

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 2021	Basel III 2020	Basel III 2019	Basel III 2021	Basel III 2020	Basel III 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.