

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 15 DERIVATIVE FINANCIAL INSTRUMENTS

### (a) THE GROUP

	Assets 2021	Liabilities 2021	Assets 2020	Liabilities 2020	Assets 2019	Liabilities 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)
	<b>407,880</b>	<b>(210,392)</b>	<b>321,961</b>	<b>(107,168)</b>	<b>744,595</b>	<b>(702,177)</b>

### (b) THE BANK

	Assets 2021	Liabilities 2021	Assets 2020	Liabilities 2020	Assets 2019	Liabilities 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)	-	-
	<b>407,880</b>	<b>(210,392)</b>	<b>321,961</b>	<b>(107,168)</b>	<b>92,413</b>	<b>(49,995)</b>

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 prevailing 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.