

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

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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,

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 to 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.

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;

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.

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.

- 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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(b) Credit risk (Cont'd)

2021				2020			
Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range	Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
-	AAA	Prime	0.04% - 0.04%	AAA	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+	Upper Medium Grade	0.06% - 0.06%	AA	BBB	Lower Medium Grade	0.20% - 0.20%
AA	A-		0.07% - 0.07%				
AA-	BBB	Lower Medium Grade	0.18% - 0.18%	AA-	BBB	Non-Investment Grade Speculative	0.33% - 0.43%
A+	BB+	Non-Investment Grade Speculative	0.38% - 0.38%	A+	BB+		0.54% - 1.09%
A	BB		0.48% - 1.02%	A	BB		1.09% - 1.95%
A-	BB-		1.15% - 1.92%	A-	BB-		
BBB+	BB-	Highly Speculative	1.98% - 4.21%	BBB+	BB-	Highly Speculative	2.41% - 4.24%
BBB	B+			3.91% - 6.85%			
BBB-	B			7.79% - 13.88%			
BB+	B						
BB	B-	Highly Vulnerable	28.30%	BB-	B-	Highly Vulnerable	27.08%
BB-	B-						
B+	B-						
B	CCC/C	In Default	100%	B	CCC/C	In Default	100%
B-	D						

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	BBB	Lower Medium Grade	0.16% - 0.16%	
AA-				
A+	BB+	Non-Investment Grade Speculative	0.32% - 0.33%	
A	BB		0.53% - 0.99%	
A-	BB-		0.95% - 0.98%	
BBB+	B+	Highly Speculative	2.01% - 3.74%	
BBB				
BBB-	B	Highly Speculative	3.41% - 4.22%	
BB+	B-			6.75% - 7.07%
BB				
BB-	B-	Highly Vulnerable	34.44% - 34.44%	
B+	B-			
B	D			In Default
B-				
CC	CC	In Default	100%	
D	D			

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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 in 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.

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 initial 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 groups 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.

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.

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 unlikelihood 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.

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37 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

ECL Measurement

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

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

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

The IFRS9 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.

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

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

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 expects 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.

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

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.

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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

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

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 borrower's domestic 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.

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.

related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control process and policies.

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 embedded 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:

	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

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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.

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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

Loans and advances to customers

	30 June 2021		30 June 2020		30 June 2019	
	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 result 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

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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)

External rating grade

Performing:

Credit rating AAA
 Credit rating AA+ to AA-
 Credit rating A+ to A-
 Credit rating BBB+ to BBB-
 Credit rating BB+ to BB-
 Credit rating B+ to B-

Non performing:

Credit rating D

Total gross carrying amount

Loss allowance

Carrying amount

External rating grade

Performing:

Credit rating AAA
 Credit rating AA+ to AA-
 Credit rating A+ to A-
 Credit rating BBB+ to BBB-
 Credit rating BB+ to BB-
 Credit rating B+ to B-

Non performing:

Credit rating D

Total gross carrying amount

Loss allowance

Carrying amount

External rating grade

Performing:

Credit rating AAA
 Credit rating BBB+ to BBB-
 Credit rating BB+ to BB-
 Credit rating B+ to B-
 Credit rating CCC+ to C

Non performing:

Credit rating D

Total gross carrying amount

Loss allowance

Carrying amount

	2021			Total
	Stage 1	Stage 2	Stage 3	
	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			Total
	Stage 1	Stage 2	Stage 3	
	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			Total
	Stage 1	Stage 2	Stage 3	
	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

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)

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	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
MUR'000	MUR'000	MUR'000	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	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
MUR'000	MUR'000	MUR'000	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	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
MUR'000	MUR'000	MUR'000	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

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)

Loss allowance - Financial guarantee contracts

Loss allowance as at 1 July 2020				
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

Loss allowance as at 1 July 2019				
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

Loss allowance as at 1 July 2018				
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

	2021			
	Stage 1	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
MUR'000	MUR'000	MUR'000	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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
MUR'000	MUR'000	MUR'000	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

	2019			
	Stage 1	Stage 2	Stage 3	Total
	12-months	Lifetime	Lifetime	
	ECL	ECL	ECL	
MUR'000	MUR'000	MUR'000	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 unforeseen 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 Management 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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets									
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets									
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Assets									
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Assets									
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Assets									
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000
Assets									
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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	3 to 12 months	1 to 5 years	More than 5 Years	Total
	MUR'000	MUR'000	MUR'000	MUR'000	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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							
	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	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							
	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	69,036,975	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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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	% Change in Currency rate	2021		
		Effect of change in currency on		Sensitivity of profit or loss
		Assets	Liabilities	
Currency		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		Sensitivity of profit or loss
		Assets	Liabilities	
		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		Sensitivity of profit or loss
		Assets	Liabilities	
		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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

37 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

THE BANK	% Change in Currency rate	2021		
		Effect of change in currency on		Sensitivity of profit or loss
		Assets	Liabilities	
Currency		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		Sensitivity of profit or loss
		Assets	Liabilities	
		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		Sensitivity of profit or loss
		Assets	Liabilities	
		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.