

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16(b) LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP AND THE BANK		
	2021	2020	2019
	MUR'000	MUR'000	MUR'000
Retail and personal Business	2,676,026	2,297,051	1,460,455
Government and parastatal bodies	9,210,853	10,559,598	9,434,693
Entities outside Mauritius	-	-	992,546
Credit cards	9,437,082	12,501,873	12,065,223
	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

	THE GROUP AND THE BANK			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Internal rating grade				
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			
	Stage 1	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount				
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

Gross carrying amount

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			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
	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

Gross carrying amount

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

	THE GROUP AND THE BANK			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

	THE GROUP AND THE BANK			
	2021			
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	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

	THE GROUP AND THE BANK			
	2020			
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	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

Allowance for impairment losses

Loss allowance as at 1 July
Changes in the loss allowance
 Transfer to stage 1
 Transfer to stage 2
 Transfer to stage 3
Write-offs
Net remeasurement of loss allowance
New financial assets originated
Financial assets that have been repaid
Other movements
Loss allowance as at 30 June

Allowance for impairment losses

Loss allowance as at 1 July
Changes in the loss allowance
 Transfer to stage 1
 Transfer to stage 2
 Transfer to stage 3
Financial assets that have been derecognised
Write-offs
Net remeasurement of loss allowance
New financial assets originated
Financial assets that have been repaid
Other movements
Loss allowance as at 30 June

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

	THE GROUP AND THE BANK			
	2019			
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	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

Loss allowance as at 1 July
Changes in the loss allowance
 Transfer to stage 1
 Transfer to stage 2
 Transfer to stage 3
Financial assets that have been derecognised
Write-offs
Net remeasurement of loss allowance
New financial assets originated
Financial assets that have been repaid
Other movements
Loss allowance as at 30 June

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'.