,154	1,376,259	2,317,232	3,693,491
Net impairment loss on financial assets	V	(271,586)	(193,545)	(465,131)	(161,472)	(677,623)	(839,095)	(14,085)	(454,295)	(468,380)
Net operating income		1,150,736	965,884	2,116,620	1,571,596	1,404,463	2,976,059	1,362,174	1,862,937	3,225,111
Personnel expenses		(355,386)	(307,548)	(662,934)	(318,885)	(399,194)	(718,079)	(236,064)	(410,232)	(646,296)
Depreciation of property and equipment		(19,631)	(16,002)	(35,633)	(16,223)	(19,490)	(35,713)	(13,549)	(22,812)	(36,361)
Depreciation on right of use assets		(18,132)	(14,780)	(32,912)	(14,416)	(17,319)	(31,735)	-	-	-
Amortisation of intangible assets		(23,120)	(18,846)	(41,966)	(18,590)	(22,333)	(40,923)	(14,378)	(24,208)	(38,586)
Other operating expenses		(176,041)	(143,503)	(319,544)	(166,515)	(200,046)	(366,561)	(120,544)	(202,962)	(323,506)
Total operating expenses		(592,310)	(500,679)	(1,092,989)	(534,629)	(658,382)	(1,193,011)	(384,535)	(660,214)	(1,044,749)
Operating profit		558,426	465,205	1,023,631	1,036,967	746,081	1,783,048	977,639	1,202,723	2,180,362
Impairment loss on subsidiary		-	-	-	-	-	-	(189,563)	-	(189,563)
Impairment on receivable from subsidary		-	-	-	(33,057)	-	(33,057)	(103,000)	-	(103,000)
Profit before tax		558,426	465,205	1,023,631	1,003,910	746,081	1,749,991	685,076	1,202,723	1,887,799
Tax expense		(115,198)	(33,207)	(148,405)	(168,468)	(59,968)	(228,436)	(279,964)	(23,052)	(303,016)
Profit for the year		443,228	431,998	875,226	835,442	686,113	1,521,555	405,112	1,179,671	1,584,783
Other comprehensive income/(loss) that may be subsequently reclassified to profit or loss:										
Movement in fair value reserve for debt instrument measured at fair value through other comprehensive income:										
- (Losses)/gains arising during the year		-	-	-	-	(2,880)	(2,880)	2,467	(420)	2,047
- Reclassification of gains/(losses) included in profit or loss on derecognition		-	-	-	-	3,046	3,046	(98)	-	(98)
- Expected credit losses		-	-	-	-	(1,074)	(1,074)	-	527	527
		-	-	-	-	(908)	(908)	2,369	107	2,476
Other comprehensive income/(loss) that will not be reclassified to profit or loss:										
Remeasurement of retirement benefit obligations		22,832	18,612	41,444	(9,872)	(11,859)	(21,731)	(3,454)	(5,815)	(9,269)
Deferred tax on remeasurement of retirement benefit obligations		(1,310)	(1,136)	(2,446)	810	508	1,318	142	239	381
Gain on equity instruments designated at fair value through other comprehensive income		(101)	1,583	1,482	(46)	1,416	1,370	1,122	-	1,122
		21,421	19,059	40,480	(9,108)	(9,935)	(19,043)	(2,190)	(5,576)	(7,766)
Other comprehensive gain/(loss) for the year		21,421	19,059	40,480	(9,108)	(10,843)	(19,951)	179	(5,469)	(5,290)
Total comprehensive income for the year attributable to equity holders of the parent		464,649	451,057	915,706	826,334	675,270	1,501,604	405,291	1,174,202	1,579,493

42 SEGMENTAL REPORTING (Cont'd)

		Year ended 30 June 2021			Year ended 30 June 2020			Year ended 30 June 2019		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ASSETS										
Cash and cash equivalent	VI	20,689,468	77,120,631	97,810,099	12,393,035	56,639,214	69,032,249	6,469,041	44,229,951	50,698,992
Due from banks	VII	16,378,549	1,595,541	17,974,090	9,346,939	1,785,799	11,132,738	10,469,896	2,498,034	12,967,930
Derivative financial instruments	VIII	227,587	180,293	407,880	221,553	100,408	321,961	81,507	10,906	92,413
Loans and advances to banks	X(b)	-	6,638,835	6,638,835	1,000,889	4,245,038	5,245,927	-	6,019,048	6,019,048
Loans and advances to customers	X(a)	10,753,505	7,996,424	18,749,929	11,770,371	11,273,551	23,043,922	11,480,579	10,669,617	22,150,196
Investment securities	IX	21,519,704	23,890,491	45,410,195	18,666,736	29,998,164	48,664,900	18,981,315	26,326,856	45,308,171
Asset held for distribution	XI	-	-	-	38,277	-	38,277	-	-	-
Property and equipment		75,716	61,721	137,437	77,668	93,309	170,977	69,186	116,489	185,675
Right of use assets		24,526	19,992	44,518	36,348	43,669	80,017	-	-	-
Intangible assets		159,037	129,642	288,679	122,611	147,303	269,914	90,695	152,703	243,398
Deferred tax assets		55,247	94,346	149,593	33,777	90,611	124,388	32,142	68,811	100,953
Other assets	XII	2,430,493	41,461	2,471,954	2,320,065	27,494	2,347,559	2,088,780	17,942	2,106,722
TOTAL ASSETS		72,313,832	117,769,377	190,083,209	56,028,269	104,444,560	160,472,829	49,763,141	90,110,357	139,873,498
LIABILITIES AND EQUITY										
Due to banks	XIII	1,000,025	97	1,000,122	6,376	6,876	13,252	29,787	647	30,434
Deposits from banks	XIV(a)	154,201	210,525	364,726	80,627	15,738	96,365	-	14,106	14,106
Deposits from customers	XIV(b)	39,039,475	139,807,083	178,846,558	37,674,940	113,175,679	150,850,619	31,030,246	100,164,013	131,194,259
Derivative financial instruments	VIII	126,376	84,016	210,392	53,634	53,534	107,168	9,823	40,172	49,995
Debts issued	XV	-	-	-	-	-	-	184,205	-	184,205
Retirement Benefits Obligation		40,321	32,868	73,189	45,358	54,493	99,851	24,091	40,561	64,652
Current tax liabilities		80,616	5,031	85,647	89,211	6,072	95,283	146,108	29,805	175,913
Lease liabilities		26,255	21,403	47,658	37,509	45,062	82,571	-	-	-
Other liabilities	XVI	299,008	108,985	407,993	325,066	161,330	486,396	229,563	213,967	443,530
TOTAL LIABILITIES		40,766,277	140,270,008	181,036,285	38,312,721	113,518,784	151,831,505	31,653,823	100,503,271	132,157,094
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										
Ordinary Shares				3,641,049			3,641,049			3,641,049
Class A shares				1,385,768			1,385,768			1,385,768
Retained earnings				2,664,794			2,297,788			1,836,242
Other reserves				1,355,313			1,316,719			853,345
TOTAL EQUITY				9,046,924			8,641,324			7,716,404
TOTAL LIABILITIES AND EQUITY				190,083,209			160,472,829			139,873,498

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

42 SEGMENTAL REPORTING (Cont'd)

	2021			2020			2019		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
I INTEREST INCOME									
Interest income on financial instruments measured at amortised cost:									
- Due from banks	200,219	134,399	334,618	206,060	617,853	823,913	240,066	703,835	943,901
- Loans and advances to banks	7,236	70,795	78,031	14,985	174,914	189,899	-	214,044	214,044
- Loans and advances to customers	352,949	248,701	601,650	468,684	451,013	919,697	507,356	543,129	1,050,485
- Investment securities	510,264	145,711	655,975	570,595	538,600	1,109,195	407,559	394,539	802,098
- Placements with the Central Bank	14,138	-	14,138	53,129	-	53,129	49,377	-	49,377
	1,084,806	599,606	1,684,412	1,313,453	1,782,380	3,095,833	1,204,358	1,855,547	3,059,905
Interest income on financial instruments measured at fair value through other comprehensive income:									
- Investment securities	-	-	-	-	18,195	18,195	5,715	103,427	109,142
Total interest income calculated using EIR	1,084,806	599,606	1,684,412	1,313,453	1,800,575	3,114,028	1,210,073	1,958,974	3,169,047
I INTEREST EXPENSE									
Interest expense on financial instruments measured at amortised cost:									
- Due to banks	36,300	78,169	114,469	20,462	46,803	67,265	14,845	27,545	42,390
- Deposits from banks	1,684	37	1,721	603	-	603	-	-	-
- Deposits from customers	268,400	223,606	492,006	468,229	538,173	1,006,402	441,594	346,117	787,711
- Subordinated debts issued	-	-	-	6,671	-	6,671	28,173	-	28,173
- Lease liability	2,446	1,352	3,798	4,845	-	4,845	-	-	-
Total interest expense	308,830	303,164	611,994	500,810	584,976	1,085,786	484,612	373,662	858,274
NET INTEREST INCOME	775,976	296,442	1,072,418	812,643	1,215,599	2,028,242	725,461	1,585,312	2,310,773
II NET FEE AND COMMISSION INCOME									
Fee and commission income									
Commission and fee income	68,247	485,981	554,228	70,882	425,646	496,528	75,259	363,943	439,202
Credit card fees	41,817	42,148	83,965	48,734	44,480	93,214	52,531	55,265	107,796
Custody fees income	50,424	143,472	193,896	41,110	125,605	166,715	38,380	125,950	164,330
Other fees received	18,792	26,989	45,781	20,301	10,720	31,021	10,802	10,474	21,276
Total fee and commission income	179,280	698,590	877,870	181,027	606,451	787,478	176,972	555,632	732,604
Fee and commission expense									
Commission to other banks	(13,306)	(117,839)	(131,145)	(9,706)	(84,951)	(94,657)	(9,314)	(79,067)	(88,381)
Credit card expenses	(44,058)	(45,893)	(89,951)	(31,151)	(58,025)	(89,176)	(27,221)	(65,005)	(92,226)
Custody fees expense	(34,367)	(35,796)	(70,163)	(19,812)	(36,903)	(56,715)	(1,405)	(55,773)	(57,178)
Retrocession fees	(11,589)	(12,072)	(23,661)	(19,103)	(35,582)	(54,685)	(209)	(48,442)	(48,651)
Other fees paid	(220)	(230)	(450)	(1,947)	(312)	(2,259)	(3,308)	(1,635)	(4,943)
Total fee and commission expense	(103,540)	(211,830)	(315,370)	(81,719)	(215,773)	(297,492)	(41,457)	(249,922)	(291,379)
Net fee and commission income	75,740	486,760	562,500	99,308	390,678	489,986	135,515	305,710	441,225

42 SEGMENTAL REPORTING (Cont'd)

		2021			2020			2019		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
III	NET GAIN FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Loans and advances to banks	-	-	-	-	-	-	-	(15,687)	(15,687)
	Loans and advances to customers	-	-	-	-	19,846	19,846	-	41,002	41,002
	Debt instruments measured at amortised cost	-	-	-	-	(21,849)	(21,849)	-	(1,388)	(1,388)
		-	-	-	-	(2,003)	(2,003)	-	23,927	23,927
IV (a)	NET TRADING INCOME									
	Net gain on debt instruments measured at fair value through profit or loss	113,325	11,277	124,602	382,790	116,530	499,320	184,668	51,210	235,878
	Gain/(loss) on other derivatives held for trading	58,563	(362)	58,201	122,673	(5,439)	117,234	(7,016)	-	(7,016)
	Gain/(loss) on foreign exchange derivatives	(37,344)	(34,047)	(71,391)	43,776	30,822	74,598	(18,305)	(86,974)	(105,279)
	Gain on foreign exchange	436,168	397,663	833,831	272,253	338,945	611,198	355,173	438,047	793,220
		570,712	374,531	945,243	821,492	480,858	1,302,350	514,520	402,283	916,803
IV (b)	OTHER GAINS/(LOSSES)									
	Net (loss)/gain arising from derecognition of debt instrument measured at fair value through other comprehensive income (Note 1)	-	-	-	-	(3,046)	(3,046)	98	-	98
	Fair value gain on equity Investment measured at fair value through profit or loss	-	1,696	1,696	-	-	-	-	-	-
		-	1,696	1,696	-	(3,046)	(3,046)	98	-	98
IV (c)	OTHER OPERATING INCOME									
	Other operating income:									
	- Profit on disposal of motor vehicle	-	-	-	402	-	402	-	-	-
	- Transaction and other related fees	(106)	-	(106)	(777)	-	(777)	665	-	665
		(106)	-	(106)	(375)	-	(375)	665	-	665
V	NET IMPAIRMENT LOSS ON FINANCIAL ASSETS									
	LOSS ALLOWANCE ON FINANCIAL ASSETS									
	Cash and cash equivalents	(150)	1,106	956	(1,969)	(20,805)	(22,774)	(2,206)	(22,243)	(24,449)
	Due from banks	(2,341)	818	(1,523)	(175)	1,166	991	2,290	1,370	3,660
	Loans and advances to banks	(1,694)	19,505	17,811	1,694	(5,202)	(3,508)	-	(2,662)	(2,662)
	Loan and advances to customers	252,840	167,754	420,594	177,583	799,854	977,437	16,824	560,895	577,719
	Debt instruments measured at FVTOCI	-	-	-	-	(1,074)	(1,074)	(77)	604	527
	Debt instruments measured at amortised cost	33,376	35	33,411	1,023	(1,609)	(586)	1,890	505	2,395
	Financial guarantee contracts and loan commitments (Note 38)	16,997	5,218	22,215	(5,320)	2,204	(3,116)	1,092	(702)	390
	Trade and other receivables	3,669	-	3,669	-	-	-	-	-	-
	Total credit loss expense under IFRS 9	302,697	194,436	497,133	172,836	774,534	947,370	19,813	537,767	557,580
	Bad debt recovered	(31,111)	(891)	(32,002)	(11,364)	(96,911)	(108,275)	(5,728)	(83,472)	(89,200)
		271,586	193,545	465,131	161,472	677,623	839,095	14,085	454,295	468,380

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

42 SEGMENTAL REPORTING (Cont'd)

VI CASH AND CASH EQUIVALENTS

	2021			2020			2019		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash in hand	28,782	-	28,782	40,108	-	40,108	28,690	13,397	42,087
Unrestricted balances with the Central Bank	16,893,152	-	16,893,152	8,500,527	-	8,500,527	3,988,536	-	3,988,536
Short term placements with other banks	3,749,700	39,562,826	43,312,526	3,561,299	35,531,454	39,092,753	2,430,659	31,377,514	33,808,173
Short term placements with the Central Bank	-	-	-	281,945	-	281,945	-	-	-
Current accounts with other banks	18,343	37,561,424	37,579,767	9,814	21,110,274	21,120,088	23,783	12,862,359	12,886,142
	20,689,977	77,124,250	97,814,227	12,393,693	56,641,728	69,035,421	6,471,668	44,253,270	50,724,938
Less: Impairment on placement	(509)	(3,619)	(4,128)	(658)	(2,514)	(3,172)	(2,627)	(23,319)	(25,946)
	20,689,468	77,120,631	97,810,099	12,393,035	56,639,214	69,032,249	6,469,041	44,229,951	50,698,992

VII DUE FROM BANKS

	2021			2020			2019		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At amortised cost:									
Short term collateralised placements	16,378,549	-	16,378,549	7,039,627	-	7,039,627	4,844,692	-	4,844,692
Medium term collateralised placements	-	-	-	-	-	-	1,781,279	-	1,781,279
Medium term placements with the central bank	-	-	-	507,262	-	507,262	1,009,464	-	1,009,464
Long term placements with central bank	-	-	-	-	-	-	507,181	-	507,181
Medium term placements with other banks	-	1,598,895	1,598,895	1,802,391	1,788,335	3,590,726	2,329,796	2,499,404	4,829,200
	16,378,549	1,598,895	17,977,444	9,349,280	1,788,335	11,137,615	10,472,412	2,499,404	12,971,816
Less: allowance for impairment losses	-	(3,354)	(3,354)	(2,341)	(2,536)	(4,877)	(2,516)	(1,370)	(3,886)
	16,378,549	1,595,541	17,974,090	9,346,939	1,785,799	11,132,738	10,469,896	2,498,034	12,967,930

VIII DERIVATIVE FINANCIAL INSTRUMENTS

	2021			2020			2019		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative Financial Instruments									
Foreign exchange option contracts	530	1,520	2,050	173	1,889	2,062	6,315	2,046	8,361
Foreign exchange contracts and swaps	59,798	-	59,798	115,467	9,984	125,451	75,192	8,860	84,052
Cross currency interest rate swap	151,683	-	151,683	97,580	-	97,580	-	-	-
Interest rate swaps	2,870	-	2,870	3,906	-	3,906	-	-	-
Options contracts	12,706	178,773	191,479	4,427	88,535	92,962	-	-	-
	227,587	180,293	407,880	221,553	100,408	321,961	81,507	10,906	92,413
LIABILITIES									
Derivative Financial Instruments									
Foreign exchange option contracts	-	(2,050)	(2,050)	-	(1,759)	(1,759)	(593)	(7,352)	(7,945)
Forward foreign exchange contracts	(13,701)	-	(13,701)	(4,245)	(3,461)	(7,706)	(9,230)	(32,820)	(42,050)
Interest rate swaps	-	(3,162)	(3,162)	-	(4,741)	(4,741)	-	-	-
Options contracts	(112,675)	(78,804)	(191,479)	(49,389)	(43,573)	(92,962)	-	-	-
	(126,376)	(84,016)	(210,392)	(53,634)	(53,534)	(107,168)	(9,823)	(40,172)	(49,995)

42 SEGMENTAL REPORTING (Cont'd)

	2021			2020			2019		
	Segment A	**Segment B**	**Total**	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
IX INVESTMENT SECURITIES									
Financial assets mandatorily measured at fair value through profit or loss (a)	**3,994,426**	**1,540,387**	**5,534,813**	1,770,054	272,426	2,042,480	4,843,489	356	4,843,845
Debt instruments measured at fair value through other comprehensive income (b)	**-**	**-**	**-**	-	-	-	-	3,571,880	3,571,880
Debt instruments measured at amortised cost (c)	**17,523,153**	**22,336,720**	**39,859,873**	16,894,456	29,718,291	46,612,747	14,135,554	22,748,589	36,884,143
Equity Investment measured at fair value through profit or loss (d)	**2,125**	**11,679**	**13,804**	2,226	7,447	9,673	2,272	6,031	8,303
	-	**1,705**	**1,705**	-	-	-	-	-	-
	21,519,704	**23,890,491**	**45,410,195**	18,666,736	29,998,164	48,664,900	18,981,315	26,326,856	45,308,171
(a) FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS									
Government of Mauritius debt securities	**2,805,517**	**-**	**2,805,517**	850,043	-	850,043	1,416,463	-	1,416,463
Bank of Mauritius bonds and notes	**1,038,656**	**-**	**1,038,656**	920,011	-	920,011	3,427,026	-	3,427,026
Local Securities : corporate bonds and notes	**150,253**	**-**	**150,253**	-	-	-	-	-	-
Foreign Securities: corporate bonds and notes	**-**	**1,540,387**	**1,540,387**	-	272,426	272,426	-	356	356
	3,994,426	**1,540,387**	**5,534,813**	1,770,054	272,426	2,042,480	4,843,489	356	4,843,845
(b) DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME									
Government of Mauritius debt securities	**-**	**-**	**-**	-	-	-	-	-	-
Bank of Mauritius bonds and notes	**-**	**-**	**-**	-	-	-	-	-	-
Foreign Securities treasury bills and bonds	**-**	**-**	**-**	-	-	-	-	3,571,880	3,571,880
	-	**-**	**-**	-	-	-	-	3,571,880	3,571,880
(c) DEBT INSTRUMENTS MEASURED AT AMORTISED COST									
Government of Mauritius treasury bills and bonds	**12,177,847**	**-**	**12,177,847**	12,250,207	-	12,250,207	7,291,728	-	7,291,728
Bank of Mauritius bonds and notes	**3,432,443**	**-**	**3,432,443**	2,279,722	-	2,279,722	5,056,172	-	5,056,172
Local Securities: corporate bonds and notes	**1,952,332**	**-**	**1,952,332**	2,370,619	-	2,370,619	1,792,723	-	1,792,723
Foreign Securities: corporate bonds and notes	**-**	**5,119,520**	**5,119,520**	-	7,499,416	7,499,416	-	-	-
Foreign Securities: sovereign bills, bonds and notes	**-**	**17,218,935**	**17,218,935**	-	22,220,576	22,220,576	-	22,751,899	22,751,899
	17,562,622	**22,338,455**	**39,901,077**	16,900,548	29,719,992	46,620,540	14,140,623	22,751,899	36,892,522
Less: Allowance for impairment losses	**(39,469)**	**(1,735)**	**(41,204)**	(6,092)	(1,701)	(7,793)	(5,069)	(3,310)	(8,379)
	17,523,153	**22,336,720**	**39,859,873**	16,894,456	29,718,291	46,612,747	14,135,554	22,748,589	36,884,143
(d) EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME									
Equities securities:									
At 1 July	**2,226**	**7,447**	**9,673**	2,272	6,031	8,303	-	-	-
Reclassification from other assets	**-**	**-**	**-**	-	-	-	2,525	4,656	7,181
Acquisition of shares	**-**	**2,649**	**2,649**	-	-	-	-	-	-
Fair value movement	**(101)**	**1,583**	**1,482**	(46)	1,416	1,370	(253)	1,375	1,122
At 30 June	**2,125**	**11,679**	**13,804**	2,226	7,447	9,673	2,272	6,031	8,303
(e) Equity Investment at fair value through profit or loss									
At 1 July	**-**	**-**	**-**	-	-	-	-	-	-
Acquisition during the year	**-**	**9**	**9**	-	-	-	-	-	-
Fair Value Movement	**-**	**1,696**	**1,696**	-	-	-	-	-	-
	-	**1,705**	**1,705**	-	-	-	-	-	-

42 SEGMENTAL REPORTING (Cont'd)

X(a) LOANS AND ADVANCES TO CUSTOMERS

	2021			2020			2019		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
(a) Remaining term to maturity									
Within 3 months	3,111,690	3,918,780	7,030,470	5,493,103	3,035,263	8,528,366	5,021,059	2,453,588	7,474,647
Over 3 to 6 months	166,927	66,617	233,544	58,860	639,263	698,123	130,832	269,797	400,629
Over 6 to 12 months	63,655	543,572	607,227	133,505	1,001,286	1,134,791	226,701	1,543,648	1,770,349
Over 1 to 5 years	3,162,672	4,658,242	7,820,914	1,307,132	7,770,033	9,077,165	2,412,072	6,695,222	9,107,294
Over 5 years	5,038,731	701,911	5,740,642	5,303,408	691,952	5,995,360	4,147,081	1,162,713	5,309,794
Gross loans and advances to customers	11,543,675	9,889,122	21,432,797	12,296,008	13,137,797	25,433,805	11,937,745	12,124,968	24,062,713
Less: Allowances for impairment losses	(790,170)	(1,892,698)	(2,682,868)	(525,637)	(1,864,246)	(2,389,883)	(457,166)	(1,455,351)	(1,912,517)
Net loans and advances to customers	10,753,505	7,996,424	18,749,929	11,770,371	11,273,551	23,043,922	11,480,579	10,669,617	22,150,196
(b) Credit concentration of risk by industry sectors									
Agriculture and fishing	106,856	868,762	975,618	435,381	802,692	1,238,073	159,099	350,551	509,650
Manufacturing	388,832	3,123,693	3,512,525	306,670	5,001,850	5,308,520	436,431	2,289,225	2,725,656
Tourism	4,008,196	570,775	4,578,971	3,375,528	516,729	3,892,257	2,714,782	449,560	3,164,342
Transport	33,061	178,615	211,676	35,164	565,872	601,036	44,608	318,959	363,567
Construction, infrastructure and real estate	1,150,372	699,483	1,849,855	1,336,498	633,538	1,970,036	913,531	205,502	1,119,033
Financial and business services	1,418,912	1,932,100	3,351,012	2,369,230	2,312,417	4,681,647	2,739,957	1,621,871	4,361,828
Traders	649,444	1,122,377	1,771,821	1,543,947	951,734	2,495,681	1,204,300	363,938	1,568,238
Personal	2,332,341	452,522	2,784,863	1,736,409	635,925	2,372,334	1,506,811	442,365	1,949,176
Professional	-	66,050	66,050	-	59,746	59,746	456,563	-	456,563
Information, communication and technology	388,826	874,057	1,262,883	256,687	836,359	1,093,046	251,421	-	251,421
Government and parastatal bodies	-	-	-	-	-	-	-	101,768	101,768
Global Business Licence Holders (GBL)	-	-	-	-	-	-	-	2,577,547	2,577,547
Other entities	1,066,835	688	1,067,523	900,494	820,935	1,721,429	1,510,242	3,403,682	4,913,924
	11,543,675	9,889,122	21,432,797	12,296,008	13,137,797	25,433,805	11,937,745	12,124,968	24,062,713

Loss allowance by sector

	2021					Total provision		
	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	975,618	668,752	306	5,361	405,595	411,262	211,335	210,381
Manufacturing	3,512,525	851,590	7,022	1,669	755,627	764,318	685,255	406,294
Tourism	4,578,971	9,421	200,927	20,002	462	221,391	44,362	11,168
Transport	211,676	-	781	125	-	906	5,334	118,985
Construction, infrastructure and real estate	1,849,855	325,565	16,623	5,879	276,184	298,686	291,339	232,484
Financial and business services	3,351,012	677,265	28,624	2,438	641,713	672,775	897,120	432,213
Traders	1,771,821	14,235	6,930	207	14,235	21,372	20,878	72,027
Personal	2,784,863	111,418	49,434	30,347	68,431	148,212	102,827	168,402
Professional	66,050	-	48	-	-	48	47	815
Information, communication and technology	1,262,883	157,224	4,619	617	122,412	127,648	117,719	3,254
Government and parastatal bodies	-	-	-	-	-	-	-	1,562
Global Business Licence Holders (GBL)	-	-	-	-	-	-	-	143,428
Other entities	1,067,523	1,628	12,110	2,513	1,627	16,250	13,667	111,504
	21,432,797	2,817,098	327,424	69,158	2,286,286	2,682,868	2,389,883	1,912,517

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

42 SEGMENTAL REPORTING (Cont'd)

X LOANS AND ADVANCES TO CUSTOMERS (Continued)

Loss allowance by sector (Continued)

	2021					Total provision		
Analysed by Segments:	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Segment A								
Agriculture and fishing	106,856	-	306	1,252	-	1,558	183	230
Manufacturing	388,832	159,919	1,265	-	159,919	161,184	150,501	94,098
Tourism	4,008,196	9,421	196,028	6,139	462	202,629	21,756	7,385
Transport	33,061	-	529	125	-	654	525	149
Construction, infrastructure and real estate	1,150,372	103,366	15,635	5,879	75,310	96,824	100,982	91,110
Financial and business services	1,418,912	1,181	19,546	2,438	117	22,101	5,304	8,278
Traders	649,444	14,235	4,595	207	14,235	19,037	18,391	71,172
Personal	2,332,341	95,476	46,261	30,334	66,259	142,854	97,569	156,814
Professional	-	-	-	-	-	-	-	815
Information, communication and technology	388,826	157,224	4,073	600	122,412	127,085	116,995	3,254
Others entities	1,066,835	1,628	12,104	2,513	1,627	16,244	13,431	23,861
	11,543,675	542,450	300,342	49,487	440,341	790,170	525,637	457,166
Segment B								
Agriculture and fishing	868,762	668,752	-	4,109	405,595	409,704	211,152	210,151
Manufacturing	3,123,693	691,671	5,757	1,669	595,708	603,134	534,754	312,196
Tourism	570,775	-	4,899	13,863	-	18,762	22,606	3,783
Transport	178,615	-	252	-	-	252	4,809	118,836
Construction, infrastructure and real estate	699,483	222,199	988	-	200,874	201,862	190,357	141,374
Financial and business services	1,932,100	676,084	9,078	-	641,596	650,674	891,816	423,935
Traders	1,122,377	-	2,335	-	-	2,335	2,487	855
Personal	452,522	15,942	3,173	13	2,172	5,358	5,258	11,588
Professional	66,050	-	48	-	-	48	47	-
Information, communication and technology	874,057	-	546	17	-	563	724	-
Government and parastatal bodies	-	-	-	-	-	-	-	1,562
Global Business Licence Holders (GBL)	-	-	-	-	-	-	-	143,428
Others entities	688	-	6	-	-	6	236	87,643
	9,889,122	2,274,648	27,082	19,671	1,845,945	1,892,698	1,864,246	1,455,351

42 SEGMENTAL REPORTING (Cont'd)

	2021			2020			2019		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
X(b) LOANS AND ADVANCES TO BANKS									
(a) Remaining term to maturity									
Within 3 months	-	-	-	-	326,087	326,087	-	932,311	932,311
Over 3 to 6 months	-	341,954	341,954	-	1,201,411	1,201,411	-	2,323,488	2,323,488
Over 6 to 12 months	-	1,277,517	1,277,517	-	1,002,266	1,002,266	-	375,833	375,833
Over 1 to 5 years	-	5,048,845	5,048,845	1,002,583	1,725,250	2,727,833	-	2,402,594	2,402,594
Gross loans and advances to banks	-	6,668,316	6,668,316	1,002,583	4,255,014	5,257,597	-	6,034,226	6,034,226
Less: Allowances for impairment losses	-	(29,481)	(29,481)	(1,694)	(9,976)	(11,670)	-	(15,178)	(15,178)
Net loans and advances to banks	-	6,638,835	6,638,835	1,000,889	4,245,038	5,245,927	-	6,019,048	6,019,048

	2021		2021			Total provision		
	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2021	2020	2019
Loss allowance by sector	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial and business services	6,668,316	-	29,481	-	-	29,481	11,670	15,178

	2021		2021			Total provision		
Analysed by Segments:	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	Total provision 2021	2020	2019
Segment A	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial and business services	-	-	-	-	-	-	1,694	-
Segment B								
Financial and business services	6,668,316	-	29,481	-	-	29,481	9,976	15,178

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

42 SEGMENTAL REPORTING (Cont'd)

		2021			2020			2019		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
XI	**INVESTMENT IN SUBSIDIARY**									
	Cost	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Opening balance	-	-	-	-	-	-	189,563	-	189,563
	Impairment loss recognised	-	-	-	-	-	-	(189,563)	-	(189,563)
	Addition	-	-	-	38,277	-	38,277	-	-	-
	Less Asset held for distribution	-	-	-	(38,277)	-	(38,277)	-	-	-
	At 30 June	-	-	-	-	-	-	-	-	-
XII	**OTHER ASSETS**									
	Mandatory balances with the central bank	2,276,930	-	2,276,930	2,174,086	-	2,174,086	1,865,835	-	1,865,835
	Indirect and other taxes receivable	98,960	-	98,960	84,393	-	84,393	73,570	300	73,870
	Due from credit card service provider	-	-	-	12,510	-	12,510	25,866	-	25,866
	Prepayments	25,130	31,602	56,732	18,543	24,393	42,936	20,414	16,308	36,722
	Other receivables	29,473	9,859	39,332	29,611	3,101	32,712	17,210	1,334	18,544
	Amount due from subsidiaries	-	-	-	922	-	922	85,885	-	85,885
		2,430,493	41,461	2,471,954	2,320,065	27,494	2,347,559	2,088,780	17,942	2,106,722
XIII	**DUE TO BANKS**									
	At amortised cost	-	-	-	6,376	-	6,376	29,787	-	29,787
	Borrowings from the central bank	1,000,025	-	1,000,025	-	-	-	-	-	-
	Borrowings from other banks	-	97	97	-	6,876	6,876	-	647	647
	Bank overdraft	1,000,025	97	1,000,122	6,376	6,876	13,252	29,787	647	30,434
XIV(a)	**DEPOSITS FROM BANKS**									
	At amortised cost									
	- Current and savings accounts	154,201	210,525	364,726	80,627	15,738	96,365	-	14,106	14,106
		154,201	210,525	364,726	80,627	15,738	96,365	-	14,106	14,106
XIV(b)	**DEPOSITS FROM CUSTOMERS**									
	At amortised cost									
	Personal									
	- Current and savings accounts	8,741,513	18,354,879	27,096,392	7,565,196	12,983,799	20,548,995	5,442,041	9,206,699	14,648,740
	- Term deposits	5,480,375	3,322,824	8,803,199	6,793,927	4,471,855	11,265,782	6,020,392	3,957,653	9,978,045
	Business						-			-
	- Current and savings accounts	18,968,305	101,344,605	120,312,910	17,478,837	74,697,074	92,175,911	13,041,224	68,055,402	81,096,626
	- Term deposits	3,962,737	16,784,775	20,747,512	4,395,252	21,022,951	25,418,203	6,256,305	18,944,259	25,200,564
	Government institutions									
	- Current and savings accounts	1,609,763	-	1,609,763	739,808	-	739,808	270,284	-	270,284
	- Term deposits	276,782	-	276,782	701,920	-	701,920	-	-	-
		39,039,475	139,807,083	178,846,558	37,674,940	113,175,679	150,850,619	31,030,246	100,164,013	131,194,259
XV	**DEBTS ISSUED**									
	Unsecured subordinated bonds	-	-	-	-	-	-	184,205	-	184,205
XVI	**OTHER LIABILITIES**									
	Other payables and sundry creditors	299,008	108,985	407,993	325,066	161,330	486,396	229,563	213,967	443,530

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