Supporting Growth & Economic Recovery

Annual Report 2022

MAU BANK

Supporting **Growth** & **Economic** Recovery

We are cognisant of our role in financing different sectors of the economy for long-term sustainability.

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supporting growth & economic recovery

MauBank Ltd

Corporate Information

Board of Directors

Non-Executive Directors	Appointed on
Mr. Sookun Gooroodeo (Appointed as Chairperson effective 30 June 2020)	10 June 2020
Mr. Sokappadu Ramanaidoo	03 October 2019
Mr. Nicolas Jean Marie Cyril	13 March 2015
Mr. Codabux Muhammad Javed	10 March 2017
Mr. Rampersad Rabin	19 September 2019
Mr. Jeetoo Mohamad Fardeen	15 July 2021
Mr. Kokil Anil Kumar	15 July 2021
Mr. Semjevee Sivananda	15 July 2021
Mrs. Vasseur-Soneea Alexandra	15 July 2021

Executive Director	Appointed on
Mr. Mungar Premchand	23 November 2018

Corporate Information

Key Management Team

	Position
Mr. Mungar Premchand	Chief Executive
Mr. Vydelingum Vishuene	Deputy Chief Executive
Mr. Mohadeb Damodarsingh (Deepak)	Officer in Charge – Finance
Mr. Motee Ramesh	Chief Risk Officer
Mr. Luximon Sanraj	Financial Controller – Special Asset
Mr. Chedumbrum Mardaymootoo Pillay (Nanda) *(From 03 May 2004 to 11 March 2022)*	Executive Head – Operations
Mr. Rawoteea Yasdeo (Rajesh) *From 23 October 2021)*	Executive Head – Products, Channels and Customer Experience
Mrs. Acharuz-Sawoky Gayetree Sunita	Head of Compliance
Ms. Saddul Anouchka	Head of Corporate Affairs, Brand Management and Marketing
Mr. Dasari Venkata Ramana *(From 04 February 2021 to 28 June 2022)*	Chief Information and Digital Officer
Mr. Muhem Dharmarajan *(From 29 June 2022)*	Acting Head – Information & Technology Services
Mr. Bhagavan Ramakrishna *(From 12 October 2017 to 01 December 2021)*	Head of Consumer Banking
Mr. Carver Jean Clifford Eric	Head of Asset Financing
Mr. Vyapooree Govinden Modeliar *(From 9 February 2018 to 01 December 2021)*	Head of Markets
Mr. Beebeejaun Muhammad Asif	Head of Special Asset Management
Mr. Madhou Chandrasen Jaynarain *(From 02 February 2021 to 18 March 2022)*	Head of Human Resources
Mrs Yacoob, Syed Aufia *(From 20 May 2022)*	Officer in Charge (“OIC”) - HR cum Institutional Development
Mr. Pooloo Maoumar AL *(From 29 June 2022)*	Head of Corporate Banking - Operations
Mr. Ramburuth Ved Atma *(From 01 August 2022)*	Head of Legal Department and Company Secretary
Mr. Poinoosawmy Veemarlen *(From 20 April 2021 to 31 August 2022)*	Acting Head of Legal

Corporate Information

Key Management Team

Internal Audit	*Position*
Mr. Seebaruth Rakesh (B.K)	Head of Internal Audit

Secretary	*Position*
Mr. Sahye Varun Sharma *(From 16 December 2020 to 30 March 2022)*	Acting Company Secretary
Mr. Luximon Sanraj *(From 26 April 2022 to 31 July 2022)*	Acting Company Secretary

Registered Office	MauBank Ltd 25, Bank Street Cybercity Ebène, 72201 Republic of Mauritius
Auditor	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street Cybercity Ebène, 72201 Republic of Mauritius

Chairman Statement

Chairman Statement

Dear Shareholders, Customers and Colleagues,

It is with immense pleasure that I present the annual report for the year 2021-2022. This is the third report that I am presenting to you since my appointment as the Chairman of the Board. From the outset, I would like to thank our shareholders for their resolve and continued support and extend our thanks to our clients, for their trust and continued business.

On a special note, I am grateful to the bank's Board members, Management team and the staff, for their hard work, dedication and commitment. Our colleagues are the face of our bank and are the source of our strength.

The Recovery of the Mauritian Economy and Resilience of the Banking Sector

The financial year 2021 – 2022 was a special one on many aspects, some of the salient items being:

i. It was during that time frame that the world garnered the hope for the first time to overcome the COVID pandemic and return to normalcy, through the massive breakthrough in Vaccines technology, development and distribution.

ii. The Russia / Ukraine war marked another event in 3 decades that two countries in Europe have engaged in armed conflict.

iii. The Climate change agenda – which was put on a back burner due to COVID – came back at the forefront of the agenda.

iv. The fall in the value of digital currencies, which some refer to as the crypto bubble burst.

The impact of these international headlines on the Mauritian economy were felt with varying degree, some more direct and intense than others.

Mauritius' focus was to get the economy moving forward and it did achieve a GDP growth of 6.1% in June 2022 with a forecast for June 2023 at 6%.

The Mauritius Financial Sector continues to be a key pillar to the economy, ranking consistently among the best – in class in Africa, on most indicators. Even Moody's noted that Mauritius's credit profile continues to benefit from a stable political and macroeconomic environment conducive to growth and attracting foreign investment. They also mentioned that the country's business-friendly investment environment has attracted foreign investment, mainly in the financial sector. This has contributed to the accumulation of international reserves, which in turn limits external vulnerability risk despite large current account deficits. The Bank of Mauritius reported gross international reserves to the tune of $7.6 billion at the end of June 2022, equivalent to 16.3 months of import coverage.

Commendable Financial Performance of the Bank

For the financial year 2021-2022, the bank posted a Profit After Tax of MUR 264.63 M, an improvement of 130% over the past financial year, where the Profit After Tax was MUR 115.07 million.

As part of the phase-in arrangements of capital requirements pursuant to the implementation of Basel III, the Bank of Mauritius requires a minimum Capital Adequacy Ratio of 12.50%. Our capital adequacy ratio at the end of our 2021-22 financial year stood comfortably at 15.21%.

The Cost to income Ratio has improved from 85.32% to 74.92%. This improvement is the result of the incessant effort of the bank to progress and streamline processes through the use of technology on the one hand, and to the increased revenue from our products on the other. The aim of MauBank is to achieve a Cost to Income Ratio which is in line with banks of similar size.

In spite the volatile and turbulent economic conditions, the bank's Total Assets has improved from MUR 32.91 Billion to MUR 33.56 Billion and has been able to contain its NPA ratio at industry average. The Return on Equity has improved more than two-fold from 3.79% to 8.48%.

Fee-based income has been given a central role in our business. It is a key driver of growth in our industry and we have made a structural decision to allocate more resources to its development. This structural change has resulted in rapid and tangible benefits to our bank. Net fee and commission income have grown to MUR 222.15 million during the 2021-2022 financial year. This marks a 7.8% increase from the previous financial year. Year-on-year, our net fee and commission income has increased steadily and these are commendable performances which is worth highlighting.

Chairman Statement

Resiliency and Efficiency through Restructuring and Innovation

MauBank is on track with the phased implementation of its re-structuring exercise and this has continued to help improve on our productivity strategy which is two-fold, i.e. improve our cost structure and make our revenue sustainable.

To become even more resilient and focused on our Clients' experience, the bank has set up a Products, Channels and Customer Experience Unit whose main objective is to look into the existing products and to research and develop innovative ones to meet the changing clients banking demands, while remaining compliant to the Regulator's guidelines at all times. In that vein, the bank has put on its products shelf the Investors' Dealers Licence and we are working hard toward developing the Withme App, such that it can accommodate more features that will make the client's digital/cashless banking experience more versatile and convenient.

We have also maintained our engagement to penetrate the global market and develop the bank's Segment B portfolio. During the year, the bank has invested significantly in the African market which has been instrumental in providing sustainable income to the revenue line.

Way Forward and Concluding Note

We are well on track with our transformation into a sustainable organisation, and the above ratios and initiatives are a clear indication of the progress we have made.

The bank's strategic objectives of achieving sustainable growth, Improve our clients' experience through innovative products and good governance standards are rightly being pathed. We look forward to continue to deliver on these strategic objectives and undertake yet another year full of fresh challenges, with the support of our shareholders, the trust of our customers and the commitment of our staff.

Mr. Gooroodeo Sookun
Chairperson
Board of Directors

CE Statement

GLOBAL BRANDS AWARDS
BEST INTERGRATED
AD CAMPAIGN
MAURITIUS

BEST CONSUMER DIGITAL
BANK MAURITIUS
Global Finance World's Best
Digital Bank
Awards 2021

cfi.co
AWARDS 2021
Best SME Banking Services
Mauritius

Chief Executive Statement

Looking Back on a Challenging Year

We stepped into the financial year in July 2021 rising slowly from the COVID-19 pandemic. As an easing of the second confinement Mauritius observed was declared earlier in May 2021, some restrictions were prudently maintained: certain sectors were kept at a halt and our borders remained closed while the Delta variant loomed over the world, with the World Health Organization indicating that it had become the dominant strain globally. Countries across the globe were not spared, with many experiencing their second or third wave of the pandemic. Economies, businesses and individuals alike remained stifled.

Notwithstanding the local and international conditions prevailing, as a responsible bank we turned to the future, with optimism and resolve, to the makeup of a post-pandemic world. Mindful of our responsibilities in holding the economic and social fabric together, we strode to cushion the impact of the pandemic and support economic recovery as a priority. Our role was crystal clear: we had to accompany our clients through this testing time while building our own resilience as a banking institution, leveraging the tremendous support of the authorities and the Bank of Mauritius to fulfill our mandate.

With borders opening in the second quarter, the tourism and other related sectors that had borne the brunt of the pandemic got back to life, and signs of recovery started appearing. Hardly had we started transitioning into a near normalcy that we were again knocked by the Russo-Ukrainian War in the third quarter, i.e. February 2022. The global supply chain – already weakened during the past years by COVID-19 - took an unimaginable blow, impeding flow of goods, fueling dramatic cost increases and creating food and other product shortages around the world. Mauritius and the actors of its economy were not spared from the inflation-triggering bang, and the consequences of hampered logistics, and trade route operations. We therefore had to bolster up our efforts to weather yet another crisis.

Albeit the challenging state of affairs and unprecedented events, the year 2021/22 was characterized by reinvention, regeneration and consolidation. For the year ending 30 June 2022, the bank managed to improve its performance substantially, with a declared profit after tax of Rs 264.6 M, representing an increase of 130% over last year's.

Consolidating its performance year on year, MauBank reaffirms its sustainable growth strategy and robust financial position. We are confident that this year distribution of dividends to the Shareholders will be a reality.

I am pleased to bring to present the Annual Report of MauBank Ltd for the financial year 2021/2022.

Supporting Economic Recovery

At the outset, I must recognize that the COVID-19 Support Programme introduced by the Bank of Mauritius (BOM) in the first wave of the epidemic in Mauritius, and later extended to 30 June 2022 has been instrumental in garnering our capacity to bring relief to our business and individual/household clients alike. Indeed, the Central Bank worked with us in a coordinated and seamless manner: moratorium on loans were granted to the lenders, and a Special Relief Amount facility was also made available to banks with the aim of meeting cash flow and working capital requirements of economic operators directly impacted by COVID-19.

For clients who did not meet the eligibility criteria of the BOM programme, MauBank devised its own support mechanism to bring relief to the latter under various schemes. The bank viewed businesses - small, medium or large - as engines of the economy that required stimulus to spur growth. From employment protection or creation to business investment, we left no stones unturned to bring the necessary solutions to our existing and new clientele. With disruptions in supply chains and rising cost of freight in the wake of the pandemic and later of the war, we provided cash flow reliefs so that business continuation of economic operation is not infringed. Recognizing that systemic challenges also bring along opportunities to recouple economic growth and social progress, the bank increased access to finance new production facilities, business lines and infrastructural spend, in-keeping with risk parameters and credit risk portfolio diversification.

We cannot but feel a strong sense of relief and satisfaction to look back and realize that, to a very large extent, our customers are still standing although having suffered the battering of the pandemic. Even if a few casualties were inevitable, overall the resilience and survival instinct won over.

Morphing Strategy for Resilience and Sustainability

MauBank's seamless business model has been instrumental in providing us the propensity and nimbleness to continually improve business scalability and agility. The outcomes were encouraging since they generally attested to the fact that we have consistently raised our service standards through cooperation and ingenuity.

However, the recent crises have revealed the real faces of volatility and uncertainty, and the impact they can have on businesses. Albeit all the challenges these conditions presented, they also packed some good lessons – some would say hard - for us. One of them is how quickly things can change, regardless of how well they were doing previously. We learned the hard way that businesses need to be kept agile and flexible, whether in terms of workforce, operations or strategy.

Thus, in the face of changing business and customer needs in a new post-pandemic era, we proceeded with a re-evaluation of our strategies and operating models to ensure we are adaptive to changing business needs and customer expectations. Internally our departments were restructured and our teams reorganized to deliver with greater efficiency. Operations and processes were streamlined with the integration of leaner workflows and automation. Our teams were shuffled and reconstituted to deliver client service that better responded to the personalized needs of customers, with focus on proximity, relationship, and quick turnaround time. To that effect, we decentralized our SME services into our 19 business centers around the island and in Rodrigues for greater customer access, knowing that sector is expected to be the lever of the economy.

Chief Executive Statement

Economic Recovery also implies that individuals and households need to pursue and realize their personal projects. One of the dreams all Mauritians have is to own their own home. To help prospecting homeowners materialize their dream by leveraging the low interest climate prevailing, as well as the Home Ownership Scheme Government introduced in the National Budget 2021/22 – whereby up to Rs 500 000 is refunded on new acquisitions and constructions - the bank living to its brand promise of being "Votre partenaire pour le progress" carried out a Home Loan campaign, whereby additional incentives were given to home buyers and builders, ultimately for a society that is more inclusive.

Building new revenue streams was also imperative to build the bank's resilience. Overreliance on traditional products and markets have proved to be insufficient during uncertain times or changing contexts. We therefore explored new revenue sources through diversification of products for different market segments. In the process we got the opportunity to rethink and adapt our products and services to better meet the needs of a dynamic clientele, operating in a rapidly changing and competitive business environment.

In the same vein, Mauritius exiting the Financial Action Task Force & European Commission lists augured well for the expansion of our International Banking propositions. We took the opportunity to venture into new business territories and new jurisdictions with diversified and more sophisticated products, while reinforcing the risk management & compliance frameworks in accordance with the increasing regulatory and compliance environment prevailing locally and internationally. Today a larger share of our portfolio is devoted to segment B, reflecting positively on our operating income.

There is no doubt that our investment in the digital ecosystem has helped us deepen our relationship with our customers through improved products and services, cross-selling and faster integration, which has driven financial returns and supported innovation. Even if subsequent lockdowns have caused some delays and somewhat forced us to review our priorities, we have pursued our digital roadmap for greater operation efficiency, service quality & customer experience.

Leveraging the introduction of the Instant Payments System by the Bank of Mauritius, our mobile application With Me has been enhanced swiftly to include new functionalities that allow users to access accounts they hold in other banks in Mauritius from our application and make instant transactions 24/7. Today the MauBank WithMe application has a remarkable array of features, including card activation and PIN management, that allow customers to serve themselves anywhere they are and we are continuously working on bringing the latest payment technologies to give our users the convenience of choice. I am particularly proud that the functionality and Customer Experience of WithMe brought us the Best Consumer Digital Bank in Mauritius 2021 by Global Finance Magazine.

Our online lending platform processing leasing application end to end was further developed to accommodate credit card applications. Unique in Mauritius, it delivers an instant in principle approval to the applicant. The digital platform allows applicants to upload supporting documents, checks the credit information of the applicant with the Central Bank (Mauritius Credit Information Bureau) through an API, and has the capacity to reject or give approval instantly for a credit card application in four phases and inform the end user of the results within a few minutes.

> It is heartening to discover the outcome of our efforts being underscored in national survey reports. According to the Banks Tracker published by Kantar in the second half of 2021, the Marketing & Communication initiatives taken by MauBank in the recent years have propelled the popularity of this bank and thus extending the frame of reference of banks from 2 to 4."
>
> "According to Kantar's Banks Brand & Customer Experience Tracker Report 2021, MauBank is a salient brand, and one with relatively higher consideration for loan products. This is a testimony of our customers' and the market's endorsement of our products and services.

Technology with Purpose

Technology has revolutionized the way banks and the financial industry in general operate. COVID 19 and confinements have proved us to what extent business continuity is contingent to digital capabilities. Be it for running our operations during crisis situations, be it for allowing our teams to function remotely or for seamless service delivery to our customers across different channels. COVID-19 has also caused an accelerated shift in consumer banking behaviour and payment trends, with digital platforms being the mainstay.

While the bank has leveraged disruptive technology to broaden its offering of digital solutions to serve the evolving needs of our customers, the change in service delivery model has brought along new cyber related risk factors. Considering the worldwide surge around technology related risks and with a view to adequately support the strategic direction of the bank, the management of cybersecurity risk has been completely revamped.

Chief Executive Statement

Our People, Our Backbone

Rising up to the challenge of reinvention, regeneration and consolidation would not having been possible without the unflinching engagement of our workforce. Our staff stood in cohesion and fulfilled its role fearlessly throughout the year, within a hybrid model of work. As a caring employer, we ensured that uninterrupted service to our customers was not a compromise on the health on our teams. Observing health protocol and vaccination were made an utmost priority so that our people evolved in a safe environment. I am proud to say that we achieved a vaccination coverage of over 90%.

Capacity building and continuous professional development of our people to encourage them to give their best remained core to our human resource programme. Almost 5000 hours of training were delivered by prestigious training institutions like CRISIL and Emeritus Business School to staff of all grades, including executives on Project Management, Strategy in Innovation and Leadership among other subjects.

Financial Performance with Sustainable Growth

Notwithstanding the disruption-crowded climate with an uneasy outlook on economic conditions and forecast, albeit social considerations sometimes overriding business ones in a context of prioritization of national stability over profitability, the bank reaffirmed its resilience and sustainable growth by going beyond doubling its profit.

As of June 2022, the bank reported a profit after tax of Rs 264.6 million, compared to Rs 115.07 million for the same period in 2021, representing an increase of 130 %.

The Bank's far-sighted approach and customer-centric strategy led to a growth in our Total Assets, valued at Rs 33.56 billion as of 30 June 2022.

Gross loans and advances sustainably stood at Rs 18.30 billion at 30 June 2022, while net fees and commissions increased to Rs. 222.15 million thanks to the growth of the business portfolio, and a growing appetite in Global Business, including cross-border lending.

Despite the pandemic brought forward economic challenges, the continued faith in our strategy was ratified by our customers' deposits reaching a level of Rs 28.79 billion.

The improvement of total operating income has enabled the Bank to register a cost to income ratio of 74.92% in the financial year under review, down from 85.32% as at 30 June 2021 as management continues to reinforce cost containment strategies.

During the year 2021-22, we consolidated our risk management processes on all fronts. Thus, it has been possible to contain impairment level at a decent level and also curtail operational losses by 60% over the previous year.

The Bank complied with all of the externally imposed capital requirements to which it was subjected. With a capital base of Rs 2.84 billion and a capital adequacy ratio of 15.21%, MauBank reaffirms its financial soundness and robustness.

Overall key performance figures and ratios recorded satisfactory progress. Our 64% Loan to Deposit ratio, comparable to industry standards, steadfastly positions us to leverage on asset growth opportunities. Yet efforts to heighten cost efficiencies and productivity will continue to be of high strategic importance.

Closing Remarks

This financial performance would not have been possible without the unflinching commitment of the MauBank Staff. I would like to personally thank our employees for embracing our vision and working tirelessly towards it.

I would also like to congratulate my leadership team for steering the boat to safer shores with insight, expertise and strategy, as well as team spirit.

Our raison d'etre is our customer base, and as more and more clients entrust us with their personal or business financial projects, I would like to thank them and reaffirm our commitment to bring value and great customer experience to them.

I am grateful to the members of the Board of Directors of MauBank Ltd for their guidance on the orientation of the bank and the level of Governance instilled in the institution, and to our Shareholders for supporting us.

Mr. Premchand Mungar
Chief Executive

Directors' Report

The Board of Directors is pleased to present the Audited Financial Statements of MauBank Ltd ("Bank") and its subsidiary, MauBank Investment Ltd, for the year ended 30 June 2022. The financial statements have been prepared in accordance with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, the International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. The Bank and its subsidiary are collectively referred to as the Group.

GLOBAL ECONOMIC OUTLOOK

After a fragile recovery in 2021, things started to become worse in 2022 as threats started to materialize. Due to downturns in China and Russia, global output decreased in the second quarter of this year, while US consumer spending fell short of forecasts. An already fragile global economy has been hit by a number of shocks, including higher-than-expected global inflation, particularly in the United States and major European economies, tighter financial conditions, a worse-than-expected slowdown in China due to COVID-19 outbreaks and lockdowns, and more detrimental effects from the conflict in Ukraine.

According to the baseline projection, growth would weaken from 6.1 percent last year to 3.2 percent in 2022, which is 0.4 percentage point less than what was predicted in the April 2022 World Economic Outlook. The United States' GDP was revised downward by 1.4 percentage points as a result of lower growth earlier this year, less consumer buying power, and tighter monetary policy. With significant worldwide repercussions, growth in China has been lowered downward by 1.1 percentage points as a result of more lockdowns and the worsening real estate crisis. Significant downgrades in Europe also reflect the effects of the crisis in Ukraine and tighter monetary policy. Due to rising food and energy costs as well as persistent supply-demand imbalances, it is now expected that global inflation will reach 6.6 percent in advanced economies this year and 9.5 percent in emerging market and developing economies—upside revisions of 0.9 and 0.8 percentage points, respectively. A disinflationary monetary strategy is anticipated to take hold in 2023, with just a 2.9% increase in world production.

Globally, rising prices continue to put pressure on living standards, therefore authorities should put an emphasis on managing inflation. Real economic consequences of tighter monetary policy are inevitable, but delaying action will only make them worse. Targeted fiscal assistance can lessen the effects on the most needy, but because of the pandemic's strain on government budgets and the necessity for a disinflationary general macroeconomic policy stance, such measures will need to be countered by higher taxes or reduced public expenditure. Financial stability will also be impacted by tighter monetary circumstances, necessitating wise use of macroprudential instruments and making changes to debt resolution regimes even more imperative. Without distorting pricing, policies to address particular impacts on energy and food costs should concentrate on those which would be most negatively impacted. Additionally, as the pandemic spreads, vaccination rates must increase to protect against potential new strains.

REVIEW OF THE MAURITIAN ECONOMY

The Russia-Ukraine war has caused a sharp increase in global inflation, which has exacerbated supply-side pressures brought on by the pandemic and significantly worsened the outlook for the world economy. The cost of most commodities has skyrocketed and is predicted to continue to do so, especially energy (oil and gas), food, and pharmaceuticals. Thanks to ongoing policy support and the removal of travel restrictions, the domestic economy is recovering. The complete reopening of borders had a positive knock-on effect that boosted trade, transportation, and innovative industries, among other related industries, and the tourism industry. In light of this, the estimate of real GDP growth for 2022 is kept at 7% to 8%. The growth outlook continues to be subject to negative risks.

The continued rise in inflation in Mauritius is largely due to supply-side factors such as rising import prices for food and energy, lingering problems with the supply chain, and higher freight costs. Through 2022, inflationary pressures are anticipated to continue. The Bank of Mauritius has increased its forecast for inflation, which now stands at about 8.6% for 2022. However, the outlook is still dependent on how the geopolitical environment will change and how that will affect commodity prices around the world.

Nonetheless, the economic dashboard in the island continues to show optimistic signs. According to sectoral research, practically all economic sectors, including the economy's fundamental pillars, have seen positive growth. Consumer and corporate confidence have risen as a result of the full opening of borders to international travel in October 2021. Vaccination and booster dosages have also played an important role in boosting morale and assisting with recovery. Between October 2021 and February 2022, Mauritius received around 262,000 tourists. The resurgence of the tourism industry has had favorable spillover effects on other industries such as retail, commerce, and building. Orders have been increasing in the manufacturing sector, which is projected to contribute favorably to growth in the future. Similarly, financial services have gained traction, particularly in the wake of Mauritius' removal from The Financial Action Task Force (FATF) list of nations under intensified supervision and the EU's blacklist. The external sector is predicted to improve even more this year as a result of these positive developments, with the current account deficit to GDP ratio projected to fall to roughly 12% in 2022, down from a revised projection of 13.8 percent in 2021.

Directors' Report

REVIEW OF THE MAURITIAN ECONOMY (Cont'd)

Compared to the IMF's 6.1 percent forecast, the Minister of Finance, Economic Planning and Development in his annual budget speech, anticipates a GDP growth of 8.5% in 2022–2023. With 1.4 million expected visitor arrivals in FY22/23, the tourism sector's ongoing recovery is the main factor influencing this outlook. The implementation of major projects, such as the National Flood Management Programme, the building of housing units, and the expansion of road networks, is also anticipated to significantly aid in the economic recovery.

The recent downgrade of Mauritius from Baa2 to Baa3 by Moody's remains the latest setback which requires caution and prudent management of the economy of the island. Whilst the outlook for the major commercial banks remain stable, it is imperative to address the economic situation in order to encourage the flow of investment to keep the economy flowing and maintain investor confidence in the financial hub of the country.

BANKING SECTOR IN MAURITIUS

Despite a challenging external environment, Mauritius' banking industry has remained resilient, steady, and sound. At the end of March 2022, it was determined that the capital and liquidity buffers were sound. The Capital Adequacy Ratio, in particular, averaged 20.0 percent in the banking industry in the island. For the same time period, the liquidity coverage ratio was 261.5%. Both buffers were significantly higher than the minimum regulatory standards imposed by the Bank of Mauritius and indicate that the sector as a whole is resilient.

With a rapidly depreciating rupee and a highly challenging economic environment, the Bank of Mauritius continues to monitor its prudent approach to ensure that the market remains liquid while maintaining a good reserve of foreign currency. Caution remains the way forward as the Bank of Mauritius helps the local economy get back on track.

Inspite of the downgrade from Moody's to Baa3 stable, most banks in Mauritius continue to enjoy a good liquidity ratio as well as being stable. The preservation of the Investment Grade status with a stable outlook strengthens the nation's strategy as the International Financial Centre for sustainable investments to Africa and other important strategic regions. The Bank of Mauritius makes sure that the banking industry is strong by ensuring that banks are solid, liquid, and adequately capitalized with room for any additional shocks.

Source:
International Monetary Fund World Economic Outlook July 2022
Bank of Mauritius Monetary Policy Committee June 2022

Directors' Report

FINANCIAL RESULTS AND BUSINESS ACTIVITIES

The Bank's total assets was Rs 33.56 billion as at 30 June 2022 against Rs 32.91 billion as at 30 June 2021 whilst gross loans and advances stood at Rs 18.30 billion as at 30 June 2022, a similar level as at 30 June 2021. On the other hand, the Bank has experienced a slight increase in its deposit base from Rs 28.38 billion at 30 June 2021 to Rs 28.79 billion at 30 June 2022, an increase of 1.4%.

The Bank ended the year 30 June 2022 with a profit after tax of Rs 264.63 million against a profit after tax of Rs 115.07 million for last year.

Please refer to the Management Discussion and Analysis on page 206 for more details.

CORPORATE GOVERNANCE

MauBank Ltd adheres to good corporate governance principles and procedures in its business strategy, operations and organisational culture.

The Board of Directors of the Bank delegates its powers to several Board Committees and Management Committees which operate in line with the best international good corporate governance practices, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank.

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee
ii. Board Risk Management Committee
iii. Nomination and Remuneration Committee
iv. Conduct Review Committee
v. Board Investment & Credit Committee
vi. Corporate Governance Committee
vii. Strategy and Finance Committee
viii. Procurement Committee
ix. Board Cybersecurity Committee

The Bank ensures adherence to all its policies and procedures which are in line with the guidelines issued by the Bank of Mauritius (Central Bank or BOM). An Anti-Money Laundering Unit, forming part of the Compliance department, is specifically mandated to safeguard the reputation and integrity of the Bank by safeguarding against any money laundering offence.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2022, the major shareholding of the Bank was as follows:

MauBank Holdings Ltd	99.96 %
Other Shareholders	0.04 %

Directors' Report

DIRECTORS' REMUNERATION

The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 20,574,691** for year ended 30 June 2022 compared to Rs 17,884,682 for the year ended 30 June 2021 and Rs 18,302,379 for the period ended 30 June 2020.

The total remuneration paid to the directors of the Bank for the year ended June 30, 2022 are as follows;

	Remuneration (Rs)
Executive Director	15,865,691
Non-Executive Directors	4,709,000
	20,574,691

As per Section 221(1)(e)(ii) of Companies Act 2001, the remuneration received by each director individually are as follows:

Executive	
Mr. Mungar Premchand	15,865,691
Non-Executive	
Mr. Sookun Gooroodeo	1,034,000
Mr. Sokappadu Ramanaidoo	550,000
Mr. Nicolas Jean Marie Cyril	390,000
Mr. Rampersad Rabin	410,000
Mr. Codabux Muhammad Javed	515,000
Mr. Jeetoo Mohamad Fardeen	380,000
Mr. Semjevee Sivananda	465,000
Mr. Kokil Anil Kumar	480,000
Mrs. Vasseur-Soneea Alexandra	485,000
	20,574,691

DIRECTORS' SERVICE CONTRACTS

The Bank has an employment contract with the Executive Director, Mr. Premchand Mungar, who was appointed Chief Executive with effect from 23 November 2018.

DONATIONS

During the year ended 30 June 2022, donations made by the Bank amounted to **Rs 1,282,259** (30 June 2021: Rs 1,399,497). However, there were no political donations made.

Directors' Report

DIRECTORS' SHARE INTERESTS

The Directors have no direct or indirect interest in the share capital of the Bank.

AUDITOR

In pursuance of the extension period granted by the Bank of Mauritius, Deloitte is in its seventh and last year as external auditor of the Group and the Bank for the year ended 30 June 2022 and its remuneration, inclusive of Value added Tax, for audit and other services payable, is as follows:

	The Group			The Bank		
	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**5,488,375**	5,229,625	4,512,600	**5,341,750**	5,088,750	4,382,650
Other services	**231,150**	-	287,500	**231,150**	-	287,500
TOTAL	**5,719,525**	5,229,625	4,800,100	**5,572,900**	5,088,750	4,670,150

The audit related fees payable for the year ended 30 June 2022 to Deloitte relates to fees for the review of the Bank's mobile banking and mobile payment services, and agency banking process.

As part of the additional services provided, the teams involved are not part of any decision-making process in the audit team of Deloitte. Moreover, with different teams involved, Deloitte retains its independence with regards to their statutory obligations.

The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), to discuss the external auditor's remit and any issues arising from the external audit. Meetings are also held with the external auditor by the Board / Board members, without the presence of Management, at least once a year, if required.

The members of Audit Committee have met with the external auditor without the presence of management in September 2021.

PROSPECTS AHEAD

MauBank Ltd's operations span across the following pillars: Retail, SME, Corporate and International Banking; as it continues to grow in these areas.

The Bank has been actively pursuing growth opportunities in its International Banking business as it aims to consolidate its network within its global and African business partners. We have further launched new products, such as the Green Loan, to aid our clients to align with the Government's policy of adopting sustainable energies for a greener Mauritius. We continue to remain at the forefront to provide exceptional and customer needs based services to the satisfaction of our clients.

We remain fully aware of the ever increasing impact of technological services and at MauBank Ltd, we remain committed to providing a fast and efficient service through the use of technology based platforms to enhace customer experience. We are pleased to announce that our online leasing platform has seen a substantial growth in the number of users due to its simplicity of use and generation of instant approval.

Management is fully aware of the ever increasing competition in the banking sector in the Republic of Mauritius and our efforts shall be converged to ensure that we remain among the top three domestic banking institution in Mauritius through our strategical planning and product development.

Directors' Report

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, financial performance and cash flows of the Group. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.
The directors confirm that they have complied with the above requirements in preparing the financial statements.

ACKNOWLEDGEMENTS

The Bank is grateful for the support given by the Government of Mauritius as ultimate shareholder, the Honourable Prime Minister and Minister of Finance, Economic Planning & Development and the Financial Secretary. The Bank is also grateful to management and the employees for their commitment and support. The Bank wishes to convey its special thanks to its customers and depositors for their unwavering trust and continued support.

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

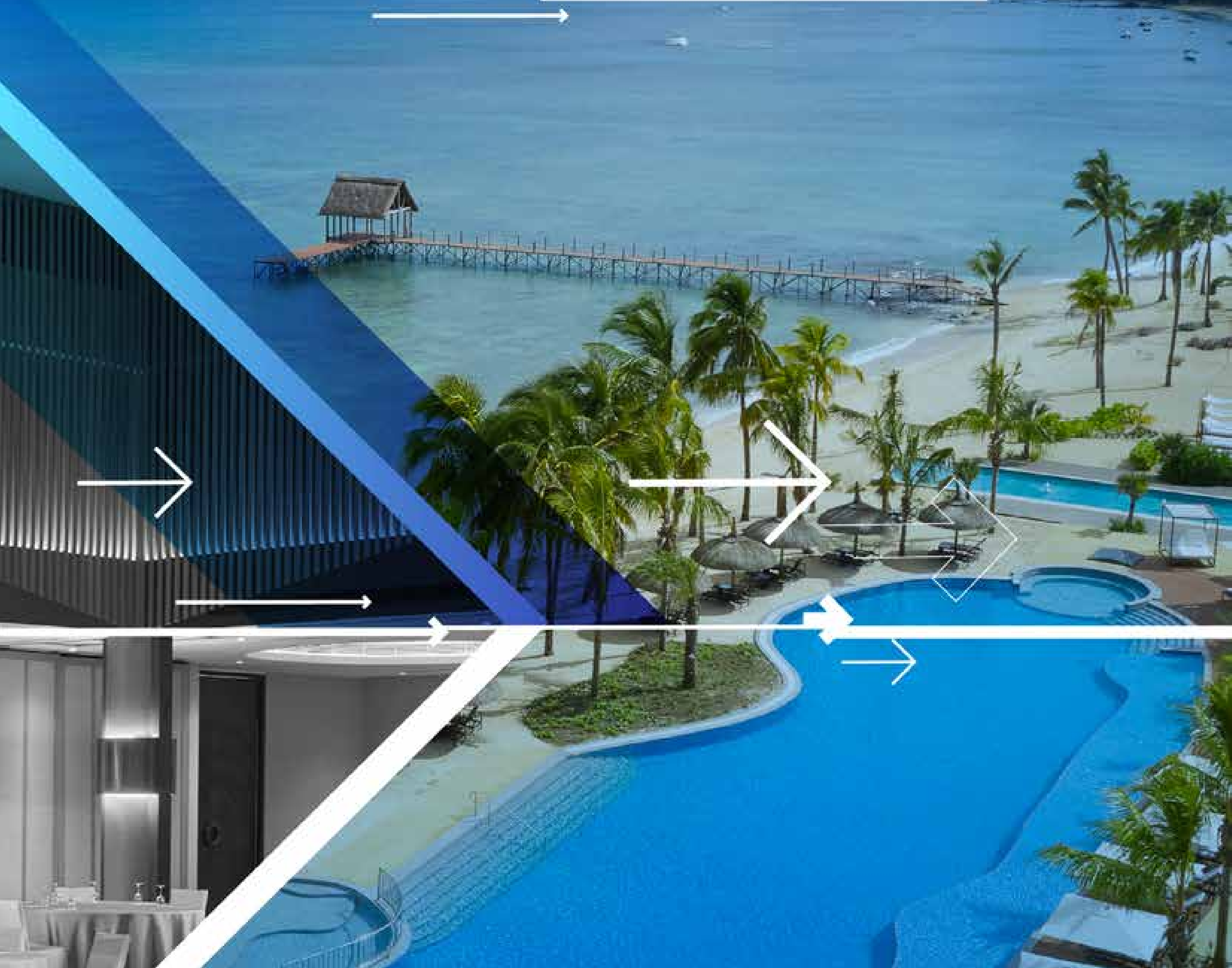
Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 28 September 2022

Ebène 72201, Republic of Mauritius


rebooting
the hospitality
industry

Le Méridien



Hospitality/Tourism Sector

During the Covid-19 pandemic, the tourism industry was highly impacted in Mauritius and now with the opening of the borders, the hospitality industry is slowly recovering, and a sense of “new normalcy” is gradually sinking in with the arrival of tourists from different countries. MauBank believes in the potential of this sector and is providing full support in rebooting the economy through the tourism industry.

Le Méridien Ile Maurice is a Five-star hotel situated on the North/West cost of Mauritius and forms part of the International cluster Marriott Group of Hotels. Le Meridien is the perfect resort for a beach escape and is one of the most renowned hotels in Mauritius.

Corporate Governance Report

'The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of an organization'. [The National Code on Corporate Governance 2016 (the "Code")]

Recognizing and understanding the positive impacts that the Code can bring in an organization, MauBank Ltd ("MauBank" or the "Bank") has ensured that its strategies are aligned to the Code together with other applicable laws and guidelines, whereby, encouraging a culture and attitude that nurture the principles of Corporate Governance throughout decision making.

This report sets out the Bank's Corporate Governance processes and the role they play in supporting the delivery of the Bank's strategy and provides for explanations from any deviations from the Code.

This report is published on the Company's website, as part of the Annual Report.

1. Statement of Compliance by the Board

For matters of good governance, the Bank is guided by the Bank of Mauritius' Guideline on Corporate Governance, The National Code of Corporate Governance for Mauritius (the "Code") as revised in 2016 together with other fundamental legislations such as the Banking Act 2004 and the Mauritius Companies Act 2001.

The Bank has endeavoured to adhere to the principles as set out in the Code by taking matters at Board level and Committees of the Board. The Board is of view that there is no material deviation to be highlighted. In addition, the Bank has a Corporate Governance Committee to specifically discuss on Corporate Governance matters. The Bank's Corporate Governance system further comprises Management Forums, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations.

The above-mentioned system provides structures for the following:

- Formulation of strategic directions and plans;
- Setting up of corporate objectives and budgets;
- Establishing clear lines of responsibility and accountability;
- Delegation of authority to management to implement Board approved plans and strategies and to operate the Bank's business on a day to day basis;
- Sanctioning of banking facilities to related parties and large credit exposure to a customer / group;
- Monitoring of performance and compliance with laws, regulations, policies and procedures;
- Risk Management framework;
- Internal control systems;
- Rewards and incentives;
- Succession planning for Executives; and
- Good governance practices.

To the best of its knowledge, the Board has relentlessly endeavoured towards attaining, adhering and maintaining throughout the financial year 2021-2022, the highest level of Corporate Governance in accordance with the Guideline on Corporate Governance issued by the Bank of Mauritius, the National Code for Corporate Governance and other relevant legislations.

2. Brief Overview of the Underlying Principles of the Code of Corporate Governance

The Code rests on eight (8) core principles that encourages the "apply and explain" approach, whereby, allowing organisations to adapt its practices to particular circumstances.

These principles are:

1. The Governance Structure
2. The Structure of the Board and its Committees
3. Director Appointment Procedures
4. Director Duties, Remuneration & Performance
5. Risk Governance and Internal Control
6. Reporting with Integrity
7. Audit
8. Relations with Shareholders and other key Stakeholders

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED

2.1 PRINCIPLE 1: GOVERNANCE STRUCTURE

“All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.”

“The board has the ultimate responsibility for the safety and soundness of the financial institution. It must oversee the institution’s business strategy, internal organisation and governance structure, its risk management and compliance practices, and key personnel decisions. It is essential that there be a clear demarcation of responsibilities and obligations between the board and management. The board should be independent from management”. (Bank of Mauritius Guideline on Corporate Governance)

MauBank Ltd, a Public Interest Entity (“PIE”), is led by a unitary Board, which is collectively responsible and accountable for the decisions taken. To better discharge its duties, the Board of Directors delegates its powers to various Board Committees and Management Committees which operate in line with good corporate governance practices, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank. The Board Charter, as approved by the Board, caters for the delegation of authority and provides the necessary mandates for the proper functioning of the below mentioned committees together with an effective oversight process.

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee
ii. Board Risk Management Committee
iii. Nomination and Remuneration Committee
iv. Conduct Review Committee
v. Board Investment & Credit Committee
vi. Corporate Governance Committee
vii. Strategy and Finance Committee
viii. Procurement Committee
ix. Board Cybersecurity Committee

The Chief Executive (CE) together with management executives are responsible for the day to day operations of the Bank and regularly reports to the various Committees of the Board and ultimately to the Board of Directors who keep an oversight that the decisions taken are in line with best practices inclusive of legal and regulatory requirements.

The Bank also ensures adherence to all its policies and procedures which are in line with the Guidelines issued by the Bank of Mauritius. The operating model of the Bank ensures segregation of duties and also well-defined lines of responsibilities of the sub committees are laid down through the terms of reference of each Committees.

2.1.1 Key Features of Board processes

In addition to their regular meetings, the Board can be convened as and when required.

Key decisions taken by the Board, include:

- Review and approval of monthly, quarterly and annual financial accounts;
- Review and approval of annual budget
- Review and approval of Corporate Strategy;
- Approval of Board Charter and the Terms of References of sub-committees;
- Ratification of Organisational Chart through the Remuneration and Nomination Committee;
- Ratification of key senior positions through the Remuneration and Nomination Committee;
- Approval of policies and procedures, inclusive of the Bank’s Code of Conduct and Ethics.

2.1.2 Website

As part of its obligations under the Code, the following documents can be found on the Bank’s website:

- Constitution of the Bank;
- Organisation Chart;
- Directors details; and
- Board Charter.

Management is in the process of adopting the below governance documents which will be uploaded on the Bank’s website in the course of the next financial year:

- Statement of accountabilities;
- Job descriptions of the key senior governance positions; and
- Conflicts of interest and related party transactions policy;

2.2 Principle 2: The Structure of the Board and its Committees

“The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board’s decision taking. The Board should be of a size and level of diversity commensurating with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties.” (Bank of Mauritius Guideline on Corporate Governance)

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.1 Board Size and Composition

The recommended number of Independent Director as per the BOM's Guideline on Corporate Governance and the Banking Act 2014 is 40 per cent of the Board composition.

The Board of MauBank Ltd is a unitary Board that currently comprises of six (6) Independent Directors, representing 60 percent of the Board composition, three (3) Non-Executive Directors and one (1) Executive Director, who are all Mauritian residents. The Board includes directors from various industries and backgrounds which it believes is sufficient towards effective decision making. Moreover, with no alternate directors' discussions at Board and Committee levels, discussions and decision making are more productive and effective.

Currently with the membership of ten (10) Directors, the Board believes that it is commensurate to the Bank's current business activities. The Directors are appointed on the Board in accordance with laws of Mauritius and the constitution of the Bank. Their membership is renewed on an annual basis during the Annual Meeting of Shareholders. The last Annual Meeting was held on 03 December 2021.

For the financial year ended 30 June 2022, the Chief Executive was the sole Executive Director at the Bank and he was supported by a robust executive management team.

Recognising the importance of diversity, MauBank Ltd continue to engage in creating new and inspiring possibilities for women within the Bank. Presently, three women form part at the Executive Committee level.

2.2.2 Board Composition

- 1 Executive Director
- 3 Non-Executive Directors
- 6 Independent Directors

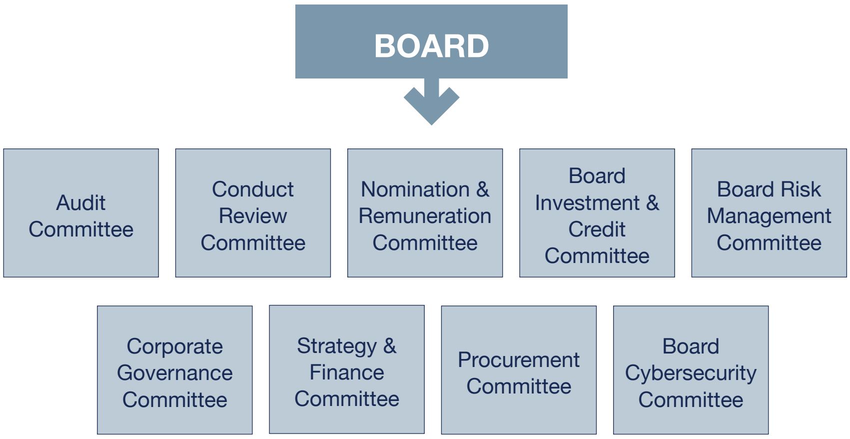
- Mr. Sookun Gooroodeo
  Independent Director & Chairperson
  (Appointed on 10 June 2020)
- Mr. Mungar Premchand
  Executive Director
  (Appointed on 23 November 2018)
- Mr. Nicolas Jean Marie Cyril
  Independent Director
  (Appointed on 13 March 2015)
- Mr. Codabux Muhammad Javed
  Independent Director
  (Appointed on 10 March 2017)
- Mr. Rampersad Rabin
  Non-Executive Director
  (Appointed on 19 September 2019)
- Mr. Sokappadu Ramanaidoo
  Non-Executive Director
  (Appointed on 03 October 2019)
- Mr. Kokil Anil Kumar
  Independent Director
  (Appointed on 15 July 2021)
- Mrs. Vasseur-Soneea Alexandra
  Independent Director
  (Appointed on 15 July 2021)
- Mr. Semjevee Sivananda
  Independent Director
  (Appointed on 15 July 2021)
- Mr. Jeetoo Mohamad Fardeen
  Non-Executive Director
  (Appointed on 15 July 2021)

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.3 The Board, its committees structure & mandate

2.2.3.1 Board and Committees Structure



2.2.3.2 Board Mandate

The Board as empowered by the Bank's Constitution and Charter is responsible, among others, to:

- Function independently of management;
- Operate at a higher level than management;
- Exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the Bank so that it achieves sustainable prosperity;
- Ensure that policies, procedures and practices are in place to protect the Bank's assets and reputation;
  Consider the necessity and appropriateness of installing a mechanism by which breaches of the principles of corporate governance may be reported;
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- Ensure that there is a suitable induction and evaluation program in place which meets specific needs of the Bank and its directors;
- Appoint the CE and ensure that succession is professionally planned in good time; and
- Balance 'conformance' and 'performance'. Conformance is compliance with the various laws, regulations and codes governing organisation. Ensuring performance requires the development of a commensurate enterprise culture within the organisation so that returns to shareholders are maximized while respecting the interests of other stakeholders.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.3.3 Board Attendance

Directors are expected to attend, in person or by teleconference, Board meetings, except in exceptional circumstances. The following table gives the record of attendance at meetings of the Bank's Board during the financial year ended 30 June 2022:

Members	Date of Appointment	Board Status	Meeting Attendance
SOOKUN Gooroodeo (Chairperson)	10-Jun-2020	Independent Director	16/16
MUNGAR Premchand	23-Nov-2018	Executive Director	16/16
NICOLAS Jean Marie Cyril	13-Mar-2015	Independent Director	13/16
CODABUX Muhammad Javed	10-Mar-2017	Independent Director	16/16
RAMPERSAD Rabin	19-Sep-2019	Non-Executive Director	14/16
SOKAPPADU Ramanaidoo	03-Oct-2019	Non-Executive Director	16/16
KOKIL Anil Kumar	15-July-2021	Independent Director	15/16
VASSEUR-SONEEA Alexandra	15-July-2021	Independent Director	14/16
SEMJEVEE Sivananda	15-July-2021	Independent Director	15/16
JEETOO Mohamad Fardeen	15-July-2021	Non-Executive Director	15/16

2.2.4 Committees of the Board

The Audit Committee, Conduct Review Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance Committee were constituted on 31 March 2016. The Board Investment and Credit Committee was constituted on 31 March 2016 and reconstituted as the Board Investment & Credit Committee on 05 November 2019.

The Strategy and Finance Committee was reconstituted on 27 July 2021.

The Procurement Committee was constituted on 27 July 2021.

The Board Cybersecurity Committee was constituted on 21 June 2022.

Following the revised Bank of Mauritius Guideline on Related Party Transactions issued in May 2022, the Conduct Review Committee was dispensed with on 21 June 2022 and its roles and responsibilities have been entrusted to the Board.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.1 Audit Committee

Mandate

The Audit Committee's principal function is to oversee the Bank's financial reporting process, monitor the internal control systems, review financial statements, provide support to the Board of Directors on compliance, audit and financial matters, oversee performance of external and internal auditors of the Bank and review internal and external inspections.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Kokil Anil Kumar (Chairperson)
- Mr. Sookun Gooroodeo
- Mr. Semjevee Sivananda

Committee Attendance

The Directors who served on the Audit Committee and their attendance during FY 2021/2022 are as follows:

Members	Board Status	Meeting Attendance
KOKIL Anil Kumar (Chairperson)	Independent Director	15/15
SOOKUN Gooroodeo	Independent Director	6/15
SEMJEVEE Sivananda	Independent Director	15/15

2.2.4.2 Conduct Review Committee

Mandate

The Conduct Review Committee ensures that the Bank has in place policies and procedures to comply with the requirements of the Bank of Mauritius ("BOM") Guideline on Related Party Transactions. The Conduct Review Committee reviews and approves each credit exposure to related parties and ensures that market terms and conditions are applied to all related party transactions. The Conduct Review Committee furthermore reviews the practices of the Bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Bank is identified and dealt with in a timely manner.

The Committee was reconstituted on 26 April 2022. Following the revised Bank of Mauritius Guideline on Related Party Transactions in May 2022, the Conduct Review Committee was dispensed with on 21 June 2022 and its roles and responsibilities have been entrusted to the Board.

The composition of the CRC was as follows:

- Mr. Jeetoo Mohamad Fardeen (Chairperson)
- Mr. Mungar Premchand
- Mr. Nicolas Jean Marie Cyril
- Mr. Sokappadu Ramanaidoo
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.2 Conduct Review Committee (Cont'd)

Committee Attendance

The Directors who served on the Conduct Review Committee and their attendance during FY 2021/2022 were as follows:

Members	Board Status	Meeting Attendance
JEETOO Mohamad Fardeen (Chairperson)	Non-Executive Director	5/5
SOKAPPADU Ramanaidoo	Non-Executive Director	5/5
MUNGAR Premchand	Executive Director	5/5
NICOLAS Jean Marie Cyril	Independent Director	4/5
SEMJEVEE Sivananda	Independent Director	5/5
VASSEUR-SONEEA Alexandra (as from 26 April 2022)	Independent Director	2/2

2.2.4.3 Nomination and Remuneration Committee

Mandate

The Nomination and Remuneration Committee is a committee of the Board which has the responsibility of selecting competent and qualified personnel and making recommendations to the Board of Directors. The Committee aims to retain and attract qualified and experienced personnel for the smooth running of the Bank.

The roles of this Committee are to review corporate objectives and budgets, senior executives' performance, reward policy and approve productivity bonus policy to employees, approve salary revisions, service conditions and staff welfare policy, approve recruitment or promotion of top managers, review irregularities and serious offences, recommend recruitment and terms of contract of employment of the Chief Executive and other Senior Officers, review and recommend nomination of suitable persons eligible as candidate for directorship, in accordance with Fit and Proper Person Policy and the BOM Guideline on Corporate Governance.

The Nomination and Remuneration Committee also reviews the Bank's Organisational Chart, which is ultimately tabled at Board Level for ratification.

The Committee was reconstituted on 26 April 2022 and the current composition is as follows:

- Mr. Sokappadu Ramanaidoo (Chairperson)
- Mr. Mungar Premchand
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra
- Mr. Jeetoo Mohamad Fardeen

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.3 Nomination and Remuneration Committee (Cont'd)

Committee Attendance

The Directors who served on the Nomination and Remuneration Committee and their attendance at committee meetings during FY 2021/2022 are as follows:

Members	Board Status	Meeting Attendance
SOKAPPADU Ramanaidoo (Chairperson as from 26 April 2022)	Non-Executive Director	1/1
SEMJEVEE Sivananda (as from 26 April 2022)	Independent Director	1/1
JEETOO Mohamad Fardeen (as from 26 April 2022)	Independent Director	1/1
VASSEUR-SONEEA Alexandra	Independent Director	8/8
MUNGAR Premchand	Executive Director	7/8
RAMPERSAD Rabin (Chairperson until 26 April 2022)	Non-Executive Director	7/7
NICOLAS Jean Marie Cyril (until 26 April 2022)	Independent Director	7/7
CODABUX Muhammad Javed (until 26 April 2022)	Independent Director	7/7
KOKIL Anil Kumar (until 26 April 2022)	Non-Executive Director	5/7

2.2.4.4 Board Investment and Credit Committee

Mandate

The Board Investment and Credit Committee reviews and approves credit proposals above Rs. 100 million. This Committee is held as and when the need arises. The Committee also approves all relevant policies pertaining to Investment and Credit of the Bank.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Codabux Muhammad Javed (Chairperson)
- Mr. Mungar Premchand
- Mr. Sokappadu Ramanaidoo
- Mrs. Vasseur-Soneea Alexandra

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.4 Board Investment and Credit Committee (Cont'd)

Committee Attendance

The Directors who served on the Board Investment & Credit Committee and their attendance at committee meetings during FY 2021/22 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed (Chairperson)	Independent Director	17/17
SOKAPPADU Ramanaidoo	Non-Executive Director	16/17
VASSEUR-SONEEA Alexandra	Independent Director	14/17
RAMPERSAD Rabin(until 29 April 2022)	Non-Executive Director	12/13
MUNGAR Premchand	Executive Director	16/17

2.2.4.5 Board Risk Management Committee

Mandate

The main responsibilities of the Board Risk Management Committee are the identification and oversight of the principal risks at the Bank, including but not limited to credit, market, liquidity, operational, compliance and regulatory and reputational risks and the actions taken to mitigate them. It is also responsible to advise the Board on the Bank's overall current and future risk appetite, tolerance and strategy and oversee Senior Management's implementation of the risk appetite framework and reporting on the state of risk culture in the Bank to the Board.
The Committee was reconstituted on 26 April 2022 and the current composition is as follows:

- Mr. Jeetoo Mohamad Fardeen (Chairperson)
- Mr. Mungar Premchand
- Mr. Kokil Anil Kumar
- Mr. Semjevee Sivananda

Committee Attendance

The Directors who served on the Board Risk Management Committee and their attendance during FY 2021/2022 are as follows:

Members	Board Status	Meeting Attendance
JEETOO Mohamad Fardeen (Chairperson)	Independent Director	4/4
MUNGAR Premchand	Executive Director	4/4
KOKIL Anil Kumar	Independent Director	4/4
SEMJEVEE Sivananda (as from 26 April 2022)	Independent Director	2/2
CODABUX Muhammad Javed (until 31 January 2022)	Independent Director	1/1

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.6 Corporate Governance Committee

Mandate

The Committee is responsible to determine, agree and develop the Bank's general policy on corporate governance in accordance with applicable Codes, Guidelines and Legislations. It should also ensure that the corporate governance report and disclosures to be published in the Bank's annual report is in compliance with provisions all applicable Codes, Guidelines and Legislations.

Specifically, the duties of the Committee are to:

- Develop and recommend to the Board a corporate governance framework and a set of corporate governance guidelines.
- Review and evaluate the implementation of the corporate governance guidelines within the organisation.
- Periodically review and evaluate the effectiveness of the organisation's Code of Business Conduct and Ethics.
- Ensure that an adequate process is in place for the Board and senior management to compliance with the organisation's Code of Business Conduct and Ethics.
- Review the position descriptions of the chairperson, deputy chairperson, and Board committee chairs and recommend any amendments to the Board .
- Review and recommend the implementation of structures and procedures to facilitate the Board's independence from management
- Review annually with the Board the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, age, skills, gender and experience required for the Board as whole.
- Make recommendations to the Board with respect to the size and composition of the committees of the Board including the corporate governance committee.
- Make recommendations on the frequency, structure and functioning of Board meetings and Board committee meetings.
- Monitor and evaluate the functioning of committees and make any recommendations for any changes including the creation and elimination of committees.
- Develop charters for any new committees established by the Board and review the charters of each existing committee and recommend any amendments to the charter.
- Review any notice given by an individual director that the director intends to retain an outside advisor at the expense of the organisation
- Review all related party transactions and situations involving board members and refer where appropriate to the Board or the shareholders general meeting.
- Oversee the evaluation of the Board as a whole, its committees and individual directors. If the evaluation is being conducted internally, oversee Board performance and report annually to the Board with an assessment of the Board's performance.
- Review its own performance annually.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the bank and the market in which it operates.
- Periodically receive a report from Legal Counsel or Chief Compliance Officer or Company Secretary or Chief Governance Officer on compliance issues.
- Ensure that an adequate process is in place for the Board and senior management to comply with the Mauritius Code of Corporate Governance.
- Work and liaise as necessary with all other Board committees.

The Committee was reconstituted on 31 January 2022 and the current composition is as follows:

- Mr. Sokappadu Ramanaidoo (Chairperson)
- Mr. Mungar Premchand
- Mr. Kokil Anil Kumar
- Mr. Jeetoo Mohamad Fardeen
- Mrs. Vasseur-Soneea Alexandra
- Mr. Codabux Muhammad Javed

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.6 Corporate Governance Committee (Cont'd)

Committee Attendance

The Directors who served on the Corporate Governance Committee and their attendance during FY 2021/2022 are as follows:

Members	Board Status	Meeting Attendance
SOKAPPADU Ramanaidoo (Chairperson)	Non-Executive Director	2/2
MUNGAR Premchand	Executive Director	2/2
KOKIL Anil Kumar	Independent Director	2/2
JEETOO Mohamad Fardeen	Independent Director	2/2
VASSEUR-SONEEA Alexandra	Independent Director	2/2
CODABUX Muhammad Javed (as from 31 January 2022)	Independent Director	1/1

2.2.4.7 Strategy and Finance Committee

Mandate

The duties of the Committee are to advise the Board on the overall short and long term strategy of the Bank and monitor the Bank's long-term financial stability, to consider and approve strategic and financial plans of the Bank for recommendation to the Board, to oversee and monitor implementation of the Bank's Strategic Plan and its associated financial plans, to advise management in relation to the Bank's capital structure and its underlying equity/debt funding strategy and to monitor the Bank's quarterly financial performance.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Rampersad Ravin (Chairperson)
- Mr. Sookun Gooroodeo
- Mr. Mungar Premchand
- Mr. Sokappadu Ramanaidoo
- Mr. Jeetoo Mohamad Fardeen

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.7 Strategy and Finance Committee (Cont'd)

Committee Attendance

The Directors who served on the Strategy and Finance Committee and their attendance during FY 2021/2022 are as follows:

Members	Board Status	Meeting Attendance
RAMPERSAD Rabin (Chairperson)	Non-Executive Director	2/2
MUNGAR Premchand	Executive Director	2/2
SOOKUN Gooroodeo	Independent Director	2/2
JEETOO Mohamad Fardeen	Independent Director	2/2
SOKAPPADU Ramanaidoo	Non-Executive Director	2/2

2.2.4.8 Procurement Committee

Mandate

The duties of the Committee shall be to review certain revenue and capital expenditure of the Bank to ensure that the Bank's expenditure is appropriate in the pursuit of the Bank's operations, including evaluating and making recommendation to the Board on any acquisition or disposal and/or any undertaking or part of any undertaking of the Bank, approving any emergency procurements, monitoring, evaluating and reviewing management's procedures for procurement, on a regular basis and the controls in place to ensure value for money and determine and set inbuilt accountability parameters for management in case of failure and reviewing the Bank's procurement policy for recommendation to the Board.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Nicolas Jean Marie Cyril (Chairperson)
- Mr. Mungar Premchand
- Mr. Codabux Muhammad Javed
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra

Committee Attendance

The Directors who served on the Procurement Committee and their attendance at committee meetings during FY 2021/22 are as follows:

Members	Board Status	Meeting Attendance
NICOLAS Jean Marie Cyril (Chairperson)	Independent Director	6/7
MUNGAR Premchand	Executive Director	7/7
CODABUX Muhammad Javed	Independent Director	7/7
VASSEUR-SONEEA Alexandra	Independent Director	7/7
SEMJEVEE Sivananda	Independent Director	7/7

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.4.9 Board Cybersecurity Committee

Mandate

The duties of the Committee are to assist the Bank in fulfilling its Cybersecurity risks management and control responsibilities. The Committee ensures Cybersecurity is managed in a manner consistent with the Bank's strategic objectives, regulatory requirements and its approved operational risk appetite. It oversees Senior Management's implementation of the cybersecurity and information security risk appetite framework and reporting on the state of cybersecurity and information security culture in the Bank. It also considers and approves recommendations in respect to cybersecurity and information security.

The Committee was constituted on 21 June 2022 and the current composition is as follows:

- Mr. Kokil Anil Kumar (Chairperson)
- Mr. Mungar Premchand
- Mrs. Vasseur-Soneea Alexandra
- Mr. Semjevee Sivananda

2.2.5 Directors' Independence

With 60% of independent directors on its Board, the Bank ensures that the decision taking processes are independently taken, in the best interest of the Bank. Moreover, by also taking into consideration the guidance put forth by the Code, the Board ensures that Directors form an independent view on any related matter presented at Board Level and any conflict, real or potential, is brought to the attention of the Board decision taking. This ensures that decisions taken are equitable for all concerned parties.

As guidance, the Code has provided for added criteria to determine the independence of a Director:

- Has the director been an employee of the Bank or Group within the past three years?
- Has the director had within the past three years, a material business relationship with the organisation either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the organisation?
- Has the director received additional remuneration from the organisation apart from a director's fee or as a member of the organisation's pension scheme?
- Is the director a nominated director representing a substantial shareholder?
- Has the director close family ties with any of the organisation's advisers, directors or senior employees?
- Has the director cross directorships or significant links with other directors through involvement in other companies or bodies?
- Has the director served on the Board as per term of office prescribed by the Bank of Mauritius guideline on Corporate Governance?

The Board considers that with the Government of Mauritius being a substantial shareholder of the Bank, nominated directors forms part of the prevailing norm in Mauritius. Also, being State Owned, there is an implied duty towards the public and being answerable to decisions which are taken. As such, any nominated director further ensures that decisions taken at Board level are to the best interests of the all concerned stakeholders.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.2.6 Company Secretary

The Bank's Secretary to the Board is guided by its Constitution, the Mauritius Companies Act 2001 as well as other Guidelines issued by the BOM and the Code. Directors may consult and liaise directly with the Secretary should the need arise, who acts as an 'Independent and Trusted Adviser' of the Directors. The Secretary ensures that all relevant Legislations, Guidelines and any such codes are adhered to by the Board and provide for advice on corporate governance matters as and when required.

In addition, the Board have access to independent professionals for further advice.

The details on the Company Secretary can be found in the Administration section on page 228.

2.3 PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The Search for Board candidates should be conducted and appointments made on merit against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key office holders." (The National Code of Corporate Governance for Mauritius).

2.3.1 Directors' appointment, election, induction and re-election of directors

Following its mandate, the Nomination and Remuneration Committee has set specific procedures, including a Directors' Onboarding Checklist, have been put in place for newly appointed directors to familiarize themselves with the Bank's overall structure as well as their expected roles and responsibilities as per the Mauritius Companies Act 2001, the Bank's Constitution, the Board and Committees' Terms of References as well as other Guidelines and the Code.

The Board is responsible for the induction of newly appointed Directors and it ensures that they are given a well thought out induction programme to help them acquaint with the proceedings of the Board. Accordingly, on appointment, directors are provided with a comprehensive 'Directors' Induction' pack comprising, amongst others, of the above-mentioned documents and receive appropriate induction and orientation process on their expected roles and responsibilities.

Additionally, regular training programs are arranged for all the Bank's directors to help them better discharge their responsibilities as members of the Board.

The directors adhere to the provision in the Guideline on Corporate Governance which allows a director to serve for a maximum term of six years. Recognising the need to have a formal succession plan at the Bank, a 'Succession Planning for Directors' has been drafted and implemented, based on the feedback provided by Directors in their evaluation exercise.

2.3.2 Biographies of Directors

The directors' profile is described in the "Administrative Information" Section.

2.3.3 Website

As per the recommendations of the Code under principle, the following can be found on the Bank's website:

- Profile of individual directors

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4 Principle 4: Director Duties, Remuneration and Performance

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, Committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives." (The National Code of Corporate Governance for Mauritius).

2.4.1 Legal Duties of Directors

Directors are apprised of their role when joining the Bank. A Directors' Induction Handbook ("Handbook") is provided to each and every director on onboarding and includes some key legal and regulatory requirements, inclusive of the Mauritius Companies Act 2001, the Banking Act 2004, Bank of Mauritius' Guideline on Corporate Governance as well as the National Code of Corporate Governance.

The Handbook outlines the roles, responsibilities and duties of the Directors as per below:

- to act in accordance with the Bank's constitution;
- to promote the success of the Bank;
- to exercise independent judgement;
- to use reasonable care, skill and diligence;
- to avoid conflicts of interest;
- not to accept benefits from third parties nor to gain advantage from the use of the position as a director;
- to act in good faith for the benefit for the Bank; and
- to use powers for a proper purpose for the benefit of members as a whole.

2.4.2 Evaluation of the Board, its Committees and individual directors

As part of their duties and commitment towards constructive decision making, directors carry out an evaluation exercise that helps assess the overall effectiveness of the Board and its Committees, as well as getting an overall view of the knowledge areas of the directors. The evaluation exercise was carried out during the financial year 2020/2021. A new evaluation exercise will be carried out during the financial year 2022/2023 to identify areas of improvement and to optimise the use of available resources for the progress and advancement of the Bank.

The evaluations will encompass the following:

- Composition of the Board – with reference to age and gender;
- Composition of Committees of the Board;
- Regulatory Environment;
- Technological Environment;
- Relationship between the Board and Management;
- Allocation of time during the Board and Committees;
- Quality of information provided; and
- Timeliness of information provided.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4.3 Directors' Interests and Dealings in Shares

The Company Secretary maintains an interest register and is available for consultation to shareholders upon request.

The Directors have no direct or indirect interest in the share capital of the Bank. The shares of the Bank are not quoted on the stock exchange and hence there were no dealings in shares by its Directors.

Pursuant to section 48 of the Banking Act 2004, the Bank has a rigorous procedure for the management of conflicts of interest. All directors are required to disclose any interest they may have in any activity of the Bank.

2.4.4 Related Party Transactions and Practices

The Guideline on Related Party Transactions issued by the Bank of Mauritius, is made up of 5 sections:

- Board and Senior Management Responsibilities;
- Rules Governing Related Party Transactions;
- Monitoring of Related Party Transactions;
- Disclosure and Regulatory Reporting: and
- Transitional Provisions.

Related parties, whether body corporate or natural persons, fall into two main categories:

(a) Those that are related to a financial institution because of ownership interest; and
(b) Those that are related otherwise, such as directors and senior officers who may also have some ownership interest in the financial institution.

Related party transactions include:

(a) Credit financial leasing, non-fund-based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party to a related party;
(b) Placements made by the Bank with related party;
(c) Conditional sales agreements;
(d) Consulting or professional services contracts with directors;
(e) Investment equity of a related party;
(f) Deposits placed with the Bank by related parties; and
(g) Acquisition, sale or lease of assets.

The Guideline outlines 3 categories of credit exposures to related parties and prescribes the regulatory limits applicable.

In line with the Related Party Transactions, the Board of directors of the Bank has established a policy on related party transactions. The Policy sets out prudent rules and internal limits.

Related party reporting to the Bank of Mauritius is done on a quarterly basis. Ongoing monitoring and reporting related party transactions are also carried out in the Credit Risk Monitoring Committee, Risk Management and Corporate Governance Committees and at Board's level.

2.4.5 Access to information

As part of their obligations, directors are furnished with adequate information as and when required by various key members of managements. This information is provided in a timely manner and are inclusive of reports from various departments of the Bank. Additionally, the directors receive independent reports through the Bank's internal auditor, Compliance Department and the external auditor.

The directors have access to all required documentation and to the Company Secretary for any eventual queries and additional information.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4.6 Information Technology and Information Security ("IT")

The strategic projects and a high-level implementation plan are presented to the Board on regular basis. The Board is also apprised on the progress of these projects. These projects are reviewed at an operational level through the IT Steering committee created for the purpose involving the Project Sponsors from business and the team members to review and take corrective actions, if any.

For the IT policies, these are reviewed on a regular basis and presented to the Board for approval and ratification. Also, as part of governance, the performance of the IT systems is reviewed through Incident Management, Capacity Management and Change Management governances that have been put in place for periodic review.

As part of the Business Continuity Plan (BCP), an annual Disaster Recovery drill is conducted involving the business unit to test the effectiveness of recovery and measured through Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) agreed with the business unit. A consolidated report as an outcome of the drill is usually presented to the Board for information. The Disaster Recovery drill activity was conducted in April 2022 for financial year 2021/2022. Furthermore, the Bank has put in place appropriate governance structure to separate activities of the IT division and the division responsible to monitor compliance with IT Security policies and standards.

Independent regular monitoring and adherence checks to IT Security policies are carried out and reported to Management of the Bank.

The Board has also constituted a new subcommittee - the Board Cybersecurity Committee on 21 June 2022 to assist the Bank in fulfilling its Cybersecurity risks management and control responsibilities.

Information Security Policies are in place to define requirements for the protection of the information assets of the bank. Policies are regularly updated and ratified by the Executive Committee.

Significant IT expenditure is approved at the level of the board.

2.4.7 Directors' Remuneration

The fees payable to the Chairperson of the Board of directors and the other directors of MauBank Ltd have been determined by the Ministry of Finance, Economic Planning & Development. The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 20,574,691** for the year ended 30 June 2022 compared to Rs 17,884,682 for the year ended 30 June 2021.

Directors' remuneration is in line with current market practice and is commensurate with their level of commitment towards their obligations as Directors of the Bank.

In line with the requirements of the Code, the Bank's Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with organisational performance. Remuneration for the Executive Director comprises a base salary and short-term benefits which reflect his responsibilities and experience, as well as a variable element in the form of a bonus, determined by the performance of both the Bank and the individual.

	Year ended 30 June 2022	Year ended 30 June 2021
	Rs	**Rs**
Executive Director	**15,865,691**	14,457,682
Non-Executive Directors	**4,709,000**	3,427,000
	20,574,691	17,884,682

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.4.8 Statement of Remuneration Philosophy

The Bank has a Nomination and Remuneration Committee which is a Committee of the Board, and it has the responsibility of approving the selection of competent and qualified personnel. The Committee aims to promote fair and competitive employee remuneration that incentivizes performance and helps in attracting and retaining talent. Qualifications, skills, scarcity, past performance, individual potential, market practices, responsibilities shouldered, and experience are among other factors which influence the remuneration package.

Employee Benefits:

- The Bank currently contributes a percentage of the employees' basic salaries to a pension scheme to provide for a retirement pension at the end of the employees' professional career;
- The Bank provides employees with loans under preferential interest rates and conditions;
- The Bank grants employees a monthly travelling allowance, with the amount varying according to their job grades and responsibilities; and
- The Bank provides medical coverage for all employees and their dependents.

2.5 Principle 5: Risk Governance and Internal Control

"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management." (The National Code of Corporate Governance for Mauritius).

The Board should ensure the maintenance of a sound internal control system.

The Bank's internal controls help ensure it achieves its objectives in operational effectiveness and efficiency, reliable financial reporting, and in compliance with laws, regulations and policies. They also help ensure that the Bank's risk management activities operate as designed and that the management of risk is carried out appropriately.

During the year there were no significant or material deficiencies in the Bank's Internal Control systems that the management are not aware of. Management was not aware of any significant area not covered by Internal Control systems. Please refer to Management Discussion and Analysis section within this Financial Statements for risk managemnt disclosures.

2.5.1 Whistleblowing Policy

The Bank has a Whistleblowing Policy in place for employees to raise concerns internally and at a high level, and also disclose any information which the employee believes shows malpractice and impropriety.

These concerns could include:

- Failure to comply with a legal obligation or statutes.
- Criminal activity.
- Improper conduct or unethical behavior as quoted in the Bank's Code of Conduct and Ethics Policy and in contravention with generally acceptable standards of business practice in the banking industry.
- Conduct which is an offence or a breach of law.
- Disclosures related to lapses of justice and unfairness.
- The unauthorized use of the Bank's funds, assets and information.
- Possible cases of fraud, corruption and money laundering cases.
- Attempts to conceal any of the above.

The Board has considered the whistle blowing complaints in FY 2021/2022 and instituted internal inquiries to assess the same. The reports from the internal inquiries are delivered to the Board to make an informed decision.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.5.1 Whistleblowing Policy (Cont'd)

This Policy aims to:

- Encourage employees to feel confident about raising their apprehensions and to question any act that may raise concerns about practices that may bring disrepute to the Bank and/or cause financial or other loss to the Bank and/or any malicious act that may adversely affect a staff member.
- Provide avenues for employees to raise those concerns and receive feedback on any action taken.
- Reassure employees that they will be protected from possible reprisals or victimization if they have reasonable belief that they have made any disclosure in good faith.
- Minimize the Bank's exposure to the damage that can occur when employees circumvent internal mechanisms.
- Ensure that employees understand the importance of adhering to the Bank's Code of Conduct and Ethics Policy, as well as other applicable policies.

2.6 Principle 6: Reporting with Integrity

"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report." (The National Code of Corporate Governance for Mauritius).

2.6.1 Directors' Responsibilities in respect of the Financial Statements

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, performance and cash flows of the Group. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.6.2 Corporate Social Responsibility ("CSR")

Like every year, the bank has renewed its support to NGOs for the advancement of social projects. After the impact of COVID-19 and increased vulnerabilities, it was imperative for MauBank to further strengthen its role in contributing to the social and economic growth of society by supporting NGO-led projects which aim at poverty alleviation and empowering communities.

The Bank's CSR objectives have remained focused on the reduction of social vulnerabilities and inequalities, particularly among children, youth and women, and on access to education for a more inclusive development. We are of the view that as an ethical organization, our goals should continuously reflect the interaction of profit-maximization behavior with non-economic concerns.

During the financial year 2021/2022, the Bank has partnered with the following NGOs on their projects:

Cleft Care Mauritius (CCM)

Cleft Care Mauritius (CCM) is an NGO which acts as a facilitator for children born with cleft and who cannot afford expenses of surgical interventions, locally or abroad. Its main objective is to reach out to patients who need to undergo surgical interventions, with the mission of helping them access medical facilities, and bringing a smile to all children and adult born with cleft. MauBank has supported CCM towards:

1. Purchase of starter kits for babies born with cleft – the starter kit comprises special feeding materials for children. The purpose is to provide parents with appropriate equipment to give care to their new-born babies so that they can face the first weeks after child birth. The special feeding bottle help the babies get enough intra-oral pressure for sucking because the cleft causes an air leak.

2. Surgery costs for patients born with cleft. After operation, the beneficiaries can eat and talk properly thus allowing them to lead a normal life.

3. Hiring the services of a Speech Therapist to establish correct articulation (placement, manner, and voicing) using specific therapy techniques.

The Trevor Huddleston Association

The Trevor Huddleston Association also known as CareCo in Rodrigues was founded with the collaboration of Craft-Aid Mauritius, and is active in the field of education and training of children living with disabilities and coming from poor families. Their aim is to increase children's access to special care for optimal growth and development.

The NGO also provides service of audiology, tympanometry, ear-mould making, as well as fitting and programming of hearing aids. The Bank has been funding projects of the NGO since 2017 and recently funded the purchase of an audiometer and a tympanometer. This will enable people in Rodrigues having hearing impairment to be diagnosed and prescribed the appropriate hearing aids to enable them to hear and communicate more easily.

Association of Disability Service Providers (ADSP)

Association of Disability Service Providers (ADSP) was founded in 2003. ADSP is a specialized needs school for children and young adults having physical impairment and learning difficulties. Their mission is to provide academic and non-academic education to children and young adults with special education needs to promote social inclusion in the community. MauBank has been supporting ADSP for the last six years and has been collaborating closely with the NGO for infrastructural development, the purchase of a van and specialized equipment for the sensory room amongst others.

empowering communities

CSR

Elles C Nous Association

Cleft Care Mauritius

Chrysalide

Trevor Huddlestone Association

Well Being of Strays

Association of Disability Service Providers

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.6.2 Corporate Social Responsibility ("CSR") (Cont'd)

This year, the Bank has financed:

1. Additional equipment for the sensory room to cater for new rehabilitation techniques for the students who need sensory stimulation therapies.

2. Financing of an electrical stand mixer for a cookery programme to teach students how to cook and bake. This initiative will empower the students to become autonomous and independent, whereby they can join workplaces within the cooking industry or start their own cooking business and earn a living.

3. Payment of fees for the services of a psychologist, which will contribute towards improving the self-esteem of the students and help them cope with their daily struggles, alongside, provide guidance to the parents to better handle and understand their children.

Elles C Nous Association

Elles C Nous Association is an NGO which was established in June 2007. The association welcomes children from vulnerable families after school hours on a daily basis from Monday to Saturday. It has around 70 registered children aged between 5 to 17 years, coming from vulnerable families. The NGO takes care of children, residing mainly in the region of Beau-Bassin, suburbs of Rose-Hill, La Tour Koenig and Pointe aux Sables amongst others. The organization supports children in their studies, helps parents psychologically, organizes healthy leisure activities such as sports and music. The bank has funded:

1. Groceries for one-year so that the NGO can provide a nutritious meal to the beneficiaries every Saturday.

2. Basic school materials to ensure that the children do not lack any school items thus encouraging them to study hard and prevent drop-out.

3. The salary to employ a field worker on a full-time basis. This caters for outreach support and constant follow up of beneficiaries and their parents for hand-holding and community support.

Chrysalide

Chrysalide is a residential treatment and rehabilitation center for women who are dependent on substances like drugs and alcohol, and who may also be ex detainees, sex workers and/or HIV+. It is an NGO that operates within a residential therapy model, with treatment normally lasting for one and two years. The association has a comprehensive approach in addressing issues related to drug dependencies, reintegration of women addicted to drugs and alcohol, as well as supporting women living with HIV/AIDS.

MauBank has supported the NGO in setting up computer facilities so that the women can receive basic computer training. Initiation to ICT will enable them to work on their CV, for the world of work and ease their integration in society. At the same time, the beneficiaries will regain their self-esteem, self-confidence and be more interested to complete their rehabilitation programme, as they will be more prepared to fight back and move on to a more stable lifestyle.

Well-being of strays

Founded in 2017, Well-being of strays is an NGO which takes care of stray dogs/cats and is committed to feeding them daily. They also organize mass sterilization campaigns of the animals in different parts of the island each year.

Their aims remain to educate the population about welfare of animals and decrease ill treatment towards them, reduce the number of stray dogs and cats and provide shelters to needy animals until adoption.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.7 Principle 7: Audit

"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's internal and external auditors." (The National Code of Corporate Governance For Mauritius).

2.7.1 Internal audit

Internal Audit provides the Board of Directors (Governing Body) and senior management with the required level of assurance based on the highest level of independence and objectivity. The audit function is recognised as a valuable and strategic asset of the Bank.

This high level of independence and objectivity is achieved by the Head of Internal Audit reporting functionally to the Audit Committee and administratively to the Chief Executive. Internal Audit has unrestricted access to the Bank's activities, properties, records, information and personnel.

Internal audit provides independent assurance on the effectiveness of governance, risk management and internal controls. The Internal Audit Policy and Internal Audit Charter have been updated during the financial year 2020/2021 in line with the Standards for the Professional Practice of Internal Auditing, as prescribed by the Institute of Internal Auditors (IIA).

The audit universe includes all business units and operations. Based on risk assessment carried out, resources are allocated and an annual risk-based audit plan, with a schedule of execution, is drawn up and approved by the Audit Committee.

The audit plan is executed by the Head of Internal Audit, who is adequately supported by a group of staff members, who have the requisite experience in Banking, audit, finance and information technology. Progress reports on the execution of the plan are tabled at each Audit Committee meeting.

After each assignment, an audit report is prepared and tabled in the Audit Committee. The report contains findings with their associated risks, recommendations to address control deficiencies and insights that will add value to the Bank. The recommendations are agreed with business owners and action plans with a time frame for execution are drawn in consultation with the Head of Business Units before audit reports are issued. Follow up is carried on a regular basis to obtain status on implementation of recommendations made and reported to the Audit Committee.

Each finding is rated according to the level of risk. Each unit is graded based on the model for evaluating internal controls developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), used internationally.

All high-risk units and the medium risk units were covered satisfactorily as part of the approved audit plan for the financial year 2021/2022.

The details on the Internal Auditor can be found in the Administration section on page 234.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.7.2 External auditors

In pursuance of the extension period granted by the Bank of Mauritius, Deloitte is in its seventh and final year as external auditor of the Group and the Bank for the year ended 30 June 2022 and its remuneration, inclusive of Value Added Tax, for audit and other services payable, is as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**5,488,375**	5,229,625	4,512,600	5,341,750	5,088,750	4,382,650
Other services	**231,150**	-	287,500	**231,150**	-	287,500
	5,719,525	5,229,625	4,800,100	**5,572,900**	5,088,750	4,670,150

The audit related fees payable for the year ended 30 June 2022 to Deloitte relates to fees for the review of the Bank's mobile banking and mobile payment services, and agency banking process.

The external auditor is invited to attend the audit committee where they are given the opportunity to present their audit plan, audit findings and any significant or material changes in accounting policies and principles.

The Bank is required to comply with the prerequisites of The Banking Act 2004 (amended August 2020) in respect of rotation of auditors after a period of 5 years. As per the Finance Act 2020, the Central Bank may, upon a request from a financial institution and on just and reasonable grounds shown, grant an approval in writing for the extension of the appointment of its firm of auditors for an additional period of not more than 2 years.

The Bank may engage the firm responsible for its external audit to provide non-audit services. This is done with prior approval of the Audit Committee which ensures that the non-audit work does not entail any conflict with the audit work. Furthermore, the firm's partner responsible for non-audit work bears no responsibility for the audit of the Bank and the remuneration for non-audit work is based on the complexity and duration of work.

The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), to discuss the external auditor's remit, any significant or material changes in accounting policies and principles and any issues arising from the external audit. Meetings are also held with the External Auditor by the Board / Board members, without the presence of Management, at least once a year, if required.

During the year, the Audit Committee considered the below topics:

- COVID-19 impact on the Bank
- Interim and audited financial statements
- Compliance plans and reports
- Reports from internal and external auditors and actions taken

The members of Audit Committee have met with the external auditor without the presence of management in September 2021.

The Audit Committee reviews the effectiveness and efficiency of the external auditor and assesses the external audit firm annually. The Audit Committee receives feedback from management and assesses the performance of the external auditor, based on its credentials, commitment to timelines, technical competence, continuity of core audit team and succession plans, adhesion to audit plan and overall quality of the audit delivered.

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.8 Principle 8: Relations with Shareholders and other Key Stakeholders

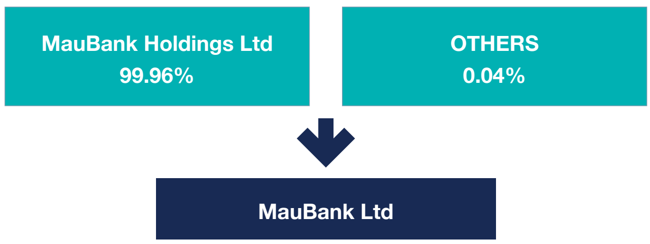
"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose." (The National Code of Corporate Governance For Mauritius).

2.8.1 Shareholding

As at 30 June 2022, the stated capital of the Bank stood at Rs 2,466,420,956 represented by 6,801,813,502 shares. The Bank has twelve (12) shareholders on its share register with MauBank Holdings Ltd ("Holdings") holding 99.96% interest in the Bank and the remaining shares are held by eleven (11) shareholders inclusive of public sector bodies and cooperative societies. The holding company is owned at 100% by the Government of Mauritius.

2.8.2 Group Structure

The Group Structure of the Bank as at 30 June 2022 is shown below:



The List of Directors of MauBank Holdings Ltd is as follows:

- Mr. Beejan Manickchand
- Mrs. Khuroona Ranmondhur-Ruggoo
- Mrs. Aubdoollah-Suhootoorah Bibi Naimadee
- Mr. Selloyee Ponoo Swami Moorthee Pillay

2.8.3 SHAREHOLDERS DIARY

The last annual meeting of shareholders was held on 03 December 2021.

Corporate Governance Report

CORPORATE GOVERNANCE APPLIED (Cont'd)

2.8.4 Engaging With Key Stakeholders (Cont'd)

The Bank endeavours to build trusted and sustainable relationships with key stakeholders through regular communication and engagement. The Bank communicates to its stakeholders in a transparent manner through various communication channels, including press announcements, events and the Bank's website and social media pages.

The Bank of Mauritius

The Bank is a highly regulated entity, under the supervision of the Bank of Mauritius. The Bank strives to comply with all regulatory provisions and guidelines in the conduct of its activities.

Employees

The Bank's ultimate aim is to provide its employees with a safe and conducive working environment, where they feel valued, empowered, and respected. The Bank has implemented numerous initiatives during the year to enhance its working environment.

Customers

The Bank has invested significantly in enhancing its mobile application and internet banking platform. The Bank has further revamped its SME offering by converting all branches into business centres. The Bank has further been conferred the "Best Consumer Digital Bank, Mauritius" by the Global Finance Magazine.

Financial Partners

The Bank plays an important role within the wider banking community with active participation within the Mauritius Bankers Association, for which the CE, Mr. Mungar currently serves as the Deputy Chairperson.

Statement of Compliance

[IN ACCORDANCE WITH SECTION 75(3) OF THE FINANCIAL REPORTING ACT 2004]

Name of Public Interest Entity ("PIE")	**:**	MauBank Ltd
Reporting Period	**:**	Year ended 30 June 2022

We, the Directors of **MauBank Ltd** confirm that to the best of our knowledge **MauBank Ltd** has complied with all of its obligations and requirements under the Code of Corporate Governance in all material aspects.

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 28 September 2022

Ebène 72201, Republic of Mauritius

investing in renewable energy

WoodPro Ltd

Green Energy

The Government has encouraged renewable and clean energy to reduce fossil fuel use and greenhouse gas emissions. The aim is to raise renewable energy utilization from 21% to 35% by 2025. Wind farms, solar energy, biomass, wave, and waste-to-energy projects are being used. Given the uncertain global economy, the Government is committed to Mauritius' 2030 objective.

To this effect, MauBank focuses on investing in renewable energy solutions propositions to support the economy.

WoodPro Ltd is specialized in the manufacturing and selling of wooden pallets, wooden bins, wood dust, wood shavings and wood chips to poultry farms and horse stables. The company has recently embarked on production of wood pellets which are densified biomass fuel and ecofriendly products.

Statement of Management's Responsibility for Financial Reporting

For the year ended 30 June 2022

The Group financial statements (consolidated) and the financial statements for the Bank's operations have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through its sub committees such as the Audit Committee and the Conduct Review Committee, Board Risk Management Committee and Corporate Governance Committee, which comprise Independent and Non-Executive Directors who are not officers or employees of the Bank, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Bank, as it deems necessary.

The Bank's external auditor, Deloitte, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as its observations on the fairness of financial reporting and the adequacy of internal controls.

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 28 September 2022

Ebène 72201, Republic of Mauritius

Report from the Secretary

I certify, to the best of my knowledge and belief, that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the year ended 30 June 2022.

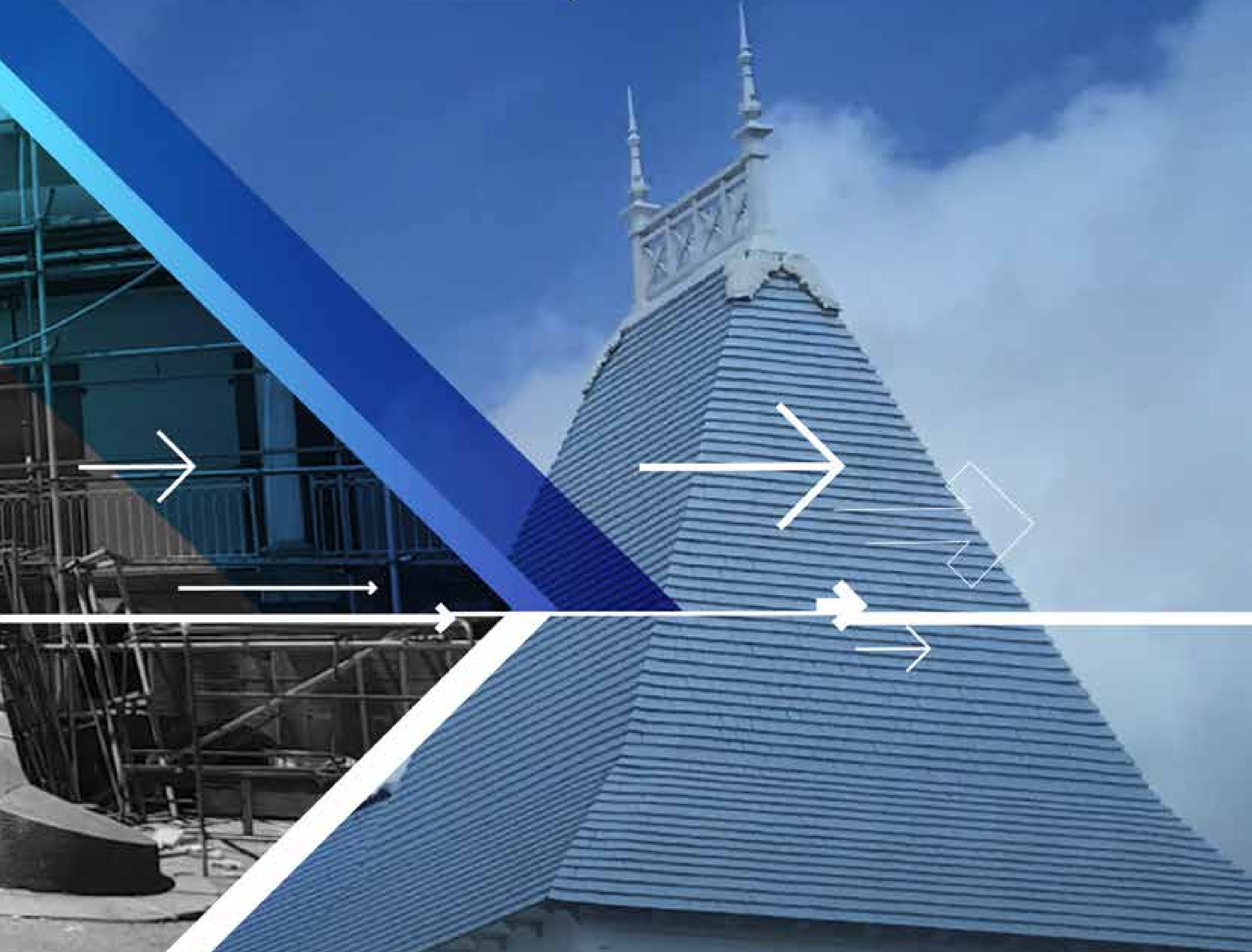
Mr. Ramburuth Ved Atma
Company Secretary

Date: 28 September 2022

Ebène 72201, Republic of Mauritius

restoration of cultural heritage

RBRB Construction Ltd



Construction

The construction industry has been identified as a key driver of the post-Covid-19 recovery. This industry has a major role to play in stimulating growth in the economy. It employs directly and indirectly some 120 000+ workers in Mauritius representing around 22% of the total workforce.

Given the importance of this industry to the economy, MauBank, prides itself as being a financial partner to this sector in funding projects which is moulding Mauritius with modern infrastructure and high-end buildings.

RBRB Construction Ltd is a building contractor company which forms part of the Ramloll Bhooshan Group. RBRB Construction Ltd is the flagship of the Group which started operations in 1992 as a renovation & building contractor. The company has been working on specialized renovation of patrimonial buildings in Mauritius, including the Aapravasi Ghat, the Port Louis Theater and the Municipality of Curepipe.

Independent Auditors' Report to the Members of MauBank Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of MauBank Ltd (the "Bank" and the "Public Interest Entity") and its subsidiary (the "Group") set out on pages 68 to 202, which comprise the consolidated and separate statements of financial position as at 30 June 2022, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 30 June 2022, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for opinion

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

Key audit matters

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Provision for expected credit losses</td></tr>
<tr><td>Management determines the allowances for Expected Credit Losses ('ECL') on financial instruments as required under IFRS 9 and has made significant judgement and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the implementation of IFRS 9 are:

• Model estimations – Statistical modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and LGD models used in the loans portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach.
• Macro-Economic Forecasts – IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro- economic forecasts. The macro-economic forecasts are estimates of future economic conditions.
• Qualitative adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.</td><td>Our procedures included the following amongst others:

• Evaluating the appropriateness of the impairment methodologies applied by the Bank under the requirements of IFRS 9;
• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the IFRS 9 impairment models;
• Using specialist team for assessing:
    • the appropriateness of the macro - economic forecasts used;
    • the appropriateness of PD, LGD and EAD used in the ECL calculation;
    • the reasonableness of the model predictions by comparing them against actual results;
    • key data sources and assumptions including economic forecasts, PD, LGD assumptions and qualitative adjustments impacting ECL calculations;

• Testing the completeness and accuracy of data used for ECL calculation through sample testing;
• Inspecting the minutes of the Risk Management Committee to ensure that there are governance controls in place in relation to the assessment of the allowance for credit impairment;
• Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach;
• Performing substantive tests of details on Stage 3 provisioning including validation of valuation of collateral securities and future cash flows.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses	
• Due to the significance of the judgements applied in the identification of credit-impaired facilities and the overall determination of the provision for expected credit losses across different portfolios, this item is considered as a key audit matter.	• Performing a risk-based test of loans and advances to customers to ensure timely identification of impairment and for impaired loans to ensure appropriate allowance for credit impairment; and • Assessing whether the disclosure is in accordance with the requirements of IFRS.

Other information

The directors are responsible for the other information. The other information comprises the corporate information, the directors' report, the corporate governance report, the statement of compliance, the statement of management's responsibility for financial reporting, the report from the secretary, the management discussion and analysis and the administrative information, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the consolidated and separate financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report to the Members of MauBank Ltd (Cont'd)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Banking Act 2004

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

Financial Reporting Act 2004

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

Use of this report

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

Deloitte.

Deloitte
Chartered Accountants

Agrawal.

Vishal Agrawal, FCA
Licensed by FRC

28 September 2022

Financial Performance

Total Operating
Income

Rs 1.3 Bn

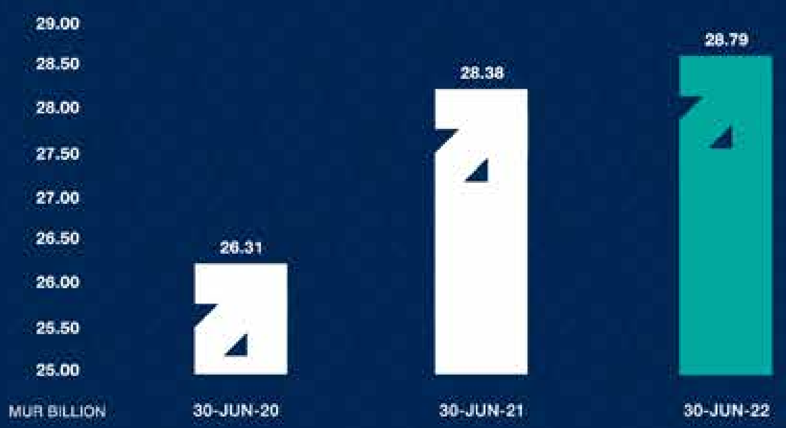
Net Interest
Income

Rs 894.89 Mn

Net Fees and
Commission

Rs 222.15 Mn

Total Assets



Total Deposit

Profit after Tax

Statements of Financial Position

as at

		The Group			The Bank		
	Notes	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
		Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Cash and cash equivalents	9(a)	**4,251,247,756**	3,486,404,504	4,287,385,039	**4,251,247,756**	3,486,404,504	4,287,385,039
Placements with banks	10	**-**	-	2,447,872	**-**	-	2,447,872
Derivative assets	29	**3,366,270**	34,680,427	45,718,645	**3,366,270**	34,680,427	45,718,645
Trading assets	11	**687,904,980**	1,798,297,228	3,637,975,739	**687,904,980**	1,798,297,228	3,637,975,739
Investment securities	12	**6,714,208,205**	5,383,284,842	3,568,483,878	**6,714,208,205**	5,383,284,842	3,568,483,878
Loans and advances to banks	13	**456,317,785**	863,031,847	-	**456,317,785**	863,031,847	-
Loans and advances to customers	14	**17,186,153,643**	16,839,341,532	15,406,607,530	**17,342,460,401**	17,010,456,691	15,597,383,181
Property, plant and equipment	15(a)	**1,233,184,116**	1,282,448,583	1,782,530,259	**948,193,855**	989,296,441	1,479,141,150
Intangible assets	15(b)	**138,327,935**	169,649,217	196,854,243	**138,327,935**	169,649,217	196,854,243
Right-of-use assets	15(c)	**61,953,710**	91,387,106	112,090,590	**98,947,164**	160,298,340	212,919,603
Investment properties	16	**519,300,000**	519,300,000	79,300,000	**519,300,000**	519,300,000	79,300,000
Investment in subsidiary	17	**-**	-	-	**100,000**	100,000	100,000
Current tax assets	38(c)	**6,515,111**	6,146,240	5,613,241	**6,047,358**	5,905,506	5,081,483
Deferred tax assets	38(d)	**28,216,798**	31,885,088	44,034,416	**37,993,490**	41,790,390	54,366,696
Other assets	18	**2,312,148,538**	2,408,452,498	2,294,404,529	**2,351,088,889**	2,446,494,368	2,332,427,701
Total assets		**33,598,844,847**	32,914,309,112	31,463,445,981	**33,555,504,088**	32,908,989,801	31,499,585,230
LIABILITIES							
Deposits from customers	19(a)	**28,787,422,901**	28,378,179,745	26,313,109,402	**28,791,972,474**	28,378,198,595	26,314,518,873
Derivative liabilities	29(i)	**804,853,718**	541,620,944	289,498,366	**804,853,718**	541,620,944	289,498,366
Other borrowed funds	20	**-**	-	1,089,390,019	**-**	-	1,089,390,019
Lease liabilities	21	**36,601,939**	60,424,535	74,526,375	**99,317,576**	156,588,681	203,309,885
Payable to fellow subsidiary	41	**16,617,253**	40,059,363	10,141,366	**16,617,253**	40,059,363	10,141,366
Other liabilities	22	**583,245,420**	643,617,900	564,861,615	**582,560,289**	643,062,372	564,256,445
Retirement benefit obligations	23	**139,602,373**	117,305,558	127,035,127	**139,602,373**	117,305,558	127,035,127
Total liabilities		**30,368,343,604**	29,781,208,045	28,468,562,270	**30,434,923,683**	29,876,835,513	28,598,150,081
SHAREHOLDERS' EQUITY							
Stated capital	24	**2,466,420,956**	2,466,420,956	2,466,420,956	**2,466,420,956**	2,466,420,956	2,466,420,956
Statutory reserve	25	**58,574,633**	18,880,341	1,619,995	**58,574,633**	18,880,341	1,619,995
Retained earnings/ (Accumulated losses)		**273,366,858**	49,758,948	(158,302,462)	**239,923,943**	25,290,092	(175,273,101)
General banking reserve	26	**-**	-	90,709,840	**-**	-	90,709,840
Fair value reserve	12(c)	**(190,935,141)**	(32,051,990)	(21,167,091)	**(190,935,141)**	(32,051,990)	(21,167,091)
Other reserve	27(b)	**20,280,711**	27,299,586	12,809,247	**20,280,711**	27,299,586	12,809,247
Revaluation reserve	27(a)	**602,793,226**	602,793,226	602,793,226	**526,315,303**	526,315,303	526,315,303
Total equity		**3,230,501,243**	3,133,101,067	2,994,883,711	**3,120,580,405**	3,032,154,288	2,901,435,149
Total liabilities and equity		**33,598,844,847**	32,914,309,112	31,463,445,981	**33,555,504,088**	32,908,989,801	31,499,585,230

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Financial Position

as at

	Notes	The Group			The Bank		
		30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
		Rs	Rs	Rs	Rs	Rs	Rs
Contingent liabilities							
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	28(b)	**1,388,448,331**	1,268,065,494	1,981,028,082	**1,388,448,331**	1,268,065,494	1,981,028,082
Credit commitments	30	**1,600,018,622**	1,717,380,639	1,908,076,512	**1,600,018,622**	1,717,380,639	1,908,076,512

Approved by the Board of Directors and authorised for issue on 28 September 2022 and signed on its behalf by

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 28 September 2022

Ebène 72201, Republic of Mauritius

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended

		The Group			The Bank		
	Notes	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
		Rs	Rs	Rs	Rs	Rs	Rs
Interest income		**1,052,904,548**	922,278,312	1,022,567,961	**1,060,946,862**	931,170,812	1,034,815,135
Interest expense		**(163,929,142)**	(203,718,292)	(443,779,554)	**(166,057,158)**	(206,710,419)	(447,614,361)
Net interest income	31	**888,975,406**	718,560,020	578,788,407	**894,889,704**	724,460,393	587,200,774
Fee and commission income		**262,787,207**	254,172,826	245,444,634	**262,787,207**	254,172,826	245,444,634
Fee and commission expense		**(40,639,242)**	(48,120,471)	(46,381,840)	**(40,639,242)**	(48,120,471)	(46,381,840)
Net fee and commission income	32	**222,147,965**	206,052,355	199,062,794	**222,147,965**	206,052,355	199,062,794
Net trading income	33	**142,288,576**	164,439,542	253,953,093	**142,288,576**	164,439,542	253,953,093
Net gain from derecognition of financial assets measured at FVTOCI		**12,389,795**	20,561,607	76,513,331	**12,389,795**	20,561,607	76,513,331
Other income	34	**27,419,215**	27,023,378	40,859,821	**27,419,215**	27,023,378	40,859,821
		182,097,586	212,024,527	371,326,245	**182,097,586**	212,024,527	371,326,245
Operating income		**1,293,220,957**	1,136,636,902	1,149,177,446	**1,299,135,255**	1,142,537,275	1,157,589,813
Personnel expenses	36	**(517,442,863)**	(513,900,757)	(515,504,836)	**(517,442,863)**	(513,900,757)	(515,504,836)
Operating lease expenses	44(b)(i)	**(19,051,699)**	(13,386,550)	(16,416,286)	**(19,051,699)**	(13,386,550)	(16,416,286)
Depreciation and amortisation	15	**(135,384,005)**	(157,199,096)	(147,701,532)	**(159,139,904)**	(178,879,906)	(171,852,378)
Other expenses	37	**(283,070,694)**	(273,940,707)	(274,995,202)	**(277,671,066)**	(268,589,287)	(269,681,907)
Profit before impairment and income tax		**338,271,696**	178,209,792	194,559,590	**325,829,723**	167,780,775	184,134,406
Net impairment loss on financial assets	35	**(56,862,079)**	(40,769,430)	(56,354,532)	**(56,862,079)**	(40,769,430)	(56,354,532)
Profit after impairment but before income tax		**281,409,617**	137,440,362	138,205,058	**268,967,644**	127,011,345	127,779,874
Income tax expense	38(b)	**(7,806,944)**	(14,873,173)	(21,905,722)	**(4,339,030)**	(11,942,373)	(19,575,949)
Profit for the year	39	**273,602,673**	122,567,189	116,299,336	**264,628,614**	115,068,972	108,203,925
Earnings per share	40	**0.04**	0.02	0.02	0.04	0.02	0.02

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended

	Notes	The Group			The Bank		
		30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
		Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year		**273,602,673**	122,567,189	116,299,336	**264,628,614**	115,068,972	108,203,925
Other comprehensive income:							
Items that will not be reclassified subsequently to profit or loss:							
Gain on revaluation of property, plant and equipment		**-**	-	105,778,447	**-**	-	34,589,069
Deferred tax on revaluation of property, plant and equipment	38(d)	**-**	-	(14,686,149)	**-**	-	(2,583,955)
Gain on revaluation of Right-of-use assets	27(a)	**-**	-	39,233,806	**-**	-	12,811,074
Actuarial (loss)/gain for the year	23(iv)	**(10,842,601)**	12,678,660	(3,721,441)	**(10,842,601)**	12,678,660	(3,721,441)
Deferred tax credit/(charge) on actuarial (loss)/gain	38(d)	**542,130**	(633,933)	186,072	**542,130**	(633,933)	186,072
Items that may be classified subsequently to profit or loss:							
Change in fair value of assets at FVTOCI	12(c)	**(158,883,151)**	(10,884,899)	(18,656,641)	**(158,883,151)**	(10,884,899)	(18,656,641)
Credit impairment (reversal)/charge on financial assets at FVTOCI	27(b)	**(7,018,875)**	14,490,339	6,831,165	**(7,018,875)**	14,490,339	6,831,165
Other comprehensive income for the year, net of tax		**(176,202,497)**	15,650,167	114,965,259	**(176,202,497)**	15,650,167	29,455,343
Total comprehensive income for the year attributable to equity holders of the parent		**97,400,176**	138,217,356	231,264,595	**88,426,117**	130,719,139	137,659,268
Transfer to Statutory Reserve	25	**39,694,292**	17,260,346	-	**39,694,292**	17,260,346	-

Approved by the Board of Directors and authorised for issue on 28 September 2022 and signed on its behalf by

Mr. Gooroodeo Sookun
Chairperson
On behalf of Board of Directors

Mr. Premchand Mungar
Chief Executive
On behalf of Board of Directors

Mr. Anil Kumar Kokil
Director
On behalf of Board of Directors

Date: 28 September 2022

Ebène 72201, Republic of Mauritius

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained earnings	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group								
At 01 July 2021	**2,466,420,956**	**18,880,341**	**49,758,948**	**-**	**(32,051,990)**	**27,299,586**	**602,793,226**	**3,133,101,067**
Profit for the year	**-**	**-**	**273,602,673**	**-**	**-**	**-**	**-**	**273,602,673**
Transfer to statutory reserve (Note 25)	**-**	**39,694,292**	**(39,694,292)**	**-**	**-**	**-**	**-**	**-**
Change in fair value of financial assets held at FVTOCI	**-**	**-**	**-**	**-**	**(158,883,151)**	**-**	**-**	**(158,883,151)**
Credit impairment reversal on financial assets at FVTOCI	**-**	**-**	**-**	**-**	**-**	**(7,018,875)**	**-**	**(7,018,875)**
Actuarial loss for the year	**-**	**-**	**(10,842,601)**	**-**	**-**	**-**	**-**	**(10,842,601)**
Deferred tax credit on actuarial loss	**-**	**-**	**542,130**	**-**	**-**	**-**	**-**	**542,130**
At 30 June 2022	**2,466,420,956**	**58,574,633**	**273,366,858**	**-**	**(190,935,141)**	**20,280,711**	**602,793,226**	**3,230,501,243**

	Stated Capital	Statutory Reserve	Retained earnings/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group								
At 01 July 2020	2,466,420,956	1,619,995	(158,302,462)	90,709,840	(21,167,091)	12,809,247	602,793,226	2,994,883,711
Profit for the year	-	-	122,567,189	-	-	-	-	122,567,189
Transfer of general banking reserve to retained earnings	-	-	90,709,840	(90,709,840)	-	-	-	-
Transfer to statutory reserve (Note 25)	-	17,260,346	(17,260,346)	-	-	-	-	-
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(10,884,899)	-	-	(10,884,899)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	14,490,339	-	14,490,339
Actuarial gain for the year	-	-	12,678,660	-	-	-	-	12,678,660
Deferred tax charge on actuarial gain	-	-	(633,933)	-	-	-	-	(633,933)
At 30 June 2021	2,466,420,956	18,880,341	49,758,948	-	(32,051,990)	27,299,586	602,793,226	3,133,101,067

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained earnings/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group								
At 01 July 2019	2,466,420,956	1,619,995	(271,066,429)	90,709,840	(2,510,450)	5,978,082	472,467,122	2,763,619,116
Profit for the year	-	-	116,299,336	-	-	-	-	116,299,336
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	105,778,447	105,778,447
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	(14,686,149)	(14,686,149)
Gain on revaluation of Right-of-use assets	-	-	-	-	-	-	39,233,806	39,233,806
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(18,656,641)	-	-	(18,656,641)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	6,831,165	-	6,831,165
Actuarial loss for the year	-	-	(3,721,441)	-	-	-	-	(3,721,441)
Deferred tax credit on actuarial loss	-	-	186,072	-	-	-	-	186,072
At 30 June 2020	2,466,420,956	1,619,995	(158,302,462)	90,709,840	(21,167,091)	12,809,247	602,793,226	2,994,883,711

	Stated Capital	Statutory Reserve	Retained earnings	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank								
At 01 July 2021	**2,466,420,956**	**18,880,341**	**25,290,092**	**-**	**(32,051,990)**	**27,299,586**	**526,315,303**	**3,032,154,288**
Profit for the year	**-**	**-**	**264,628,614**	**-**	**-**	**-**	**-**	**264,628,614**
Transfer to statutory reserve (Note 25)	**-**	**39,694,292**	**(39,694,292)**	**-**	**-**	**-**	**-**	**-**
Change in fair value of financial assets held at FVTOCI	**-**	**-**	**-**	**-**	**(158,883,151)**	**-**	**-**	**(158,883,151)**
Credit impairment reversal on financial assets at FVTOCI	**-**	**-**	**-**	**-**	**-**	**(7,018,875)**	**-**	**(7,018,875)**
Actuarial loss for the year	**-**	**-**	**(10,842,601)**	**-**	**-**	**-**	**-**	**(10,842,601)**
Deferred tax credit on actuarial loss	**-**	**-**	**542,130**	**-**	**-**	**-**	**-**	**542,130**
At 30 June 2022	**2,466,420,956**	**58,574,633**	**239,923,943**	**-**	**(190,935,141)**	**20,280,711**	**526,315,303**	**3,120,580,405**

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained earnings/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank								
At 01 July 2020	2,466,420,956	1,619,995	(175,273,101)	90,709,840	(21,167,091)	12,809,247	526,315,303	2,901,435,149
Profit for the year	-	-	115,068,972	-	-	-	-	115,068,972
Transfer of general banking reserve to retained earnings	-	-	90,709,840	(90,709,840)	-	-	-	-
Transfer to statutory reserve (Note 25)	-	17,260,346	(17,260,346)	-	-	-	-	-
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(10,884,899)	-	-	(10,884,899)
Credit impairment chargel on financial assets at FVTOCI	-	-	-	-	-	14,490,339	-	14,490,339
Actuarial gain for the year	-	-	12,678,660	-	-	-	-	12,678,660
Deferred tax charge on actuarial gain	-	-	(633,933)	-	-	-	-	(633,933)
At 30 June 2021	2,466,420,956	18,880,341	25,290,092	-	(32,051,990)	27,299,586	526,315,303	3,032,154,288

	Stated Capital	Statutory Reserve	Retained earnings/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank								
At 01 July 2019	2,466,420,956	1,619,995	(279,941,657)	90,709,840	(2,510,450)	5,978,082	481,499,115	2,763,775,881
Profit for the year	-	-	108,203,925	-	-	-	-	108,203,925
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	34,589,069	34,589,069
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	(2,583,955)	(2,583,955)
Gain on revaluation of Right-of-use assets	-	-	-	-	-	-	12,811,074	12,811,074
Change in fair value of financial assets held at FVTOCI	-	-	-	-	(18,656,641)	-	-	(18,656,641)
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	6,831,165	-	6,831,165
Actuarial loss for the year	-	-	(3,721,441)	-	-	-	-	(3,721,441)
Deferred tax credit on actuarial loss	-	-	186,072	-	-	-	-	186,072
At 30 June 2020	2,466,420,956	1,619,995	(175,273,101)	90,709,840	(21,167,091)	12,809,247	526,315,303	2,901,435,149

The notes on pages 78 to 202 form an integral part of these financial statements.

Statements of Cash Flows

for year ended

	Notes	The Group			The Bank		
		30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
		Rs	Rs	Rs	Rs	Rs	Rs
Cash from operating activities							
Profit before income tax		**281,409,617**	137,440,362	138,205,058	**268,967,644**	127,011,345	127,779,874
Adjustments for:							
Finance charge on lease liabilities	21	**1,285,778**	1,830,575	1,964,193	**3,413,794**	4,822,702	5,799,000
Impairment losses on financial assets (excluding bad debts recovered)	35	**60,319,348**	43,952,231	70,597,541	**60,319,348**	43,952,231	70,597,541
Depreciation of property,plant and equipment	15(a)	**60,786,018**	79,449,672	84,702,299	**52,624,137**	69,212,703	75,544,696
Amortisation of intangible assets	15(b)	**45,164,591**	46,224,988	40,761,489	**45,164,591**	46,224,988	40,761,489
Depreciation of right-of-use assets	15(c)	**29,433,396**	31,524,436	22,237,744	**61,351,176**	63,442,215	55,546,193
Profit on disposal of property, plant and equipment	34	**(270,777)**	(192,340)	-	**(270,777)**	(192,340)	-
(Profit)/Loss on revaluation of investment securities at FVTPL and trading assets	33	**(5,192,015)**	6,893,246	(6,406,590)	**(5,192,015)**	6,893,246	(6,406,590)
Profit on revaluation of investment properties	16	**-**	-	(12,840,000)	**-**	-	(12,840,000)
Retirement benefit obligations		**11,454,214**	2,949,091	13,500,932	**11,454,214**	2,949,091	13,500,932
		484,390,170	350,072,261	352,722,666	**497,832,112**	364,316,181	370,283,135
Changes in operating assets and liabilities							
Decrease/(increase) in trading assets		**1,115,612,330**	1,834,628,400	(2,012,612,597)	**1,115,612,330**	1,834,628,400	(2,012,612,597)
Decrease/(increase) in loans and advances to banks		**404,643,625**	(863,869,801)	-	**404,643,625**	(863,869,801)	-
Increase in loans and advances to customers		**(412,119,245)**	(1,461,140,943)	(535,219,521)	**(397,310,844)**	(1,441,480,451)	(514,943,031)
(Decrease)/Increase in payable to fellow subsidiary		**(23,442,111)**	29,917,997	(28,039,602.00)	**(23,442,111)**	29,917,997	(28,039,602)
Increase in deposits from customers		**409,243,154**	2,065,070,343	3,256,665,980	**413,773,879**	2,063,679,721	3,250,018,863
Decrease/(increase) in other assets		**96,303,959**	(122,823,128)	(245,502,893)	**95,405,478**	(122,841,827)	(245,502,894)
Increase in net derivative liabilities		**294,546,929**	263,160,796	244,228,228	**294,546,929**	263,160,796	244,228,228
(Decrease)/Increase in other liabilities		**(60,333,125)**	78,527,015	(82,377,633)	**(60,462,730)**	78,576,661	(82,412,689)
Cash generated from operations		**2,308,845,686**	2,173,542,940	949,864,628	**2,340,598,668**	2,206,087,677	981,019,413
Tax paid	38(c)	**(10,121,690)**	(9,544,959)	(8,368,695)	**(6,057,413)**	(5,946,447)	(5,096,451)
Tax refund received	38(c)	**6,156,295**	5,654,182	6,935,034	**5,915,561**	5,122,424	6,308,874
Net cash from operating activities		**2,304,880,291**	2,169,652,163	948,430,967	**2,340,456,816**	2,205,263,654	982,231,836
Cash from investing activities							
Increase in securities		**(1,481,024,710)**	(970,741,847)	(1,658,616,219)	**(1,481,024,710)**	(970,741,847)	(1,658,616,219)
Net placements with correspondent banks		**-**	2,448,174	71,390,637	**-**	2,448,174	71,390,637
Acquisition of property, plant and equipment	15(a)	**(11,581,318)**	(17,115,723)	(37,697,123)	**(11,581,318)**	(17,115,723)	(35,886,501)
Acquisition of intangibles	15(b)	**(13,843,309)**	(12,614,768)	(21,965,027)	**(13,843,309)**	(12,614,768)	(21,965,027)
Proceeds from disposal of property, plant and equipment		**330,543**	310,036	-	**330,543**	310,036	-
Net cash used in investing activities		**(1,506,118,794)**	(997,714,128)	(1,646,887,732)	**(1,506,118,794)**	(997,714,128)	(1,645,077,110)
Cash from financing activities							
Net (decrease)/increase in other borrowed funds	9(c)	**-**	(1,089,390,019)	891,044,753	**-**	(1,089,390,019)	891,044,753
Decrease in lease liabilities	21	**(25,108,374)**	(26,753,367)	(22,532,346)	**(60,684,899)**	(62,364,858)	(58,143,837)
Net cash (used in)/from financing activities		**(25,108,374)**	(1,116,143,386)	868,512,407	**(60,684,899)**	(1,151,754,877)	832,900,916
Net increase in cash and cash equivalents		**773,653,123**	55,794,649	170,055,642	**773,653,123**	55,794,649	170,055,642
Cash and cash equivalents, at start of the year		**4,343,191,656**	4,287,397,007	4,117,341,365	**4,343,191,656**	4,287,397,007	4,117,341,365
Cash and cash equivalents, at end of the year	9(b)	**5,116,844,779**	4,343,191,656	4,287,397,007	**5,116,844,779**	4,343,191,656	4,287,397,007

The notes on pages 78 to 202 form an integral part of these financial statements.


producing
wine from
lychees

Domaine et Terroirs Takamaka Ltd

Beverage Production

This industry is in full expansion in Mauritius and plays a major role in the economic growth of Mauritius and we believe that as a banking institution it is essential to understand the business challenges and stay committed to providing solutions for businesses to expand and grow in African countries. From start-ups to developed enterprises, MauBank is always on the move to find new opportunities through its networks and financing expertise to help businesses and entrepreneurs conquer the export market.

Domaine et Terroirs Takamaka Ltd Takamaka Boutique Winery is situated at La Marie Vacoas, the winery was born of the conviction of a passionate winemaker, Alexander Oxenham, the only oenologist on the island who took up the challenge of producing wine from lychees.

Notes to the Financial Statements

For the year ended 30 June 2022

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

1.1 General information

MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank Ltd "MPCB") or the "Bank" has on the 04 January 2016, acquired the assets and liabilities of the National Commercial Bank Ltd ("NCB") from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32A of the Banking Act 2004. Subsequently following the transfer, MPCB changed its name to MauBank Ltd ("MauBank"). Its registered office is 25 Bank Street, Cybercity, Ebène, Republic of Mauritius.

The Bank and its subsidiary, MauBank Investment Ltd (formerly known as "MPCB Investment Ltd"), are together referred as the "Group".

The Bank is engaged in the provision of commercial banking services.

The principal activity of MauBank Investment Ltd is to act as land promoter and property developer.

The financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Group and the Bank.

The directors have authorised the issue of the financial statements on 28 September 2022 and they do not have the power to amend the financial statements after issue.

1.2 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004 and the regulations and guidelines issued by the Bank of Mauritius.

These financial statements have further been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments which are measured at their revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Bank take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

1.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group and the Bank have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2021.

2.1 New and revised Standards that are effective but with no material effect on the financial statements

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

IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Lease - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification
IFRS 16	Lease - Amendments regarding replacement issues in the context of the IBOR reform

2.2 New and revised Standards and Interpretations in issue but not yet effective

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

IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective date 1 January 2023)
IAS 12	Income Taxes – Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
IAS 16	Property, plant and equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

The directors anticipate that these standards and interpretation will be applied on their effective dates in future periods.
The directors have not yet assessed the potential impact of the application of these amendments.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Basis of consolidation

The financial statements include the results of the Bank and of its subsidiary. The results of the subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements incorporate the financial statements of the Bank and its subsidiary. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's shareholding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Bank loses control of a subsidiary, the profit or loss on disposal is recognised in statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Summary of Significant Accounting Policies (Cont'd)

3.3 Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Bank commit to purchase or sell the asset.

At initial recognition, the Group and the Bank measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI"), as described in note 5.1, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(1) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(2) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Financial Assets

(i) Classification and subsequent measurement

The Group and the Bank have applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVTOCI"); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's and the Bank's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(i) Classification and subsequent measurement (Cont'd)

Debt instruments (Cont'd)

Based on these factors, the Group and the Bank classify their debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 5.1. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

- Fair value through other comprehensive income ("FVTOCI"): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net gain from derecognition of financial assets at FVTOCI'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss within 'Net trading income ' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Other operating income'. Interest income from these financial assets is included in 'Net trading income'.

Business model: the business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group's and the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include the following:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group and the Bank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(i) Classification and subsequent measurement (Cont'd)

Debt instruments (Cont'd)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Bank subsequently measures all equity investments at fair value through profit or loss, except where the Group's and the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Group's and the Bank's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in profit or loss.

(ii) Impairment

The Group and the Bank assess on a forward-looking basis the expected credit losses on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments (e.g. loas and advances, investment securities);
- Lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 6.1.3 provides more detail of how the expected credit loss allowance is measured.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(iii) Modification of loans

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate or change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 6.1.7.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:

(a) Have no obligation to make payments unless it collects equivalent amounts from the assets;
(b) Are prohibited from selling or pledging the assets; and
(c) Have an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(v) Reclassifications

If the business model under which the entity holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets. During the current financial year there was no change in the business model under which the Group and the Bank hold financial assets and therefore no reclassifications were made.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group ansd the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's and the Bank's trading activity.

(vii) Fair value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group and the Bank measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Bank use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Bank determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group and the Bank measure assets and long positions at a bid price and liabilities and short positions at an ask price.

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial Assets (Cont'd)

(vii) Fair value Measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There have been no transfers between levels of the fair value hierarchy during the current and prior financial years.

Financial liabilities

(i) Classification and subsequent measurement

In the current period, financial liabilities are classified as subsequently measured at amortised cost:

The Group's and the Bank's financial liabilities include deposits from customers, other borrowed funds and other liabilities.

All interest-related charges on financial liabilities are included within interest expense.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or it expires).

The exchange between the Group and the Bank and their original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial Instruments (Cont'd)

Financial liabilities (Cont'd)

(iii) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 6.1.4.1); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

3.5 Cash and Cash Equivalents

Cash and cash equivalents consist notes and coins on hand, balances with banks in Mauritius and abroad, unrestricted balances with the Central Bank, short term loans and placements with banks maturing within 90 days from date of origination, and highly liquid financial assets with original maturities of 90 days or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group and the Bank in the management of its short-term liquidity commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.6 Loans and Advances

The 'loans and advances to customers' and 'loans to and placements with banks' caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method'. The 'loans to advances to customers' also include lease receivables. See note 3.13.

3.7 Derivative Financial Instruments

The Group and the Bank enter into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate and foreign exchange risk. Derivative held include forward contracts, spot position and cross currency swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

3.8 Trading Assets

Trading assets are those assets that the Group and the Bank acquire or incur principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

3. Summary of Significant Accounting Policies (Cont'd)

3.9 Investment Securities

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss; and
- debt securities measured at FVTOCI

For debt securities measured at FVTOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

3.10 Property, Plant and Equipment

Freehold land and buildings

Freehold land and buildings are shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Market value is fair value based on appraisals prepared by external professional valuers if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the assets is transferred to accumulated losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation for freehold buildings is recognised on a straight-line basis to write down the revalued amount less estimated residual values. Depreciation is calculated at the rate of 2% p.a.

Computer equipment, furniture and fittings, office equipment and motor vehicles

Computer equipment, furniture and fittings, office equipment and motor vehicles are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Equipment which is acquired and not yet installed at the reporting date is treated as capital work in progress

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.10 Property, Plant and Equipment (Cont'd)

Computer equipment, furniture and fittings, office equipment and motor vehicles (Cont'd)

Depreciation is recognised on a straight-line basis over the estimated useful lives at the following rates:

Computer and office equipment	14% - 33%
Furniture, fixtures and fittings	14% - 25%
Motor vehicles	20%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

Material residual value estimates and estimates of useful life are updated as required. Repairs and maintenance costs are expensed as incurred.

Gains or losses arising on the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income within "other income" or "other expenses".

3.11 Intangibles

Computer software is stated at cost less accumulated amortisation. Computer software is amortised on a straight-line basis over its estimated useful life of 5 to 10 years. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.12 Investment property

Investment properties are properties held to earn rental and/or for capital appreciation, and are accounted for using the fair value model. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property rented to the Bank by the subsidiary is not classified as investment property in these financial statements as it includes both the lessor and the lessee. Such property is included within property, plant and equipment and is measured in accordance with Note 3.10 above.

Rental income and operating expenses from investment properties are reported within "Other income" and "Other expenses" respectively.

3. Summary of Significant Accounting Policies (Cont'd)

3.13 Leases

(a) The Group and the Bank as lessee

The Group and the Bank assess whether a contract is or contains a lease, at inception of the contract. The Group and the Bank recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group and the Bank recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Bank use its incremental borrowing rate.

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

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

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

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

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

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.13 Leases (Cont'd)

(a) The Group and the Bank as lessee (Cont'd)

The Bank follows the revaluation model for right-of-use assets relating to land (Refer to note 3.10)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Bank expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group and the Bank apply IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 Leases permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank have not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) The Group and the Bank as lessor

The Group and the Bank enter into lease agreements as a lessor with respect to some of its properties.

Leases for which the Group and the Bank are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group and the Bank are also engaged in the provision of leases to both individuals and corporates. The Group's and the Bank's portfolio is made up of principally motor vehicles and equipment. As part of the wider risk management principles of the Group and the Bank, the risks associated with the lease portfolio are monitored through rigorous credit assessment, determining the financed amount as part of the cost of the asset based on the customers' credit risk profile, amongst others.

(i) Recognition and initial measurement for finance lease receivables

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Group and the Bank, and thus the lease payment receivable is treated by the Group and the Bank as repayment of principal and interest income to reimburse and reward the lessor for its investment and services.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable; there is no need to add them separately.

3. Summary of Significant Accounting Policies (Cont'd)

3.13 Leases (Cont'd)

(b) The Group and the Bank as lessor (Cont'd)

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Group and the Bank aim to allocate interest income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's and the Bank's finance lease receivable.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the Group's and the Bank's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease is revised and any reduction in respect of amounts accrued is recognised immediately.

The Group and the Bank apply the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. Impairment of lease receivables have been disclosed in Note 5 (c) (iii) and will follow the same principles as impairment for loans and advances.

When a contract includes both lease and non-lease components, the Group and the Bank apply IFRS 15 to allocate the consideration under the contract to each component.

3.14 Investment in subsidiary

A subsidiary is an entity over which the Bank has control. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss and other comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Income Taxes

Tax expense recognised in the statements of profit or loss and other comprehensive income comprises the sum of current tax, deferred tax, Corporate Social Responsibility Fund ("CSRF") and Special Levy.

(a) Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred taxation

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's and the Bank's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only when the Group and the Bank have a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the consolidated statement of profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Income Taxes (Cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

(c) Corporate Social Responsibility Fund ("CSRF")

The Group and the Bank are subject to CSRF and the contribution is at a rate of 2% on the chargeable income of the preceding financial year.

(d) Special Levy

As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy was calculated at 10% on chargeable income. No levy was paid in a year where the Group and the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceding year.

Following changes brought by the Finance Act 2018, special levy on banks falls under VAT Act 2018 as from assessment year 2019/2020 (accounting period 01 July 2018 to 30 June 2019). As per Section 53J of the VAT Act, special levy is calculated at 5.5% where leviable income is less than or equal to Rs 1.2 Billion or at 4.5% where leviable income is greater than Rs 1.2 billion. Leviable income means the sum of net interest income and other income from banking transactions with residents, before deduction of expenses. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

3.16 Deposits and other Borrowed Funds

Deposits and other borrowed funds are the Group's and the Bank's main sources of debt funding.

Deposits and other borrowed funds are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

3.17 Retirement and other Post-retirement Benefits

(a) Defined contribution plan

The Group and the Bank contribute to a defined contribution plan for its employees, whereby it pays contributions to a privately administered pension insurance plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and are included in administrative expenses.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.17 Retirement and other post-retirement benefits (Cont'd)

(b) Defined benefit plan

The Bank operate two Defined Benefit Schemes, which are fully funded. The assets of the funds are held independent and administered by the Swan Life Ltd and National Insurance Company Limited. Pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statements of profit or loss and other comprehensive income under the heading "other comprehensive income". Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. The Bank carries out an actuarial valuation every year.

Remeasurement recognised in other comprehensive income is accumulated under the heading of employee benefit reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

For employees who are not covered by a pension plan, the net present value of retirement gratuity payable under the Workers' Rights Act is calculated and provided for, where material. The obligation arising under this item is not funded.

(c) State plan

Contributions to the Contribution Sociale Generalisée ("CSG") are expensed to the consolidated statement of profit or loss and other comprehensive income in the period in which they fall due.

(d) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(e) Termination benefits

Termination benefits are recognised when the Bank is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. A liability is recognised for the termination benefit representing the best estimate of the amount payable and the termination benefits are recognised as an expense

3. Summary of Significant Accounting Policies (Cont'd)

3.18 Provisions and Contingent Liabilities

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at the reporting date are reviewed in detail and provision is made where necessary after seeking legal advice. Contingent liabilities are disclosed in these financial statements for possible obligations that arise from past events whose existence will be confirmed by uncertain future events not wholly within the control of the Group and the Bank.

3.19 Equity

Stated capital is determined using the value of shares that have been issued. Accumulated losses/retained earnings include all current and prior periods results as disclosed in the statement of profit or loss and other comprehensive income.

Fair value reserve comprise gain on fair value of financial assets held at fair value through other comprehensive income. Revaluation reserves comprise the unrealised gains arising out of the revaluation of property, plant and equipment.

Other reserves represent statutory and non-statutory reserves.

3.20 Acceptances

Acceptances comprise the commitment of the Group and the Bank to pay bills of exchange drawn on customers. The Group and the Bank expect most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are accounted for as off-balance sheet items and are disclosed as contingent liabilities.

3.21 Guarantees

In the normal course of business, the Group and the Bank issue various forms of guarantees to support their customers. These guarantees are kept off-balance sheet unless a provision is needed to cover probable losses. These guarantees are disclosed as contingent liabilities.

3.22 Off-balance sheet arrangements

In the normal course of business, the Group and the Bank enter into arrangements that, under IFRS, are not recognised on the statement of the financial position and do not affect the statement of profit or loss and other comprehensive income. These types of arrangements are kept off balance sheet as long as the Group and the Bank do not incur an obligation from them or become entitled to an asset itself. As soon as an obligation is incurred, it is recognised on the statement of financial position, with the resulting loss recorded in the statement of profit or loss and other comprehensive income. Contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.23 Net Interest Income

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

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). The interest is suspended and recognised only upon receipt. For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVTOCI;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cashflow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense;
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk; and

Interest income and expense on all trading assets are considered to be incidental to the Group's and the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.24 Net Fee and Commission Income

Fee and commission income and expense include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Group's statement of profit or loss include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

3. Summary of Significant Accounting Policies (Cont'd)

3.24 Net Fee and Commission Income (Cont'd)

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including any significant payment terms and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including any significant payment terms	Revenue recognition policies under IFRS 15
Retail, corporate and global banking services	The Bank provides Banking services to retail, corporate and global Banking customers, including account management, provision of overdraft and other credit facilities, credit cards, foreign currency transactions, trade finance facilities and servicing fees. Fees for ongoing account management are charged to the customers' account on a monthly basis (or any other pre-determined frequency). The Bank sets the rates separately for retail, corporate and global business customers and reviews them annually. Transaction-based fees for interchange, foreign-currency transactions, overdrafts and trade finance facilities are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank.	Revenue from account services and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at a point in time when the transactions take place.

The Group and the Bank do not offer services with multiple non-distinct/ distinct performance obligations.

Fee and commission expenses with regards to services are accounted for as the services are received.

3.25 Net Trading Income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Group and the Bank have elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense and dividends.

3.26 Foreign Currency

(a) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group and the Bank, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Summary of Significant Accounting Policies (Cont'd)

3.26 Foreign Currency (Cont'd)

(b) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. Other exchange differences are recognised in OCI in the investment's revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income'; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment's revaluation reserve.

3.27 Segment Reporting

In accordance with the Bank of Mauritius Guideline on Segmental Reporting under a Single Banking Licence Regime, the Group's and the Bank's business is organised under two segments, namely Segment A and Segment B.

- Segment B is essentially directed to the provision of international financial services that give rise to foreign source income. Such services may be fund based or non-fund based.
- Segment A relates to banking business other than Segment B business.

Information on Segment B for the years ended 30 June 2022 and 30 June 2021 is disclosed in note 5. For the year ended 30 June 2020, information on Segment B was not significant in relation to the entire business of the Group and was consequently not disclosed.

Neither the above guideline nor IFRS mandate the application of IFRS 8 to the financial statements of the Group and the Bank.

3.28 Repossessed Property

In certain circumstances, property is repossessed following the foreclosure of loans that are in default. Repossessed properties are measured at the higher of fair value less costs of disposal and value in use and reported within "Other assets". Realised loss/gain on disposal of repossessed property is taken to the statement of profit or loss and other comprehensive income. No depreciation is charged on repossessed property.

3.29 Impairment of Non-financial Assets

At each reporting date, the Group and the Bank review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3. Summary of Significant Accounting Policies (Cont'd)

3.30 Related Parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

The Group and the Bank consider related parties as key management personnel, directors, shareholders and its subsidiary's undertaking. Interest rate, unless the hedged item has been derecognised, in which case it is released to the statement of profit and loss immediately.

3.31 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

As required by the Bank of Mauritius Guideline on Public Disclosure of Information, disclosures have been made with comparative information for two years.

4. Use of estimates and judgements in applying accounting policies and estimation uncertainty

In the application of the Group's and the Bank's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and the Bank that have the most significant effect on the financial statements.

(i) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group and the Bank determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Bank monitor financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Notes to the Financial Statements

For the year ended 30 June 2022

4. Use of estimates and judgements in applying accounting policies and estimation uncertainty (Cont'd)

Significant management judgement (Cont'd)

(ii) Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group and the Bank take into account qualitative and quantitative reasonable and supportable forward-looking information.

(iii) Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group and the Bank monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

(iv) Models and assumptions used

The Group and the Bank use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

(v) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of future taxable income against which the deductible temporary differences can be utilised.

Estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's and the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Estimation in respect of ECL

(a) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario.

The calculation of specific allowance for credit impairment requires management to estimate the recoverable amount of each impaired asset, being the present value of expected cash flows, including amount recoverable from guarantees and collaterals, discounted at the prevailing effective interest rate of the loans. Where loans are secured against immoveable property, the value of such collateral is based on the opinion of independent and qualified appraisers.

4. Use of estimates and judgements in applying accounting policies and estimation uncertainty (Cont'd)

(b) Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(c) Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

(ii) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 6).

(iii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions are based on current market conditions. Additional information is disclosed in Note 23.

modern infrastructure & social housing

Square Deal Multi-Purpose Co-Operative Society Limited

Square Deal Multi-Purpose Co-Operative Society Limited is a well-established society in the construction and civil engineering sector in Mauritius and has been awarded several contracts for land development, morcellement as well as government projects. Since its foundation in year 1999, Square Deal Multi-Purpose Cooperative Society Limited has been primarily concerned with Earth moving, Pipe laying and Building works. Today, the company is expanding thanks to the visionary and forward-looking approach of its Board and Management and with the support of its team members.

Notes to the Financial Statements

For the year ended 30 June 2022

5 Operating Segments

In compliance with the Mauritian Banking Act 2004, the banking business of a licensed bank is divided into two segments. Segment B relates to the banking business that gives rise to "foreign source income". All other banking business is classified under segment A.

The Bank deals mainly in Segment A business with less operations in segment B. The table below provides a summary of the main operations of the Bank with Segment B.

	As at 30 June 2022	As at 30 June 2021
	Rs	Rs
Assets		
Cash and cash equivalents	**1,065,305,727**	967,072,059
Loans and advances to banks	**456,317,786**	863,031,847
Loans and advances to customers	**492,957,680**	599,701,499
Trading assets	**687,904,980**	407,713,953
Investment securities	**2,243,798,665**	1,595,055,572
Other assets	**36,064,083**	34,043,727
Total assets	**4,982,348,921**	4,466,618,657
Liabilities		
Deposits from customers	**3,457,952,566**	2,767,427,620
Total liabilities	**3,457,952,566**	2,767,427,620

	For year ended 30 June 2022	For year ended 30 June 2021
	Rs	Rs
Interest income	**103,762,776**	69,236,350
Interest expense	**(584,462)**	(1,143,271)
Net interest income	**103,178,314**	68,093,079
Other operating income	**37,041,279**	33,552,279
	140,219,593	101,645,358

6 Financial Instrument Risk

Risk management objectives and policies

The Group's and the Bank's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's and the Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's and the Bank's financial performance.

The Group and the Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group and the Bank regularly review their risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board Conduct Review and Risk Management Committee under policies approved by the Board of Directors. The Risk Management Forum identifies, evaluates and hedges financial risks in close co-operation with the Group and the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk.

6.1 Credit risk analysis

The Group and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group and the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Group and the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and guarantees.

6.1.1 Credit risk measurement

Credit risk is the possibility of losses associated with changes in the credit profile of borrowers or counterparties. These losses, associated with changes in portfolio value, could arise due to default or due to deterioration in credit quality.

- Default risk : obligor fails to service debt obligations
- Recovery risk : recovery post default is uncertain
- Spread risk : credit quality of obligor changes leading to a fall in the value of the loan
- Concentration risk : over exposure to an individual obligor, group or industry
- Correlation risk : concentration based on common risk factors between different borrowers, industries or sectors which may lead to simultaneous default

The Group and the Bank's revised credit policy deals with credit concentration limits, exposure limits, diversification strategy, and the Group and the Bank's risk based pricing of loans and advances based on its credit risk appetite and the size of its capital.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring ECL under IFRS 9. Refer to note 6.1.3.3 for more details.

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

6.1 Credit risk analysis (Cont'd)

Risk management objectives and policies (Cont'd)

6.1.1 Credit risk measurement (Cont'd)

The Bank uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Bank uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

In line with the Bank of Mauritius guidelines on credit risk, the Group and the Bank have adopted the standardised measurement of credit risk. In this regard, the tasks under the credit risk unit are as under, amongst others:

- Segmentation of the credit portfolio (in terms of risk but not size);
- Model Requirements (for risk assessments);
- Data requirements;
- Credit risk reporting requirements for regulatory/control and decision-making purposes at various levels;
- Policy requirements for credit risk (credit process & practices, monitoring & portfolio management etc.); and
- Align risk strategy & business strategy.

6.1.2 Risk limit, control and mitigation policies

The Group and the Bank manage, limit and control concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

The Group and the Bank structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group and the Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Fixed charges over land and buildings; and
- Floating charges over business assets such as premises, inventories and accounts receivable.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.2 Risk limit, control and mitigation policies (Cont'd)

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group and the Bank on behalf of a customer authorising a third party to draw drafts on the Group and the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and the Bank are potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.1.3 (a) Impairment and provisioning policies

The Group and the Bank have their Credit Impairment and Income Recognition Policy, where the impairment and provisioning policies are defined as per both IFRS and regulatory requirements. The Group and the Bank assess at each reporting date whether there is objective evidence that loans and advances are impaired. The criteria that the Group and the Bank use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the borrower;
- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (eg equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral

Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collectively assessed impairment allowances are provided for:

(i) Portfolios of homogenous assets that are individually below materiality thresholds; and
(ii) Losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Contd)

6.1.3 (b) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to note 6.1.3.1 for a description of how the Group and the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Note 6.1.3.4 includes an explanation of how the Bank has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Post model adjustment

Management have evaluated the impact of Covid-19 on different sector loan and advances to determine which client may encounter difficulties and have reclassified these clients amounting to **Rs 64 Mn** (2021: Rs 233 Mn; 2020: Rs 147 Mn) from stage 1 to stage 2 for the purpose of overlay provision in addition to the provision as per the ECL model of the Bank.

An additional overlay provision of **Rs 8 Mn** has been made in this regard (2021: Rs 10 Mn; 2020: Rs 17 Mn)

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

6.1.3.1 Significant increase in credit risk (SICR)

To determine whether credit risk has significantly increased since initial recognition, the Group and the Bank will compare the risk of default at the assessment date with the risk of default at initial recognition. This assessment is to be carried out at each assessment date.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.3 (b) Expected credit loss measurement (Cont'd)
6.1.3.1 Significant increase in credit risk (SICR) (Cont'd)

SICR criteria

The Group and the Bank evaluate certain indicators when assessing for SICR by considering all reasonable and supportable information available at the time of assessment. These include but are not limited to the following set of criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- If the borrower is on the Watchlist
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR is performed on a quarterly basis at a portfolio level for all Retail and Corporate financial instruments held by the Bank. In relation to Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team and have been adapted accordingly to reflect the Covid-19 circumstances.

Low credit risk expedient

IFRS 9 offers a low credit risk (LCR) expedient for the purpose of allocating exposures into stages based on SICR assessment. On application of this expedient, the Bank may assume that the credit risk of a financial instrument has not increased significantly since initial recognition if it is determined that the financial instrument has low credit risk at the assessment date.

According to IFRS 9,the credit risk on a financial instrument is considered low if:

(a) The financial instrument has a low risk of default;
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group and the Bank has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2021 (30 June 2020: None)

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3 (b) Expected credit loss measurement (Cont'd)

6.1.3.1 Significant increase in credit risk (SICR) (Cont'd)

30+DPD rebuttal

Regardless of the indicators used by the Bank to determine SICR, there is a rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Bank shall rebut the 30+ DPD presumptions in the case of any technical delinquencies (i.e. accounts marked as 30+DPD owing to administrative reasons and non-credit related concerns) and cases of delinquencies where payment is linked to government payments with approved invoices which have caused such delinquency. Approval for such instances will be obtained from the Board.

6.1.3.2 Definition of default and credit-impaired assets

The Bank's definition of default is aligned with both IFRS 9 and regulatory requirements and internal credit risk management practices. Defaulted assets will fall under the Stage 3 category and a specific provision is recognized against all such assets.

Impaired Asset

A loan can be classified as impaired asset when installments of principal and/or interest are due and remain unpaid for 90 days or more, or such unpaid amount has been capitalized, refinanced or rolled-over.

"Past due" loans are loans where payment of principal or interest is contractually due but remains unpaid.

Overdraft

An overdraft facility can be classified as impaired asset when one or more conditions as mentioned below are satisfied:

- the advance exceeds the customer's approved limit continuously for 90 days or more;
- the customer's approved limit has expired for 90 days or more;
- interest on the advance is due and remains unpaid for 90 days or more; or
- the account has been dormant for 90 days or more and deposits are insufficient to cover the interest capitalized during the period. For this purpose, dormant accounts include accounts, which have only a few transactions of insignificant amounts.

Bills Purchased and Discounted:

- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.

Investments:

- Interest/ instalment (including maturity proceeds) for investments is due and remains unpaid for more than 90 days.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3 (b) Expected credit loss measurement (Cont'd)

6.1.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired assets' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
- The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.
- The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.
- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.
- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.
- The 12-month and lifetime LGDs are determined using a combination of regulatory and historical vintage analysis. These vary by product type.
- LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.
- Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 6.1.3.4 for an explanation of forward-looking information and its inclusion in ECL calculations.
- The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc are monitored and reviewed on an annual basis.
- There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.3 (b) Expected credit loss measurement (Cont'd)

6.1.3.4 Forward-looking information incorporated in the ECL models

(i) The calculation of ECL incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

(ii) These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are sourced from Bank of Mauritius, IMF and WEO Forecast Database depending upon the type of portfolio. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

(iii) ECL is computed as a probability weighted average of three scenarios; baseline (60%), adverse (20%) and good (20%). For computation of the same, PD is computed for each of the scenario by giving a shock to baseline PD curve in upward and downward direction. Final ECL is computed by giving the weightages to each of the scenario to arrive at weighted average ECL.

(iv) As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios and economic variable assumptions.

Some of the economic variables considered in the ECL models are as follows:

1 Unemployment rate given its impact on secured and unsecured borrowers ability to meet their contractual repayments.

2 GDP and core inflation given the significant impact on individual and company's performance and collateral valuations.

3 World inflation forecast for significant impact on the company's performance.

4 Real GDP growth rate, current accounts balance and CPI inflation.

5 SEMDEX given its correlation with the general economic conditions.

6 Bank of Mauritius key Repo Rate given how interest rates would be expected to affect borrower's capability to repay.

Sensitivity analysis

The stage 1 and stage 2 expected credit loss rate on the loans and advances portfolio at 30 June 2022 stand at **1%** (30 June 2021: 1%). If the loss rate increases or decreases by 5%, the impact on the income statement would be as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Increase in loss rate by 5%	**(8,387,309)**	(8,740,169)
Decrease in loss rate by 5%	**8,387,309**	8,740,169

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.4 Exposure to Credit Risk

6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment

	Retail					
	2022				2021	2020
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Performing	Special Mention	Impaired			
	Rs	Rs	Rs	Rs	Rs	Rs
Gross carrying amount	**6,420,330,005**	**379,825,334**	**240,378,956**	**7,040,534,295**	5,084,882,200	4,813,548,327
Loss allowance	**(35,177,118)**	**(59,885,092)**	**(53,478,111)**	**(148,540,321)**	(102,497,904)	(102,957,488)
Carrying amount	**6,385,152,887**	**319,940,242**	**186,900,845**	**6,891,993,974**	4,982,384,296	4,710,590,839

	Corporate					
	2022				2021	2020
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Performing	Special Mention	Impaired			
Gross carrying amount	**10,430,911,880**	**101,140,474**	**724,327,393**	**11,256,379,747**	13,219,532,894	11,188,769,655
Loss allowance	**(55,827,272)**	**(16,856,689)**	**(276,399,380)**	**(349,083,341)**	(327,916,461)	(301,465,119)
Carrying amount	**10,375,084,608**	**84,283,785**	**447,928,013**	**10,907,296,406**	12,891,616,433	10,887,304,536

	Investment securities					
	2022				2021	2020
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Performing	Special Mention	Impaired			
Gross carrying amount	**6,696,295,991**	**-**	**-**	**6,696,295,991**	5,365,344,562	3,551,200,463
Loss allowance	**(20,280,711)**	**-**	**-**	**(20,280,711)**	(27,299,586)	(12,809,248)
Carrying amount	**6,676,015,280**	**-**	**-**	**6,676,015,280**	5,338,044,976	3,538,391,215

	Off balance sheet					
	2022				2021	2020
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	Performing	Special Mention	Impaired			
Gross carrying amount	**1,388,448,331**	**-**	**-**	**1,388,448,331**	1,268,065,494	1,981,028,082
Loss allowance	**(733,864)**	**-**	**-**	**(733,864)**	(773,212)	(543,944)
Carrying amount	**1,387,714,467**	**-**	**-**	**1,387,714,467**	1,267,292,282	1,980,484,138

	Cash and cash equivalents and placements					
	2022				2021	2020
	Performing	Special Mention	Impaired			
Gross carrying amount	**883,368,209**	**-**	**-**	**883,368,209**	853,985,750	2,997,072,814
Loss allowance	**-**	**-**	**-**	**-**	-	(12,270)
Carrying amount	**883,368,209**	**-**	**-**	**883,368,209**	853,985,750	2,997,060,544

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.4 Exposure to Credit Risk (Cont'd)

6.1.4.2 Maximum exposure to credit risk — Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	The Group and the Bank		
	2022	2021	2020
	Maximum exposure to credit risk	Maximum exposure to credit risk	Maximum exposure to credit risk
	Rs	Rs	Rs
Financial assets designated at fair value through profit and loss:			
Trading assets	**687,904,980**	1,798,297,228	3,637,975,739
Equity investments at FVTPL	**17,912,214**	17,940,280	17,283,415
Derivative assets	**3,366,270**	34,680,427	45,718,645

6.1.4.3 Risk Limit Control and Mitigation Policies

The Group and the Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counter parties and groups and to industries.

The Group and the Bank structure the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrower to meet interest and capital repayment obligation and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

Collaterals and other credit enhancements

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

2022	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	**5,057,952**	**4,832,789**	**225,163**	**2,950,000**
- Term loans	**55,263,129**	**27,958,376**	**27,304,753**	**90,290,190**
- Mortgages	**54,579,765**	**10,385,217**	**44,194,548**	**137,088,013**
Loans to corporate entities:				
- Large corporate customers	**549,599,825**	**180,205,455**	**369,394,370**	**617,945,063**
- Small and medium-sized enterprises (SMEs)	**188,376,057**	**95,659,332**	**92,716,725**	**325,823,275**
- Other	**111,829,622**	**10,836,322**	**100,993,300**	**149,453,600**
Total credit-impaired assets	**964,706,350**	**329,877,491**	**634,828,859**	**1,323,550,141**

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.4 Exposure to Credit Risk (Cont'd)

6.1.4.2 Maximum exposure to credit risk — Financial instruments not subject to impairment

2021	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	14,396,776	4,611,876	9,784,900	14,792,304
- Term loans	118,365,747	21,045,433	97,320,314	216,527,491
- Mortgages	29,711,572	4,553,674	25,157,898	83,926,498
Loans to corporate entities:				
- Large corporate customers	500,092,893	137,975,157	362,117,736	624,437,538
- Small and medium-sized enterprises (SMEs)	168,015,471	87,424,842	80,590,629	232,105,787
Total credit-impaired assets	**830,582,459**	**255,610,982**	**574,971,477**	**1,171,789,618**

2020	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	3,857,356	3,855,296	2,060	50,000
- Term loans	25,486,003	11,475,377	14,010,626	41,145,009
- Mortgages	13,851,644	5,681,097	8,170,547	50,016,420
Loans to corporate entities:				
- Large corporate customers	419,351,601	136,513,021	282,838,580	1,547,200,000
- Small and medium-sized enterprises (SMEs)	194,860,859	60,436,328	134,424,531	309,947,922
Total credit-impaired assets	**657,407,463**	**217,961,119**	**439,446,344**	**1,948,359,351**

The following table shows the distribution of Loan-to-Value (LTV) ratios for the Bank's mortgage credit-impaired portfolio:

	2022	2021	2020
Mortgage portfolio – LTV distribution	Credit-impaired (Gross carrying amount)	Credit-impaired (Gross carrying amount)	Credit-impaired (Gross carrying amount)
	Rs	Rs	Rs
Lower than 50%	**34,919,770**	19,031,764	12,158,431
50 to 60%	**3,731,301**	883,780	-
60 to 70%	**2,843,560**	7,867,591	-
70 to 80%	**13,085,133**	-	1,194,897
80 to 90%	**-**	1,001,521	-
90 to 100%	**-**	926,915	498,316
Total	**54,579,764**	**29,711,571**	**13,851,644**

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impact on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Loss allowance as at 01 July 2019	41,308,180	24,807,558	10,047,922	76,163,660
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(3,181,189)	21,578,171	-	18,396,982
Transfer from Stage 1 to Stage 3	(174,220)	-	5,709,403	5,535,183
Transfer from Stage 2 to Stage 1	771,428	(11,903,305)	-	(11,131,877)
Transfer from Stage 2 to Stage 3	-	(3,909,195)	5,110,217	1,201,022
Transfer from Stage 3 to Stage 1	1,114	-	(54,743)	(53,629)
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	9,543,947	2,307,734	406,692	12,258,373
Change in existing	7,949,262	(978,213)	(129,180)	6,841,869
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Financial assets derecognized during the period	(4,778,270)	(1,345,642)	(130,184)	(6,254,096)
Loss allowance as at 30 June 2020	51,440,252	30,557,108	20,960,127	102,957,487
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(4,465,764)	31,276,086	-	26,810,322
Transfer from Stage 1 to Stage 3	(449,196)	-	9,981,699	9,532,503
Transfer from Stage 2 to Stage 1	858,033	(13,999,129)	-	(13,141,096)
Transfer from Stage 2 to Stage 3	-	(1,604,213)	1,292,338	(311,875)
Transfer from Stage 3 to Stage 1	26,875	-	(683,985)	(657,110)
Transfer from Stage 3 to Stage 2	-	3,225	-	3,225
New financial assets originated or purchased	7,571,228	3,008,037	105,655	10,684,920
Change in existing	(18,346,962)	(3,622,698)	(380,492)	(22,350,152)
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Financial assets derecognized during the period	(3,878,396)	(1,590,714)	(5,561,210)	(11,030,320)
Loss allowance as at 30 June 2021	32,756,070	44,027,702	25,714,132	102,497,904

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6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Retail	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(3,097,123)**	**28,190,209**	**-**	**25,093,086**
Transfer from Stage 1 to Stage 3	**(606,675)**	**-**	**9,209,862**	**8,603,187**
Transfer from Stage 2 to Stage 1	**1,618,250**	**(30,866,692)**	**-**	**(29,248,442)**
Transfer from Stage 2 to Stage 3	**-**	**(5,777,242)**	**10,965,366**	**5,188,124**
Transfer from Stage 3 to Stage 1	**70,061**	**-**	**(1,455,567)**	**(1,385,506)**
Transfer from Stage 3 to Stage 2	**-**	**377,227**	**(617,434)**	**(240,207)**
New financial assets originated or purchased	**10,386,649**	**6,860,804**	**5,158,318**	**22,405,771**
Change in existing	**(5,347,795)**	**17,073,091**	**4,506,916**	**16,232,212**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Financial assets derecognized during the period	**(602,319)**	**(7)**	**(3,482)**	**(605,808)**
Loss allowance as at 30 June 2022	**35,177,118**	**59,885,092**	**53,478,111**	**148,540,321**

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Loss allowance as at 01 July 2019	77,002,428	28,940,706	159,813,966	265,757,100
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,901,711)	21,401,861	-	18,500,150
Transfer from Stage 1 to Stage 3	(2,913,450)	-	56,015,062	53,101,612
Transfer from Stage 2 to Stage 1	1,177,235	(20,588,210)	-	(19,410,975)
Transfer from Stage 2 to Stage 3	-	(1,192,944)	1,168,947	(23,997)
Transfer from Stage 3 to Stage 1	1,010,437	-	(5,771)	1,004,666
Transfer from Stage 3 to Stage 2	-	1,384,652	(4,067,203)	(2,682,551)
New financial assets originated or purchased	20,024,401	4,828,250	2,624,298	27,476,949
Change in existing	(14,639,448)	(1,236,040)	(18,527,392)	(34,402,880)
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Financial assets derecognized during the period	(6,680,732)	(1,140,267)	(33,956)	(7,854,955)
Loss allowance as at 30 June 2020	72,079,160	32,398,008	196,987,951	301,465,119

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)
6.1 Credit risk analysis (Cont'd)
6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(5,469,234)	43,384,795	-	37,915,561
Transfer from Stage 1 to Stage 3	(530,736)	-	8,383,467	7,852,731
Transfer from Stage 2 to Stage 1	1,524,332	(23,281,533)	-	(21,757,201)
Transfer from Stage 2 to Stage 3	-	(290,115)	529,206	239,091
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	446,530	-	446,530
				-
New financial assets originated or purchased	11,410,587	5,866,245	359,922	17,636,754
Change in existing	(32,779,203)	2,709,731	23,939,626	(6,129,846)
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Financial assets derecognized during the period	(7,782,434)	(1,666,523)	(303,321)	(9,752,278)
Loss allowance as at 30 June 2021	38,452,472	59,567,138	229,896,851	327,916,461

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(428,318)**	**4,715,469**	**-**	**4,287,151**
Transfer from Stage 1 to Stage 3	**(3,012,566)**	**-**	**20,352,372**	**17,339,806**
Transfer from Stage 2 to Stage 1	**2,479,718**	**(28,075,800)**	**-**	**(25,596,082)**
Transfer from Stage 2 to Stage 3	**-**	**(733,857)**	**1,232,952**	**499,095**
Transfer from Stage 3 to Stage 1	**22,904**	**-**	**(173,400)**	**(150,496)**
Transfer from Stage 3 to Stage 2	**-**	**42,110**	**(118,647)**	**(76,537)**
				-
New financial assets originated or purchased	**13,537,361**	**2,765,752**	**3,168,515**	**19,471,628**
Change in existing	**7,544,137**	**(20,778,609)**	**22,053,439**	**8,818,967**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Financial assets derecognized during the period	**(2,768,435)**	**(645,514)**	**(12,703)**	**(3,426,652)**
Loss allowance as at 30 June 2022	**55,827,273**	**16,856,689**	**276,399,379**	**349,083,341**

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For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Loss allowance as at 01 July 2019	5,978,082	-	-	5,978,082
Movements with P&L impact				
New financial assets originated or purchased	7,013,669	-	-	7,013,669
Financial assets derecognized during the period	(312,669)			(312,669)
Changes in existing	130,166	-	-	130,166
Total net P&L charge during the period				-
Other movements with no P&L impact				-
Loss allowance as at 30 June 2020	12,809,248	-	-	12,809,248
Movements with P&L impact				
New financial assets originated or purchased	21,497,501	-	-	21,497,501
Financial assets derecognized during the period	(4,201,005)			(4,201,005)
Changes in existing	(2,806,158)	-	-	(2,806,158)
Total net P&L charge during the period	-	-	-	-
Other movements with no P&L impact	-	-	-	-
Loss allowance as at 30 June 2021	27,299,586	-	-	27,299,586

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Movements with P&L impact				
New financial assets originated or purchased	**2,686,770**	**-**	**-**	**2,686,770**
Changes in existing	**(506,732)**	**-**	**-**	**(506,732)**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Financial assets derecognized during the period	**(9,198,912)**	**-**	**-**	**(9,198,912)**
Loss allowance as at 30 June 2022	**20,280,712**	**-**	**-**	**20,280,712**

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Retail				
Gross carrying amount as at 01 July 2019	4,404,259,177	125,899,904	20,487,037	4,550,646,118
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	53,594,875	(59,396,692)	-	(5,801,817)
Transfer from Stage 1 to Stage 3	(9,875,192)	-	9,547,384	(327,808)
Transfer from Stage 1 to Stage 2	(133,751,572)	124,085,386	-	(9,666,186)
Transfer from Stage 2 to Stage 3	-	(19,185,107)	14,309,492	(4,875,615)
Transfer from Stage 3 to Stage 1	74,406	-	(402,236)	(327,830)
Financial assets derecognized during the period other than write-offs	(417,425,405)	(6,788,297)	(163,212)	(424,376,914)
New financial assets originated or purchased	957,474,366	18,104,163	1,484,746	977,063,275
Change in existing	(266,420,954)	(2,655,120)	291,176	(268,784,898)
Gross carrying amount as at 30 June 2020	4,587,929,701	180,064,237	45,554,387	4,813,548,325
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(212,625,267)	209,289,023	-	(3,336,244)
Transfer from Stage 1 to Stage 3	(23,686,876)	-	24,194,625	507,749
Transfer from Stage 2 to Stage 1	74,145,318	(82,949,468)	-	(8,804,150)
Transfer from Stage 2 to Stage 3	-	(7,872,779)	7,663,726	(209,053)
Transfer from Stage 3 to Stage 2	-	121,727	(232,595)	(110,868)
Transfer from Stage 3 to Stage 1	1,168,558	-	(1,427,011)	(258,453)
Financial assets derecognized during the period other than write-offs	(410,598,626)	(11,726,958)	(9,172,534)	(431,498,118)
New financial assets originated or purchased	1,293,252,742	22,094,342	378,449	1,315,725,533
Change in existing	(570,411,352)	(27,546,668)	(2,724,501)	(600,682,521)
Gross carrying amount as at 30 June 2021	4,739,174,198	281,473,456	64,234,546	5,084,882,200

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6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Retail	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(204,098,901)	249,053,243	-	44,954,342
Transfer from Stage 1 to Stage 3	(48,740,525)	-	91,544,559	42,804,034
Transfer from Stage 2 to Stage 1	166,357,917	(197,146,982)	-	(30,789,065)
Transfer from Stage 2 to Stage 3	-	(45,932,077)	88,310,072	42,377,995
Transfer from Stage 3 to Stage 2	-	1,934,884	(2,384,680)	(449,796)
Transfer from Stage 3 to Stage 1	3,888,171	-	(7,329,324)	(3,441,153)
Financial assets derecognized during the period other than write-offs	(130,173,604)	(969,452)	(275,404)	(131,418,460)
New financial assets originated or purchased	2,097,014,896	113,762,841	9,281,366	2,220,059,103
Change in existing	(203,092,148)	(22,350,578)	(3,002,179)	(228,444,905)
Gross carrying amount as at 30 June 2022	**6,420,330,004**	**379,825,335**	**240,378,956**	**7,040,534,295**

6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 01 July 2019	10,052,518,794	196,054,688	689,898,754	10,938,472,236
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(196,968,114)	154,596,971	-	(42,371,143)
Transfer from stage 2 to stage 1	107,833,248	(117,023,399)	-	(9,190,151)
Transfer from stage 1 to stage 3	(45,677,171)	-	48,633,526	2,956,355
Transfer from stage 2 to stage 3	-	(41,702,949)	45,576,098	3,873,149
Transfer from stage 3 to stage 1	127,608,627	-	(125,369,962)	2,238,665
Transfer from stage 3 to stage 2	-	7,832,249	(8,951,701)	(1,119,452)
Financial assets derecognized during the period other than write-offs	(1,145,549,066)	(10,086,958)	(49,554,729)	(1,205,190,753)
New financial assets originated or purchased	1,603,850,920	33,668,236	27,493,513	1,665,012,669
Changes in existing	(61,857,937)	(1,757,063)	38,879,391	(24,735,609)
Other movements	(40,119,127)	-	(101,057,184)	(141,176,311)
Gross carrying amount as at 30 June 2020	10,401,640,174	221,581,775	565,547,706	11,188,769,655
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(404,414,724)	391,771,197	-	(12,643,527)
Transfer from stage 2 to stage 1	123,418,965	(143,625,484)	-	(20,206,519)
Transfer from stage 1 to stage 3	(154,524,422)	-	153,562,519	(961,903)
Transfer from stage 2 to stage 3	-	(3,554,833)	2,735,749	(819,084)
Transfer from stage 3 to stage 2	-	2,288,325	(2,327,421)	(39,096)
Financial assets derecognized during the period other than write-offs	(1,994,825,962)	(24,910,787)	(10,098,822)	(2,029,835,571)
New financial assets originated or purchased	3,869,617,705	84,183,392	749,964	3,954,551,061
Changes in existing	106,851,001	(4,374,992)	113,559,281	216,035,290
Other movements	(17,936,346)	-	(57,381,066)	(75,317,412)
Gross carrying amount as at 30 June 2021	11,929,826,391	523,358,593	766,347,910	13,219,532,894

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6 Financial Instrument Risk (Cont'd)

Risk management objectives and policies (Cont'd)

6.1 Credit risk analysis (Cont'd)

6.1.5 Loss Allowance (Cont'd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Corporate	Rs	Rs	Rs	Rs
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(38,560,955)	34,984,376	-	(3,576,579)
Transfer from stage 2 to stage 1	(75,274,280)	-	14,114,401	(61,159,879)
Transfer from stage 1 to stage 3	211,746,717	(327,470,049)	-	(115,723,332)
Transfer from stage 2 to stage 3	-	(6,445,635)	5,808,629	(637,006)
Transfer from stage 3 to stage 1	-	211,470	(307,424)	(95,954)
Transfer from stage 3 to stage 2	375,799	-	(859,040)	(483,241)
Financial assets derecognized during the period other than write-offs	(2,742,033,304)	(136,128,450)	(285,696)	(2,878,447,450)
New financial assets originated or purchased	1,112,620,567	20,038,336	2,770,828	1,135,429,731
Changes in existing	37,053,380	(7,408,166)	5,714,497	35,359,711
Other movements	(4,842,435)	-	(68,976,712)	(73,819,147)
Gross carrying amount as at 30 June 2022	10,430,911,880	101,140,474	724,327,393	11,256,379,747

	Stage 1	
	12-month ECL	Total
	Rs	Rs
Investment securities		
Gross carrying amount as at 01 July 2019	1,911,240,885	1,911,240,885
New financial assets originated or purchased	3,290,544,907	3,290,544,907
Financial assets derecognized during the period other than write-offs	(1,661,629,776)	(1,661,629,776)
Changes in existing	11,044,448	11,044,448
Gross carrying amount as at 30 June 2020	3,551,200,464	3,551,200,464
Movements with P&L impact		
New financial assets originated or purchased	3,286,160,734	3,286,160,734
Financial assets derecognized during the period other than write-offs	(1,330,586,921)	(1,330,586,921)
Changes in existing	(141,429,715)	(141,429,715)
Gross carrying amount as at 30 June 2021	5,365,344,562	5,365,344,562
Movements with P&L impact		
New financial assets originated or purchased	4,457,414,957	4,457,414,957
Financial assets derecognized during the period other than write-offs	(2,918,687,089)	(2,918,687,089)
Changes in existing	(207,776,437)	(207,776,437)
Gross carrying amount as at 30 June 2022	6,696,295,993	6,696,295,993

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit Risk Analysis (Cont'd)

6.1.6 Write-off Policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

6.1.7 Modification of Financial Assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

The Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities and their respective effect on the Bank's financial performance:

	Loans and advances to customers	**Loans and advances to customers**	**Loans and advances to customers**
	2022	**2021**	**2020**
Retail	**Rs**	**Rs**	**Rs**
Amortised cost before modification	**8,219,819**	368,883,841	405,616,194
Net modification loss	**-**	-	(150,957)

6.1.8 Use of Estimates and Judgements

Management discussed the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 6.1.3.3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 6.1.3.1 to 6.1.3.4.

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.9 Maximum Exposure to Credit Risk before Collateral held and other Credit Risk Enhancement

Credit risk exposures are as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Cash and cash equivalents	**4,010,449,944**	3,282,315,703	4,013,028,794	**4,010,449,944**	3,282,315,703	4,013,028,794
Placements with banks	**-**	-	2,447,872	**-**	-	2,447,872
Derivative assets	**3,366,270**	34,680,427	45,718,645	**3,366,270**	34,680,427	45,718,645
Trading assets	**687,904,980**	1,798,297,228	3,637,975,739	**687,904,980**	1,798,297,228	3,637,975,739
Investment securities	**6,696,295,991**	5,365,344,562	3,551,200,463	**6,696,295,991**	5,365,344,562	3,551,200,463
Loans and advances to banks	**456,317,785**	863,031,847	-	**456,317,785**	863,031,847	-
Loans and advances to customers	**17,186,153,643**	16,839,341,532	15,406,607,530	**17,342,460,401**	17,010,456,691	15,597,383,181
Other assets*	**132,540,356**	190,209,679	138,769,714	**171,480,707**	228,251,550	176,792,884
	29,173,028,969	28,373,220,978	26,795,748,757	**29,368,276,078**	28,582,378,008	27,024,547,578

*Other assets include amount due from the subsidiary, balances due in clearing and receivables.

Credit risk exposures relating to off-balance sheet items are as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**1,388,448,331**	1,268,065,494	1,981,028,082	**1,388,448,331**	1,268,065,494	1,981,028,082
Credit commitments	**1,600,018,622**	1,717,380,639	1,908,076,512	**1,600,018,622**	1,717,380,639	1,908,076,512

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2022, 30 June 2021 and 30 June 2020, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans and advances portfolio as:

- **93.37%** (2021:90.48%; 2020: 92.85%) of the loans and advances portfolio is backed by collaterals:
- **87.22%** (2021:85.07%; 2020: 90.93%) of the loans and advances portfolio is considered to be neither past due nor impaired; and
- **Rs 2,338Mn** (2021: Rs 2,733Mn; 2020: Rs 1,451Mn) of the loans and advances have been assessed on an individual basis and **Rs 965Mn** (2021:Rs 831Mn; 2020: Rs 657Mn) is considered impaired.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.10 Loans and Advances

Loans and Advances are summarised as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**15,802,338,513**	15,400,425,756	14,359,093,393	**15,958,645,271**	15,571,540,915	14,549,869,044
Past due but not impaired	**1,373,562,420**	1,902,291,722	795,041,474	**1,373,562,420**	1,902,291,722	795,041,474
Individually impaired	**964,706,350**	830,582,458	657,407,464	**964,706,350**	830,582,458	657,407,464
Gross amount	**18,140,607,283**	18,133,299,936	15,811,542,331	**18,296,914,041**	18,304,415,095	16,002,317,982
Less allowance for credit impairment	**(498,135,855)**	(430,926,557)	(404,934,801)	**(498,135,855)**	(430,926,557)	(404,934,801)
Net amount	**17,642,471,428**	17,702,373,379	15,406,607,530	**17,798,778,186**	17,873,488,538	15,597,383,181

At 30 June 2022, the total impairment provision for loans and advances was **Rs 498,135,855** (2021: Rs 430,926,557 and 2020: Rs 404,934,801) of which **Rs 329,877,491** (2021: Rs 255,610,982 and 2020: Rs 217,961,119) represented the expected credit losses for stage 3 on impaired loans and the remaining amount of **Rs 168,258,364** (2021: Rs 175,315,575 and 2020: Rs 186,973,682) represented the expected credit allowance for stage 1 and 2. Further information on the allowance for credit impairment on loans and advances are provided in Note 13 and 14.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired is assessed by reference to the internal rating system adopted by the Group.

Loans and Advances renegotiated

The Group and the Bank

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status only if the account is properly serviced for a period of three months. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired totalled **Rs 1,840,669** (30 June 2021: Rs 7,897,232 and 30 June 2020: Rs 9,298,765) for the period under review.

6.1.11 Repossessed Collaterals

There were no assets which were repossessed during the year.

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed assets are classified in the statement of financial position within other assets.

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For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.1 Credit risk Analysis (Cont'd)

6.1.12 Country Risk Management

Cross-border exposures subject banks to country risk, that is the possibility that sovereign borrowers of a particular country may be unable or unwilling, and borrowers unable to fulfill their foreign obligations for reasons beyond the usual credit risk which arises in relation to all lending.

In April 2010, the Bank of Mauritius issued its first guideline on Country Risk Management. In the same year, the Bank put in place its policy on Country Risk Management policy which is a comprehensive document approved by the Board of Directors and which contains the risk appetite of the Group together with a set of techniques on the measurement and monitoring of the Group's country risk exposures.

In September 2020, the Bank of Mauritius issued its first guideline on Cross Border Exposure which was revised in March 2021. Prior to issuance of this guideline by the Central Bank, the Bank already has in place a Cross-Border Investment & Lending Risk Management Policy since October 2019 which is a comprehensive policy dealing with cross border exposures.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this context, MauBank Ltd monitors its country risk exposures at the level of the Asset and Liability Management Committee on a monthly basis.

At 30 June 2022, 29.67 % of the risk weighted exposures were in AA+u countries and the remaining 70.33 % spread between A+ to BBB-u. The highest exposures were in Africa represented by 43.95 %, 30.00 % in North America, 13.53 % in Europe, and 12.52% in East Asia.

At 30 June 2021, 25.96 % of the risk weighted exposures were in AA+u countries, 18.60 % were in B countries and the remaining 55.44 % spread between A+ to BBB-u. The highest exposures were in Africa represented by 56.79 %, 26.35 % in North America, 11.14 % in Europe, and 5.72% in East Asia.

At 30 June 2020, 47.65 % of the risk weighted exposures were in AA+u countries, 14.57 % were in B+ countries and the remaining 37.78 % spread between A+ to BB. The highest exposures were in Africa represented by 38.84 %, 48.10 % in North America, 11.64 % in Europe, and 1.42% in East Asia.

6.2 Market risk analysis

Market risk is the risk of loss resulting from adverse movements in the value of financial instruments. It encompasses exposure to interest rates, foreign exchange rates, equity prices and commodity prices. Sound market risk management practices include the measurement and monitoring of market risk as well as the communication and enforcement of risk limits throughout the Group's trading businesses.

Market risk is monitored consistently and reported to the Group's Asset and Liability Committee (ALCO). Movements of major currencies, trends and forecasts are analysed in the ALCO. Matching of Group's Assets and Liabilities is closely monitored by using gap analysis. Limits and authorisation/approval levels are set in the Bank's Liquidity, Interest Rate and Foreign Exchange Risk Policy. Procedures are strictly followed and adhered to.

6.2.1 Foreign currency sensitivity

Foreign exchange risk is the risk that the Group's earnings and economic value will be adversely affected with the movements in the foreign exchange rate. The Group is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales.

The Group monitors its foreign exchange risk exposure based on limits set in the Group's Foreign Exchange Risk Policy. Authorisation limits are clearly indicated in this policy. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. ALCO is the main forum in which foreign exchange and treasury matters are discussed and analysed.

The Subsidiary is not exposed to any foreign currency risk since it did not have any financial assets or financial liabilities denominated in foreign currencies as at 30 June 2022.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies. The tables on the folowing pages summarise the Group's exposure to the foreign exchange rate risk at 30 June 2022, 30 June 2021 and 30 June 2020.

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2022 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	1,008,487	70,563	2,538,376	260,300	373,522	4,251,248
Derivative assets	3,366	-	-	-	-	3,366
Trading assets	-	-	687,905	-	-	687,905
Investment securities	4,470,135	-	2,244,073	-	-	6,714,208
Loans and advances to banks and customers	15,723,805	805,841	1,548,769	62,110	82	18,140,607
Other assets	96,476	-	36,064	-	-	132,540
Total assets	21,302,269	876,404	7,055,187	322,410	373,604	29,929,874
Less allowance for credit impairment	(498,136)	-	-	-	-	(498,136)
	20,804,133	876,404	7,055,187	322,410	373,604	29,431,738
Liabilities						
Deposits from customers	24,314,698	764,152	2,973,751	337,872	396,950	28,787,423
Derivative liabilities	804,854	-	-	-	-	804,854
Lease liabilities	36,602	-	-	-	-	36,602
Payable to fellow subsidiary	14,091	-	2,526	-	-	16,617
Other liabilities	566,789	143	202	208	17	567,359
Total liabilities	25,737,034	764,295	2,976,479	338,080	396,967	30,212,855
Net on-balance sheet position	(4,932,901)	112,109	4,078,708	(15,670)	(23,363)	(781,117)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,388,448
Credit commitments						1,600,019
Total off-balance sheet amount						2,988,467

Notes to the Financial Statements

For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2021 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	843,557	41,144	2,439,317	79,315	83,071	3,486,404
Derivative assets	34,680	-	-	-	-	34,680
Trading assets	1,390,583	-	407,714	-	-	1,798,297
Investment securities	3,787,680	-	1,595,605	-	-	5,383,285
Loans and advances to customers	15,373,016	1,017,175	1,499,159	243,869	81	18,133,300
Other assets	147,943	-	42,267	-	-	190,210
Total assets	21,577,459	1,058,319	5,984,062	323,184	83,152	29,026,176
Less allowance for credit impairment	(430,927)	-	-	-	-	(430,927)
	21,146,532	1,058,319	5,984,062	323,184	83,152	28,595,249
Liabilities						
Deposits from customers	24,541,940	707,451	2,704,078	338,956	85,756	28,378,181
Derivative liabilities	541,621	-	-	-	-	541,621
Lease liabilities	60,425	-	-	-	-	60,425
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,291	25	213	228	97	622,854
Total liabilities	25,805,599	707,476	2,705,028	339,184	85,853	29,643,140
Net on-balance sheet position	(4,659,067)	350,843	3,279,034	(16,000)	(2,701)	(1,047,891)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,268,065
Credit commitments						1,717,381
Total off-balance sheet amount						2,985,446

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2020 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	256,012	6,897	3,984,125	8,188	32,176	4,287,398
Placements with banks	-	-	-	-	2,448	2,448
Derivative assets	45,719	-	-	-	-	45,719
Trading assets	3,637,976	-	-	-	-	3,637,976
Investment securities	2,337,373	-	1,231,111	-	-	3,568,484
Loans and advances to customers	14,167,880	942,498	492,105	208,986	74	15,811,543
Other assets	106,747	-	32,023	-	-	138,770
Total assets	20,551,707	949,395	5,739,364	217,174	34,698	27,492,338
Less allowance for credit impairment	(404,947)	-	-	-	-	(404,947)
	20,146,760	949,395	5,739,364	217,174	34,698	27,087,391
Liabilities						
Deposits from customers	22,623,107	730,975	2,718,056	220,040	20,932	26,313,110
Derivative liabilities	289,498	-	-	-	-	289,498
Other borrowed funds	1,087,509	1,881	-	-	-	1,089,390
Payable to fellow subsidiary	10,141	-	-	-	-	10,141
Other liabilities	530,670	14,381	2,447	837	2,735	551,070
Lease liabilities	74,526	-	-	-	-	74,526
Total liabilities	24,615,451	747,237	2,720,503	220,877	23,667	28,327,735
Net on-balance sheet position	(4,468,691)	202,158	3,018,861	(3,703)	11,031	(1,240,344)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,981,028
Credit commitments						1,908,077
Total off-balance sheet amount						3,889,105

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2022 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	1,008,487	70,563	2,538,376	260,300	373,522	4,251,248
Derivative assets	3,366	-	-	-	-	3,366
Trading assets	-	-	687,905	-	-	687,905
Investment securities	4,470,135	-	2,244,073	-	-	6,714,208
Loans and advances to banks and customers	15,880,112	805,841	1,548,769	62,110	82	18,296,914
Other assets	135,417	-	36,064	-	-	171,481
Total assets	21,497,517	876,404	7,055,187	322,410	373,604	30,125,122
Less allowance for credit impairment	(498,136)	-	-	-	-	(498,136)
	20,999,381	876,404	7,055,187	322,410	373,604	29,626,986
Liabilities						
Deposits from customers	24,319,247	764,152	2,973,751	337,872	396,950	28,791,972
Derivative liabilities	804,854	-	-	-	-	804,854
Lease liabilities	99,318	-	-	-	-	99,318
Payable to fellow subsidiary	14,091	-	2,526	-	-	16,617
Other liabilities	566,499	143	202	208	17	567,069
Total liabilities	25,804,009	764,295	2,976,479	338,080	396,967	30,279,830
Net on-balance sheet position	(4,804,628)	112,109	4,078,708	(15,670)	(23,363)	(652,844)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,388,448
Credit commitments						1,600,019
Total off-balance sheet amount						2,988,467

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2021 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	843,557	41,144	2,439,317	79,315	83,071	3,486,404
Derivative assets	34,680	-	-	-	-	34,680
Trading assets	1,390,583	-	407,714.00	-	-	1,798,297
Investment securities	3,787,680	-	1,595,605	-	-	5,383,285
Loans and advances to customers	15,544,131	1,017,175	1,499,159	243,869	81	18,304,415
Other assets	185,985	-	42,267	-	-	228,252
Total assets	21,786,616	1,058,319	5,984,062	323,184	83,152	29,235,333
Less allowance for credit impairment	(430,927)	-	-	-	-	(430,927)
	21,355,689	1,058,319	5,984,062	323,184	83,152	28,804,406
Liabilities						
Deposits from customers	24,541,958	707,451	2,704,078	338,956	85,756	28,378,199
Derivative liabilities	541,621	-	-	-	-	541,621
Other borrowed funds	156,589	-	-	-	-	156,589
Payable to fellow subsidiary	39,322	-	737	-	-	40,059
Other liabilities	622,130	25	213	228	97	622,693
Total liabilities	25,901,620	707,476	2,705,028	339,184	85,853	29,739,161
Net on-balance sheet position	(4,545,931)	350,843	3,279,034	(16,000)	(2,701)	(934,755)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,268,065
Credit commitments						1,717,381
Total off-balance sheet amount						2,985,446

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

At 30 June 2020 (The Bank)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	256,012	6,897	3,984,125	8,188	32,176	4,287,398
Placements with banks	-	-	-	-	2,448	2,448
Derivative assets	45,719	-	-	-	-	45,719
Trading assets	3,637,976	-	-	-	-	3,637,976
Investment securities	2,337,373	-	1,231,111	-	-	3,568,484
Loans and advances to customers	14,358,655	942,498	492,105	208,986	74	16,002,318
Other assets	144,770	-	32,023	-	-	176,793
Total assets	20,780,505	949,395	5,739,364	217,174	34,698	27,721,136
Less allowance for credit impairment	(404,947)	-	-	-	-	(404,947)
	20,375,558	949,395	5,739,364	217,174	34,698	27,316,189
Liabilities						
Deposits from customers	22,624,516	730,975	2,718,056	220,040	20,932	26,314,519
Derivative liabilities	289,498	-	-	-	-	289,498
Other borrowed funds	1,087,509	1,881	-	-	-	1,089,390
Payable to fellow subsidiary	10,141	-	-	-	-	10,141
Other liabilities	530,458	14,381	2,447	837	2,735	550,858
Lease liabilities	203,310	-	-	-	-	203,310
Total liabilities	24,745,432	747,237	2,720,503	220,877	23,667	28,457,716
Net on-balance sheet position	(4,369,874)	202,158	3,018,861	(3,703)	11,031	(1,141,527)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,981,028
Credit commitments						1,908,077
Total off-balance sheet amount						3,889,105

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

The Group and the Bank perform a sensitivity analysis to estimate the potential foreign exchange impact arising from movements in an ordinary market environment. The percentage change was based on the exchange rates prevailing between the start and the end of the financial year.

The sensitivity of profit and equity in regards to the Group's and the Bank's financial instruments is subject to changes in the USD/MUR, EURO/MUR, GBP/MUR, AUD/MUR, CAD/MUR, DKK/MUR, HKD/MUR, INR/MUR, JPY/MUR, NZD/MUR, NOK/MUR, SGD/MUR, ZAR/MUR, SEK/MUR, CHF/MUR, SAR/MUR, UAE/MUR and CNY/MUR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates for the year ended 30 June 2022:

	30 June 2022	30 June 2021	30 June 2020
	% change	% change	% change
The Group and the Bank			
United States Dollar	**6.00%**	6.00%	13.00%
EURO	**7.00%**	13.00%	11.00%
Great Britain Pound	**8.00%**	20.00%	9.00%
Australian Dollar	**3.00%**	16.00%	10.00%
Canadian Dollar	**1.00%**	17.00%	8.00%
Danish Krone	**8.00%**	13.00%	11.00%
Hong Kong Dollar	**5.00%**	6.00%	14.00%
Indian Rupee	**1.00%**	8.00%	3.00%
Japanese Yen	**14.00%**	4.00%	13.00%
New Zealand Dollar	**6.00%**	16.00%	8.00%
Singapore Dollar	**2.00%**	10.00%	9.00%
South African Rand	**7.00%**	29.00%	8.00%
Swiss Franc	**2.00%**	9.00%	16.00%
Saudi Arabian Riyal	**6.00%**	6.00%	13.00%
United Arab Emirates Dirham	**6.00%**	6.00%	13.00%
Chinese Yuan	**16.00%**	16.00%	10.00%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Bank's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened/weakened by the above percentages, then this would have had the following impact on profit and equity for the year ended 30 June 2022.

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For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.1 Foreign Currency Sensitivity (Cont'd)

	30 June 2022		30 June 2021		30 June 2020	
	Impact on profit for the year and on equity		Impact on profit for the year and on equity		Impact on profit for the year and on equity	
The Group and the Bank	**Strengthened**	**Weakened**	**Strengthened**	**Weakened**	**Strengthened**	**Weakened**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
United States Dollar	**206,221**	**(206,221)**	(263,049)	263,049	386,678,121	(386,678,121)
Euro	**1,337,013**	**(1,337,013)**	12,561	(12,561)	23,435,018.00	(23,435,018)
Great Britain Pound	**(123,507)**	**123,507**	(3,259,348)	3,259,348	(333,284)	333,284
Australian Dollar	**(31,615)**	**31,615**	(63,806)	63,806	219,741	(219,741)
Canadian Dollar	**422**	**(422)**	(10,572)	10,572	(26,049)	26,049
Danish Krone	**-**	**-**	-	-	-	-
Hong Kong Dollar	**2,780**	**(2,780)**	(38)	38	14,034	(14,034)
Indian Rupee	**4,107**	**(4,107)**	(685)	685	(83,749)	83,749
Japanese Yen	**(492,721)**	**492,721**	(491)	491	1,322,554	(1,322,554)
New Zealand Dollar	**236**	**(236)**	32,284	(32,284)	11,323	(11,323)
Singapore Dollar	**(26,691)**	**26,691**	280	(280)	(232,259)	232,259
South African Rand	**(138)**	**138**	(168,359)	168,359	68,353.00	(68,353.00)
Swiss Franc	**8,589**	**(8,589)**	306,255	(306,255)	74,125	(74,125)
Saudi Arabian Riyal	**5,205**	**(5,205)**	2,735	(2,735)	2,382	(2,382)
United Arab Emirates Dirham	**-**	**-**	-	-	(496)	496
Chinese Yuan	**2,513**	**(2,513)**	6,237	(6,237)	5,372	(5,372)
Total	**892,414**	**(892,414)**	(3,405,996)	3,405,996	411,155,186	(411,155,186)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest Rate Sensitivity

Interest rate risk results from mismatches between asset and liability positions which are subject to unfavourable movements in interest rates with potentially adverse impact on margins, net interest income and economic value of a group's assets, liabilities and shareholders' value. Interest rate risk may be measured using methods which include sensitivity analysis and simulation modelling. The Group has its Interest Rate Risk Policy in which risks limits are laid down. Scenario analysis is worked out based on possible changes in interest rates and their impact on net interest income and margin is analysed and discussed in the Group's Asset and Liability Management Committee.

The table below summarises the Group's exposure to interest rate risk at 30 June 2022:

At 30 June 2022 (The Group)	**Floating**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	349,883	883,368	-	-	-	-	-	3,017,997	4,251,248
Derivative assets	-	-	-	-	-	-	-	3,366	3,366
Trading assets	687,905	-	-	-	-	-	-	-	687,905
Investment securities	138,867	1,667,265	1,219,968	711,939	926,818	944,970	1,086,469	17,912	6,714,208
Loans and advances to banks and customers	16,182,981	62,219	30,405	347,862	91,934	305,026	1,120,179	-	18,140,606
Other assets	-	-	-	-	-	-	-	132,540	132,540
Total Assets	17,359,636	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	3,171,815	29,929,873
Less allowance for credit impairment	-	-	-	-	-	-	-	(498,136)	(498,136)
Total assets	17,359,636	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	2,673,679	29,431,737

At 30 June 2022	**Floating**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1– 3 years**	**Over 3 years**	**Non–interest sensitive**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Liabilities									
Deposits from customers	15,403,495	688,090	924,843	815,655	1,067,006	897,861	134,279	8,856,194	28,787,423
Derivative liabilities	-	-	-	-	-	-	804,138	715	804,853
Lease liabilities	-	2,883	3,762	4,908	7,309	11,168	6,572	-	36,602
Payable to fellow subsidiary	-	-	-	-	-	-	-	16,617	16,617
Other liabilities	-	-	-	-	-	-	-	567,359	567,359
Total liabilities	15,403,495	690,973	928,605	820,563	1,074,315	909,029	944,989	9,440,885	30,212,854
Net on-balance sheet interest sensitivity gap	1,956,141	1,921,879	321,768	239,238	(55,563)	340,967	1,261,659	(6,767,206)	(781,117)

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest Rate Sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2021:

At 30 June 2021 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	741,075	853,986	-	-	-	-	-	1,891,343	3,486,404
Derivative assets	-	-	-	-	-	-	-	34,680	34,680
Trading assets	407,714	-	1,390,583	-	-	-	-	-	1,798,297
Investment securities	138,445	992,525	620,786	258,726	425,361	1,333,658	1,595,843	17,941	5,383,285
Loans and advances to customers	16,644,385	61,866	51,855	252,124	42,790	239,790	840,490	-	18,133,300
Other assets	-	-	-	-	-	-	-	190,210	190,210
Total Assets	17,931,619	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	2,134,174	29,026,176
Less allowance for credit impairment	-	-	-	-	-	-	-	(430,927)	(430,927)
Total assets	17,931,619	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	1,703,247	28,595,249

At 30 June 2021	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,773,204	274,658	724,929	485,514	1,217,861	1,461,547	465,535	7,974,933	28,378,181
Derivative liabilities	-	-	-	-	-	-	541,088	533	541,621
Lease liabilities	-	3,032	4,060	5,608	11,122	28,077	8,526	-	60,425
Payable to fellow subsidiary	-	-	-	-	-	-	-	40,059	40,059
Other liabilities	-	-	-	-	-	-	-	622,854	622,854
Total liabilities	15,773,204	277,690	728,989	491,122	1,228,983	1,489,624	1,015,149	8,638,379	29,643,140
Net on-balance sheet interest sensitivity gap	2,158,415	1,630,687	1,334,235	19,728	(760,832)	83,824	1,421,184	(6,935,132)	(1,047,891)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2020:

At 30 June 2020 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	2,994,625	-	-	-	-	-	1,292,772	4,287,397
Placements with banks	-	2,448	-	-	-	-	-	-	2,448
Derivative assets	-	-	-	-	-	-	-	45,719	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	144,206	189,610	-	328,242	508,656	904,923	1,475,564	17,283	3,568,484
Loans and advances to customers	14,366,092	25,430	904,042	2,645	26,626	77,541	409,166	-	15,811,542
Other assets	-	-	-	-	-	-	-	138,770	138,770
Total Assets	14,510,298	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,494,544	27,492,336
Less allowance for credit impairment	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	14,510,298	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,089,597	27,087,389

At 30 June 2020	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	19,579,364	902,508	1,633,928	569,788	1,112,200	1,542,729	972,593	-	26,313,110
Derivative liabilities	-	-	-	-	-	-	-	289,498	289,498
Other borrowed funds	1,014,385	75,005	-	-	-	-	-	-	1,089,390
Lease liabilities	-	-	6,786	5,505	10,326	35,415	16,494	-	74,526
Payable to fellow subsidiary	-	-	-	-	-	-	-	10,141	10,141
Other liabilities	-	-	-	-	-	-	-	551,070	551,070
Total liabilities	20,593,749	977,513	1,640,714	575,293	1,122,526	1,578,144	989,087	850,709	28,327,735
Net on-balance sheet interest sensitivity gap	(6,083,451)	3,120,620	77,746	407,563	698,325	(595,680)	895,643	238,888	(1,240,346)

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2022:

At 30 June 2022 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	349,883	883,368	-	-	-	-	-	3,017,997	4,251,248
Derivative assets	-	-	-	-	-	-	-	3,366	3,366
Trading assets	687,905	-	-	-	-	-	-	-	687,905
Investment securities	138,867	1,667,265	1,219,968	711,939	926,818	944,970	1,086,469	17,912	6,714,208
Loans and advances to banks and customers	16,339,289	62,219	30,405	347,862	91,934	305,026	1,120,179	-	18,296,914
Other assets	-	-	-	-	-	-	-	171,481	171,481
Total Assets	17,515,944	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	3,210,756	30,125,122
Less allowance for credit impairment	-	-	-	-	-	-	-	(498,136)	(498,136)
Total assets	17,515,944	2,612,852	1,250,373	1,059,801	1,018,752	1,249,996	2,206,648	2,712,620	29,626,986

At 30 June 2022	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,403,494	688,090	924,843	815,655	1,067,006	897,861	134,279	8,860,744	28,791,972
Derivative liabilities	-	-	-	-	-	-	804,138	715	804,853
Lease liabilities	-	5,322	9,504	13,569	24,802	46,121	-	-	99,318
Payable to fellow subsidiary	-	-	-	-	-	-	-	16,617	16,617
Other liabilities	-	-	-	-	-	-	-	567,069	567,069
Total liabilities	15,403,494	693,412	934,347	829,224	1,091,808	943,982	938,417	9,445,145	30,279,829
Net on-balance sheet interest sensitivity gap	2,112,450	1,919,440	316,026	230,577	(73,056)	306,014	1,268,231	(6,732,525)	(652,843)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)
6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2021:

At 30 June 2021 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	741,075	853,986	-	-	-	-	-	1,891,343	3,486,404
Derivative assets	-	-	-	-	-	-	-	34,680	34,680
Trading assets	407,714	-	1,390,583	-	-	-	-	-	1,798,297
Investment securities	138,445	992,525	620,786	258,726	425,361	1,333,658	1,595,843	17,941	5,383,285
Loans and advances to customers	16,815,500	61,866	51,855	252,124	42,790	239,790	840,490	-	18,304,415
Other assets	-	-	-	-	-	-	-	228,252	228,252
Total Assets	18,102,734	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	2,172,216	29,235,333
Less allowance for credit impairment	-	-	-	-	-	-	-	(430,927)	(430,927)
Total assets	18,102,734	1,908,377	2,063,224	510,850	468,151	1,573,448	2,436,333	1,741,289	28,804,406

At 30 June 2021	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	15,773,222	274,658	724,929	485,514	1,217,861	1,461,547	465,535	7,974,933	28,378,199
Derivative liabilities	-	-	-	-	-	-	541,088	533	541,621
Lease liabilities	-	5,398	9,657	14,048	28,168	97,658	1,660	-	156,589
Payable to fellow subsidiary	-	-	-	-	-	-	-	40,059	40,059
Other liabilities	-	-	-	-	-	-	-	622,693	622,693
Total liabilities	15,773,222	280,056	734,586	499,562	1,246,029	1,559,205	1,008,283	8,638,218	29,739,161
Net on-balance sheet interest sensitivity gap	2,329,512	1,628,321	1,328,638	11,288	(777,878)	14,243	1,428,050	(6,896,929)	(934,755)

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2020:

At 30 June 2020 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	2,994,625	-	-	-	-	-	1,292,773	4,287,398
Placements with banks	-	2,448	-	-	-	-	-	-	2,448
Derivative assets	-	-	-	-	-	-	-	45,719	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	144,206	189,610	-	328,242	508,656	904,923	1,475,564	17,283	3,568,484
Loans and advances to customers	14,556,868	25,430	904,042	2,645	26,626	77,541	409,166	-	16,002,318
Other assets	-	-	-	-	-	-	-	176,793	176,793
Total Assets	14,701,074	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,532,568	27,721,136
Less allowance for credit impairment	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	14,701,074	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,127,621	27,316,189

At 30 June 2020	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	19,580,773	902,508	1,633,928	569,788	1,112,200	1,542,729	972,593	-	26,314,519
Derivative liabilities	-	-	-	-	-	-	-	289,498	289,498
Other borrowed funds	1,014,385	75,005	-	-	-	-	-	-	1,089,390
Lease liabilities	-	-	14,569	13,730	26,937	103,200	44,874	-	203,310
Payable to fellow subsidiary	-	-	-	-	-	-	-	10,141	10,141
Other liabilities	-	-	-	-	-	-	-	550,858	550,858
Total liabilities	20,595,158	977,513	1,648,497	583,518	1,139,137	1,645,929	1,017,467	850,497	28,457,716
Net on-balance sheet interest sensitivity gap	(5,894,084)	3,120,620	69,963	399,338	681,714	(663,465)	867,263	277,124	(1,141,527)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest Rate Sensitivity (Cont'd)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of 2%. A 2% basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rate.

The calculations are based on the financial instruments held at the reporting date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in profit and equity at 30 June 2022 given an increase or a decrease of 2% in interest rates.

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Increase	**26,967**	86,862	53,511	**26,967**	86,862	53,511

A decrease of 2% in the interest rates would have the corresponding negative impact.

Average interest by major currencies for monetary financial instruments is:

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2022				
Assets				
Cash and balances with Central Bank	**N/A**	**N/A**	**N/A**	**N/A**
Balances with banks in Mauritius	**N/A**	**N/A**	**N/A**	**N/A**
Balances with banks abroad	**N/A**	**N/A**	**N/A**	**N/A**
Interbank placements	**N/A**	**1.50**	**N/A**	**N/A**
Investment securities:				
- Amortised cost	**N/A**	**N/A**	**N/A**	**N/A**
- FVTOCI	**N/A**	**6.19**	**N/A**	**1.99**
- FVTPL	**N/A**	**N/A**	**N/A**	**1.01**
Loans and advances to customers	**4.31**	**4.84**	**4.67**	**6.52**
Other investments	**N/A**	**N/A**	**N/A**	**N/A**
Liabilities				
Deposits	**0.006**	**0.077**	**0.20**	**0.85**
Balances with banks in Mauritius and other financial institutions	**N/A**	**N/A**	**N/A**	**N/A**
Lease liabilities	**N/A**	**N/A**	**N/A**	**2.62**
Borrowings from Central Bank	**N/A**	**N/A**	**N/A**	**N/A**
Other borrowings	**N/A**	**N/A**	**N/A**	**N/A**

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.2 Interest Rate Sensitivity (Cont'd)

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2021				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	3.85	N/A	2.21
- FVTPL	N/A	N/A	N/A	1.01
Loans and advances to customers	4.25	3.68	3.70	4.79
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.001	0.002	0.21	0.72
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	N/A	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	N/A

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2020				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Amortised cost	N/A	N/A	N/A	N/A
- FVTOCI	N/A	4.67	N/A	1.61
- FVTPL	N/A	N/A	N/A	0.86
Loans and advances to customers	4.31	3.23	3.89	4.71
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.001	0.56	0.35	1.11
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Lease liabilities	N/A	N/A	N/A	2.62
Borrowings from Central Bank	0.68	N/A	N/A	N/A
Other borrowings	N/A	N/A	N/A	2.65

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.2 Market Risk Analysis (Cont'd)

6.2.3 Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

The Bank has amended contractual terms in response to IBOR reform and has completed all transitional reforms whereby some benchmarks including LIBOR has been replaced with alternative risk-free benchmark rates that will meet regulatory and market requirements. For this purpose, the Bank has set up a cross business unit task force, comprising Finance, Compliance, IT, Treasury and Risk to monitor and implement the IBOR reform.

The Bank has financial instruments comprising loans and advances on its balance sheet with exposures pegged to LIBOR and other related reference rates. The Bank also has a floating-rate cross currency swap of USD 99.75 Mn against MUR with a floating leg which is indexed to the LIBOR. IBOR reform thus has major operational, risk management and accounting impacts.

Nevertheless, the Bank considers the main risks to which it is exposed as a result of IBOR reform as being mostly operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk; which the Bank will continue addressing through the different channels in place.

6.3 Liquidity analysis

Liquidity risk is defined within the Group's and Bank's policy framework as 'the risk that, at any time, the Group and Bank does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Group and Bank is undertaken under the guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The liquidity policy of the Group is to ensure that it:

- can meet its financial obligations as they fall due in the normal course of business; and
- maintains an adequate stock of highly liquid assets to enable it to meet unexpected funding needs at short notice.

The Group's liquidity policy requires establishment and maintenance of three lines of defence:

- Cashflow management where the Group creates a continuously maturing stream of assets and liabilities;
- Maintenance of a liquid assets portfolio; and
- Maintenance of a diversified liability base.

The Treasury Unit manages the day-to-day cash flow management and the overall liquidity is under the close supervision of the Group's Asset and Liability Committee.

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

At 30 June 2022 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,251,248	-	-	-	-	-	-	-	4,251,248
Derivative assets	15,021	159,739	95,549	30,513	-	3,640,875	-	-	3,941,697
Trading assets	-	455,232	-	-	232,673	-	-	-	687,905
Investment securities	-	1,358,985	1,565,546	766,300	999,080	1,264,294	1,294,939	-	7,249,144
Loans and advances to banks and customers	215,281	503,167	621,762	1,527,007	1,324,232	4,563,967	12,486,004	-	21,241,420
Other assets	-	-	-	-	-	-	-	132,540	132,540
Total assets	4,481,550	2,477,123	2,282,857	2,323,820	2,555,985	9,469,136	13,780,943	132,540	37,503,954
Liabilities									
Deposits from customers	551,154	3,090,589	1,866,166	2,014,708	3,347,656	5,648,431	12,567,019	-	29,085,723
Derivative liabilities	14,945	158,830	94,364	30,031	-	4,445,013	-	-	4,743,183
Lease liabilities	-	2,961	3,905	5,427	8,597	12,339	7,826	-	41,055
Payable to fellow subsidiary	-	16,617	-	-	-	-	-	-	16,617
Other liabilities	-	-	-	-	-	-	-	567,359	567,359
Total liabilities	566,099	3,268,997	1,964,435	2,050,166	3,356,253	10,105,783	12,574,845	567,359	34,453,937
Net on-balance sheet liquidity gap	3,915,451	(791,874)	318,422	273,654	(800,268)	(636,647)	1,206,098	(434,819)	3,050,017
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	80,994	338,920	227,831	205,592	512,149	22,962	-	1,388,448
Credit commitments	32,000	405,738	328,304	320,004	160,002	101,134	252,837	-	1,600,019
	32,000	486,732	667,224	547,835	365,594	613,283	275,799	-	2,988,467

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2021 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	3,486,404	-	-	-	-	-	-	-	3,486,404
Derivative assets	21,164	355,162	645,431	-	-	-	3,640,875	-	4,662,632
Trading assets	-	321,201	1,393,100	-	86,513	-	-	-	1,800,814
Investment securities	-	1,000,151	338,122	286,363	513,547	1,945,303	1,945,031	-	6,028,517
Loans and advances to customers	229,603	572,315	614,636	1,206,588	2,298,768	3,976,427	10,873,559	-	19,771,896
Other assets	-	-	-	-	-	-	-	190,210	190,210
Total assets	3,737,171	2,248,829	2,991,289	1,492,951	2,898,828	5,921,730	16,459,465	190,210	35,940,473
Liabilities									
Deposits from customers	463,677	2,635,455	2,276,129	2,346,037	3,199,202	6,211,634	11,657,304	-	28,789,438
Derivative liabilities	20,776	355,052	611,781	-	-	-	4,181,963	-	5,169,572
Lease liabilities	-	3,162	4,306	5,945	11,685	29,088	9,956	-	64,142
Payable to fellow subsidiary	-	40,059	-	-	-	-	-	-	40,059
Other liabilities	-	-	-	-	-	-	-	622,854	622,854
Total liabilities	484,453	3,033,728	2,892,216	2,351,982	3,210,887	6,240,722	15,849,223	622,854	34,686,065
	-								
Net on-balance sheet liquidity gap	3,252,718	(784,899)	99,073	(859,031)	(312,059)	(318,992)	610,242	(432,644)	1,254,408
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	79,434	223,836	138,358	288,086	495,360	42,990	-	1,268,064
Credit commitments	34,348	472,859	380,405	343,476	171,738	89,873	224,682	-	1,717,381
	34,348	552,293	604,241	481,834	459,824	585,233	267,672	-	2,985,445

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For the year ended 30 June 2022

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2020 (The Group)	**Sight**	**Up to 1 month**	**2 – 3 months**	**4 – 6 months**	**7 – 12 months**	**1 – 3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	4,287,398	-	-	-	-	-	-	-	4,287,398
Placements with banks	2,448	-	-	-	-	-	-	-	2,448
Derivative assets	-	45,719	-	-	-	-	-	-	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	-	189,610	-	328,242	508,656	930,575	1,594,116	17,283	3,568,482
Loans and advances to customers	-	301,584	2,887,060	370,855	135,760	1,173,760	10,942,524	-	15,811,543
Other assets	-	-	-	-	-	-	-	138,770	138,770
	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,104,335	12,536,640	156,053	27,492,336
Less allowance for credit losses	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,104,335	12,536,640	(248,894)	27,087,389
Liabilities									
Deposits from customers	745,102	3,011,481	2,587,744	1,549,317	3,176,369	5,142,973	10,100,123	-	26,313,109
Derivative liabilities	-	289,498	-	-	-	-	-	-	289,498
Other borrowed funds	75,005	1,012,504	1,881	-	-	-	-	-	1,089,390
Payable to fellow subsidiary	-	10,141	-	-	-	-	-	-	10,141
Other liabilities	-	-	-	-	-	-	-	551,070	551,070
Lease liabilities	-	-	6,786	5,505	10,326	35,415	16,494	-	74,526
Total liabilities	820,107	4,323,624	2,596,411	1,554,822	3,186,695	5,178,388	10,116,617	551,070	28,327,734
	-								
Net on-balance sheet liquidity gap	3,469,739	(2,900,691)	1,105,067	(203,756)	(1,256,710)	(3,074,053)	2,420,023	(799,964)	(1,240,345)

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

At 30 June 2022 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,251,248	-	-	-	-	-	-	-	4,251,248
Derivative assets	15,021	159,739	95,549	30,513	-	3,640,875	-	-	3,941,697
Trading assets	-	455,232	-	-	232,673	-	-	-	687,905
Investment securities	-	1,358,985	1,565,546	766,300	999,080	1,264,294	1,294,939	-	7,249,144
Loans and advances to banks and customers	215,281	503,167	621,762	1,527,007	1,324,232	4,563,967	12,642,312	-	21,397,728
Other assets	-	-	-	-	-	-	-	171,481	171,481
Total assets	4,481,550	2,477,123	2,282,857	2,323,820	2,555,985	9,469,136	13,937,251	171,481	37,699,203
Liabilities									
Deposits from customers	551,336	3,091,271	1,866,530	2,015,163	3,348,339	5,649,114	12,568,520	-	29,090,273
Derivative liabilities	14,945	158,830	94,364	30,031	-	4,445,013	-	-	4,743,183
Payable to fellow subsidiary	-	16,617	-	-	-	-	-	-	16,617
Other liabilities	-	-	-	-	-	-	-	567,069	567,069
Lease liabilities	-	5,537	9,905	14,427	26,597	47,454	-	-	103,920
Total liabilities	566,281	3,272,255	1,970,799	2,059,621	3,374,936	10,141,581	12,568,520	567,069	34,521,062
Net on-balance sheet liquidity gap	3,915,269	(795,132)	312,058	264,199	(818,951)	(672,445)	1,368,731	(395,588)	3,178,141
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	80,994	338,920	227,831	205,592	512,149	22,962		1,388,448
Credit commitments	32,000	405,738	328,304	320,004	160,002	101,134	252,837		1,600,019
	32,000	486,732	667,224	547,835	365,594	613,283	275,799	-	2,988,467

Notes to the Financial Statements

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2021 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	3,486,404	-	-	-	-	-	-	-	3,486,404
Derivative assets	21,164	355,162	645,431	-	-	-	3,640,875	-	4,662,632
Trading assets	-	321,201	1,393,100	-	86,513	-	-	-	1,800,814
Investment securities	-	1,000,151	338,122	286,363	513,547	1,945,303	1,945,031	-	6,028,517
Loans and advances to customers	229,603	572,315	614,636	1,212,249	2,298,768	3,976,427	11,039,013	-	19,943,011
Other assets	-	-	-	-	-	-	-	228,252	228,252
Total assets	3,737,171	2,248,829	2,991,289	1,498,612	2,898,828	5,921,730	16,624,919	228,252	36,149,630
Liabilities									
Deposits from customers	463,678	2,635,458	2,276,131	2,346,039	3,199,205	6,211,637	11,657,310	-	28,789,458
Derivative liabilities	20,776	355,052	611,781	-	-	-	4,181,963	-	5,169,572
Payable to fellow subsidiary	-	40,059	-	-	-	-	-	-	40,059
Other liabilities	-	-	-	-	-	-	-	622,693	622,693
Lease liabilities	-	5,738	10,306	14,945	29,685	100,241	1,669	-	162,584
Total liabilities	484,454	3,036,307	2,898,218	2,360,984	3,228,890	6,311,878	15,840,942	622,693	34,784,366
Net on-balance sheet liquidity gap	3,252,717	(787,478)	93,071	(862,372)	(330,062)	(390,148)	783,977	(394,441)	1,365,264
Contingent liabilities									
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	-	79,434	223,836	138,358	288,086	495,360	42,990		1,268,064
Credit commitments	34,348	472,859	380,405	343,476	171,738	89,873	224,682		1,717,381
	34,348	552,293	604,241	481,834	459,824	585,233	267,672	-	2,985,445

6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.3 Liquidity analysis (Cont'd)

At 30 June 2020 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	4,287,398	-	-	-	-	-	-	-	4,287,398
Placements with banks	2,448	-	-	-	-	-	-	-	2,448
Derivative assets	-	45,719	-	-	-	-	-	-	45,719
Trading assets	-	886,020	814,418	651,969	1,285,569	-	-	-	3,637,976
Investment securities	-	189,610	-	328,242	508,656	930,575	1,594,116	17,283	3,568,482
Loans and advances to customers	-	301,584	2,887,060	370,855	135,760	1,190,335	11,116,725	-	16,002,319
Other assets	-	-	-	-	-	-	-	176,793	176,793
	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,120,910	12,710,841	194,076	27,721,135
Less allowance for credit losses	-	-	-	-	-	-	-	(404,947)	(404,947)
Total assets	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,120,910	12,710,841	(210,871)	27,316,188
Liabilities									
Deposits from customers	745,130	3,011,594	2,587,786	1,549,359	3,176,496	5,143,185	10,100,969	-	26,314,519
Derivative liabilities	-	289,498	-	-	-	-	-	-	289,498
Other borrowed funds	75,005	1,012,504	1,881	-	-	-	-	-	1,089,390
Payable to fellow subsidiary	-	10,141	-	-	-	-	-	-	10,141
Other liabilities	-	-	-	-	-	-	-	550,858	550,858
Lease liabilities	-	-	14,569	13,730	26,937	103,200	44,874	-	203,310
Total liabilities	820,135	4,323,737	2,604,236	1,563,089	3,203,433	5,246,385	10,145,843	550,858	28,457,716
Net on-balance sheet liquidity gap	3,469,711	(2,900,804)	1,097,242	(212,023)	(1,273,448)	(3,125,475)	2,564,998	(761,729)	(1,141,528)

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6 Financial Instrument Risk (Cont'd)

Risk Management Objectives and Policies (Cont'd)

6.4 Financial assets and liabilities classification

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Financial assets						
Financial assets at fair value through profit or loss:						
Derivative assets	**3,366,270**	34,680,427	45,718,645	**3,366,270**	34,680,427	45,718,645
Trading assets	**687,904,980**	1,798,297,228	3,637,975,739	**687,904,980**	1,798,297,228	3,637,975,739
Equity investments	**17,912,214**	17,940,280	17,283,415	**17,912,214**	17,940,280	17,283,415
	709,183,464	1,850,917,935	3,700,977,799	**709,183,464**	1,850,917,935	3,700,977,799
Financial assets at fair value through OCI:						
Government securities	**3,507,620,833**	2,576,025,466	1,826,016,276	**3,507,620,833**	2,576,025,466	1,826,016,276
Other securities	**3,188,675,158**	2,789,319,096	1,725,184,187	**3,188,675,158**	2,789,319,096	1,725,184,187
	6,696,295,991	5,365,344,562	3,551,200,463	**6,696,295,991**	5,365,344,562	3,551,200,463
Financial assets at amortised cost:						
Cash and cash equivalents	**4,251,247,756**	3,486,404,504	4,287,385,039	**4,251,247,756**	3,486,404,504	4,287,385,039
Placements with banks	**-**	-	2,447,872	**-**	-	2,447,872
Loans and advances to banks	**456,317,785**	863,031,847	-	**456,317,785**	863,031,847	-
Loans and advances to customers	**17,186,153,643**	16,839,341,532	15,406,607,530	**17,342,460,401**	17,010,456,691	15,597,383,181
Other assets	**132,540,356**	190,209,679	138,769,714	**171,480,707**	228,251,550	176,792,884
	22,026,259,540	21,378,987,562	19,835,210,155	**22,221,506,649**	21,588,144,592	20,064,008,976
Total financial assets	**29,431,738,995**	28,595,250,059	27,087,388,417	**29,626,986,104**	28,804,407,089	27,316,187,238
Financial liabilities						
Financial liabilities at fair value through profit or loss:						
Derivative liabilities	**804,853,718**	541,620,944	289,498,366	**804,853,718**	541,620,944	289,498,366
Financial liabilities measured at amortised cost:						
Deposits from customers	**28,787,422,901**	28,378,179,745	26,313,109,402	**28,791,972,474**	28,378,198,595	26,314,518,873
Other borrowed funds	**-**	-	1,089,390,019	**-**	-	1,089,390,019
Lease liabilities	**36,601,939**	60,424,535	74,526,375	**99,317,576**	156,588,681	203,309,885
Payable to fellow subsidiary	**16,617,253**	40,059,363	10,141,366	**16,617,253**	40,059,363	10,141,366
Other liabilities	**567,359,552**	622,853,451	551,069,614	**567,069,052**	622,692,551	550,857,264
	29,408,001,645	29,101,517,094	28,038,236,776	**29,474,976,355**	29,197,539,190	28,168,217,407
Total financial liabilities	**30,212,855,363**	29,643,138,038	28,327,735,142	**30,279,830,073**	29,739,160,134	28,457,715,773

7 Fair Value Measurement

7.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

The Group and the Bank

30 June 2022	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	11 and 12(b)	**-**	**687,904,980**	**17,912,214**	**705,817,194**
Financial assets at FVTOCI	12(a)	**-**	**6,696,295,991**	**-**	**6,696,295,991**
Derivative financial assets	30	**-**	**3,366,270**	**-**	**3,366,270**
Derivative financial liabilities	30	**-**	**(804,853,718)**	**-**	**(804,853,718)**
Fair value		**-**	**6,582,713,523**	**17,912,214**	**6,600,625,737**

30 June 2021	Note	Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
Assets/(liabilities)					
Financial assets at FVTPL	11 and 12(b)	-	1,798,297,228	17,940,280	1,816,237,508
Financial assets at FVTOCI	12(a)	-	5,365,344,562	-	5,365,344,562
Derivative financial assets	30	-	34,680,427	-	34,680,427
Derivative financial liabilities	30	-	(541,620,944)	-	(541,620,944)
Fair value		-	6,656,701,273	17,940,280	6,674,641,553

30 June 2020	Note	Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
Assets/(liabilities)					
Trading assets	11	-	3,637,975,739	17,283,415	3,655,259,154
Available-for-sale financial assets	12	-	3,551,200,463	-	3,551,200,463
Derivative financial assets	30	-	45,718,645	-	45,718,645
Derivative financial liabilities	30	-	(289,498,366)	-	(289,498,366)
Fair value		-	6,945,396,481	17,283,415	6,962,679,896

Management does not consider the unquoted equity investments to be material for warranting further disclosures under IFRS 13.

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For the year ended 30 June 2022

7 Fair Value Measurement (Cont'd)

7.1 Fair value measurement of financial instruments (Contd)

There has been no transfer between Levels 1 and 2 in the reporting period and the two preceding years.

(i) Measurement of fair value of financial instruments
The methods used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(ii) FVTPL and FVOCI financial assets
The fair values of the Group's investments in Treasury Bills, Treasury Bonds and Treasury Notes have been determined by reference to the mark to market prices at the reporting date.
Apart from the above financial assets, the other financial instruments are measured as described in the accounting policies associated to them.

7.2 Fair value of financial assets and liabilities not carried at fair value

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements.

The table does not include the fair values of non-financial assets ((Note 7.3 below) and non-financial liabilities . The financial assets and financial liabilities are measured at level 3 on the fair value hierarchy.

	30 June 2022			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	4,251,247,756	4,251,247,756	4,251,247,756	4,251,247,756
Placement with banks	-	-	-	-
Loans and advances to banks	456,317,785	456,317,785	456,317,785	456,317,785
Loans and advances to customers	17,186,153,643	17,219,862,762	17,342,460,401	17,211,207,472
Other assets	132,540,356	132,540,356	171,480,707	171,480,707
Total financial assets	22,026,259,540	22,059,968,659	22,221,506,649	22,090,253,720
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	28,787,422,901	28,977,021,566	28,791,972,474	28,857,240,483
Other borrowed funds	-	-	-	-
Lease liabilities	36,601,939	36,601,939	99,317,576	99,317,576
Payable to fellow subsidiary	16,617,253	16,617,253	16,617,253	16,617,253
Other liabilities	567,359,552	567,359,552	567,069,052	567,069,052
Total financial liabilities	29,408,001,645	29,597,600,310	29,474,976,355	29,540,244,364

7 Fair Value Measurement (Cont'd)

7.2 Fair value of financial assets and liabilities not carried at fair value (Contd)

	30 June 2021			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	3,486,404,504	3,486,404,504	3,486,404,504	3,486,404,504
Placement with banks	-	-	-	-
Loans and advances to banks	863,031,847	863,031,847	863,031,847	863,031,847
Loans and advances to customers	16,839,341,532	16,873,050,651	17,010,456,691	17,044,165,810
Other assets	190,209,679	190,209,679	228,251,550	228,251,550
Total financial assets	21,378,987,562	21,412,696,681	21,588,144,592	21,621,853,711
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	28,378,179,745	28,567,778,410	28,378,198,595	28,494,009,598
Other borrowed funds	-	-	-	-
Lease liabilities	60,424,535	60,424,535	156,588,681	156,588,681
Payable to fellow subsidiary	40,059,363	40,059,363	40,059,363	40,059,363
Other liabilities	622,853,451	622,853,451	622,692,551	622,692,551
Total financial liabilities	29,101,517,094	29,291,115,759	29,197,539,190	29,313,350,193

	30 June 2020			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Financial assets measured at amortised cost:				
Cash and cash equivalents	4,287,385,039	4,287,385,039	4,287,385,039	4,287,385,039
Loan to and placement with banks	2,447,872	2,447,872	2,447,872	2,447,872
Loans and advances to customers	15,406,607,530	15,407,036,654	15,597,383,181	15,597,812,305
Other assets	138,769,714	138,769,714	176,792,884	176,792,884
	19,835,210,155	19,835,639,279	20,064,008,976	20,064,438,100
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	26,313,109,402	26,502,708,067	26,314,518,873	26,504,117,538
Other borrowed funds	1,089,390,019	1,089,390,019	1,089,390,019	1,089,390,019
Lease liabilities	74,526,375	74,526,375	203,309,885	203,309,885
Payable to fellow subsidiary	10,141,366	10,141,366	10,141,366	10,141,366
Other liabilities	551,069,614	551,069,614	550,857,264	550,857,264
Total liabilities	28,038,236,776	28,227,835,441	28,168,217,407	28,357,816,072

Notes to the Financial Statements

For the year ended 30 June 2022

7 Fair Value Measurement (Cont'd)

7.3 Fair value measurement of non-financial assets

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**1,146,661,860**	**1,146,661,860**
Investment properties	**-**	**-**	**519,300,000**	**519,300,000**

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**861,720,690**	**861,720,690**
Investment properties	**-**	**-**	**519,300,000**	**519,300,000**

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,167,621,508	1,167,621,508
Investment properties	-	-	519,300,000	519,300,000

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	876,160,343	876,160,343
Investment properties	-	-	519,300,000	519,300,000

30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,628,581,159	1,628,581,159
Investment properties	-	-	79,300,000	79,300,000

30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,330,599,998	1,330,599,998
Investment properties	-	-	79,300,000	79,300,000

The fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date. Further information is set out below.

Freehold land and buildings are revalued as indicated in note 3.6. The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The last valuation was performed in the year ended 30 June 2020.

The appraisal is carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

The significant unobservable input is the adjustment for factors specific to the land and buildings in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

8 Capital Management Policies and Procedures

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital and other requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business

For the Bank, capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central Bank, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

Previously, the Central Bank requires each bank to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%. The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and
- Tier 2 capital: qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

With the implementation of Basel III since 01 July 2014, the Bank has to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%, a minimum total CAR 10% plus capital conservation buffer of 2.5%, a Common Equity Tier 1 (CET1) CAR of at least 6.5% and a Tier 1 CAR of at least 8% from 01 January 2020. However, in the face of the challenges posed by the Covid-19 pandemic, the implementation of the capital conservation buffer of 2.5% which was effective as from 01 January 2020 was deferred to 01 April 2022 such that banks were required to maintain a capital conservation of 1.875% until 31 March 2022. As from 01 April 2022, the capital conservation buffer has been restored to 2.5%.

The Bank has also entered the transitional arrangements introduced by the Bank of Mauritius in January 2021 whereby financial institutions are allowed to add back a portion of the stage 1 and stage 2 provisions for expected credit losses under IFRS 9 to regulatory capital. The transitional arrangements are over a four year period, from which the Bank can opt out at any time.

The Bank's regulatory capital is divided into the following two tiers:

- Tier 1 capital (going-concern capital): comprises of (i) Common Equity Tier 1 and (ii) Additional Tier 1 Capital

(i) The Bank's Common Equity Tier 1 (CET1) capital consists of the following:

(a) stated capital;
(b) statutory reserve;
(c) fair value reserve; and
(d) accumulated losses
(ii) The Bank has no Additional Tier 1 (AT1) capital as at 30 June 2022

- Tier 2 capital (gone-concern capital): qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Notes to the Financial Statements

For the year ended 30 June 2022

8 Capital Management Policies and Procedures (Cont'd)

The following table summarises the composition of regulatory capital and the ratios of the Bank as at 30 June 2022, 30 June 2021 and 30 June 2020 respectively. During the year ended 30 June 2021, the Bank complied with all of the externally imposed capital requirements to which it is subject. At 30 June 2022, capital adequacy ratio was **15.21%** as compared to 13.88% at 30 June 2021 and 14.22% at 30 June 2020

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs'000	R'000	Rs'000
Tier 1 Capital			
Common Equity Tier 1 Capital: instruments and reserves			
Paid up share capital	**2,466,421**	2,466,421	2,466,421
Retained earnings/(Accumulated losses)	**239,924**	25,290	(175,273)
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	**(112,080)**	14,128	(6,738)
Common equity Tier 1 Capital before regulatory adjustments	**2,594,265**	2,505,839	2,284,410
Common equity Tier 1 Capital: regulatory adjustments	**(164,558)**	(186,019)	(255,974)
Common equity Tier 1 Capital after regulatory adjustments	**2,429,707**	2,319,820	2,028,436
Tier 1 Capital	**2,429,707**	2,319,820	2,028,436
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Provisions and loan loss reserves	**182,006**	179,584	195,989
Surplus arising from revaluation of land and buildings owned by the Bank	**236,842**	236,842	231,077
Tier 2 Capital before regulatory adjustments	**418,848**	416,426	427,066
Tier 2 Capital: regulatory adjustments	**(5,150)**	(5,032)	(4,752)
Tier 2 Capital	**413,698**	411,394	422,314
Total Regulatory Capital (Rs)	**2,843,405**	2,731,214	2,450,750
Risk Weighted Assets (Rs)	**18,692,168**	19,677,164	17,238,223
Common Equity Tier 1 Capital Adequacy Ratio (%)	**13.00**	11.79	11.77
Tier 1 Capital Adequacy Ratio (%)	**13.00**	11.79	11.77
Capital Adequacy Ratio (%)	**15.21**	13.88	14.22

8 Capital Management Policies and Procedures (Cont'd)

The risk-weighted assets of the Bank are determined by applying prescribed risk weights to on- and off-balance sheet assets, according to the credit risk of the counterparty as follows:

On Balance Sheet Exposures	**Exposures before CRM (Rs)**	**Exposures after CRM (Rs)**	**Risk-weights (%)**	**RWA (Rs)**
Cash items	271,281,334	271,281,334	0 - 20	6,096,705
Claims on sovereigns	3,123,512,965	3,123,512,965	0 - 150	754,627,290
Claims on central banks (and international institutions)	6,410,521,908	6,410,521,908	0 - 150	233,260,019
Claims on multilateral development banks (MDBs)	578,829,009	578,829,009	0 - 150	500,400,334
Claims on banks	2,215,840,724	2,215,840,724	0 - 150	503,485,946
Claims on non-central government public sector entities (PSEs)	4,164,153,225	4,164,153,225	0 - 150	411,448,596
Claims on securities firms	452,666,792	452,666,792	0 - 150	226,333,396
Claims on corporates	5,112,178,004	5,085,729,525	0 - 150	5,085,729,525
Claims included in the regulatory retail portfolio	2,442,058,917	1,946,657,940	75	1,459,993,455
Claims secured by residential property	5,188,705,576	5,188,705,576	35 - 125	2,656,392,635
Claims secured by commercial real estate	808,493,211	808,493,211	100 - 125	925,586,704
Past due claims	866,132,796	866,132,796	50 - 150	1,185,986,599
Other assets	1,738,107,067	1,738,107,067	100 - 1250	1,739,257,067
Total on-balance sheet credit risk-weighted exposures	33,372,481,528	32,850,632,072		15,688,598,271

Off-Balance Sheet Exposures - Non-Market-Related	**Total before CRM (Rs)**	**Total after CRM (Rs)**	**CCF (%)**	**RWA (Rs)**
Direct credit substitutes	457,999,157	457,999,157	100	457,999,157
Trade-related contingent items	737,753,700	737,753,700	35 - 100	368,876,850
Transaction-related contingent items	192,695,474	192,695,474	50	78,474,424
Other commitments	1,600,018,622	1,600,018,622	0 - 50	-
Total non-market-related off-balance sheet risk-weighted credit exposures	**2,988,466,953**	**2,988,466,953**		**905,350,431**

Off-Balance Sheet Exposures - Market-Related	**Notional principal amount (Rs)**	**Potential future exposure (Rs)**	**Credit equivalent amount (Rs)**	**RWA (Rs)**
Total	**3,771,008,508**	**274,366,960**	**276,051,006**	**276,051,006**

Operational Risk	**Average gross income (Rs 000)**	**Capital charge (Rs 000)**	**RWA (Rs 000)**
Option 1 - Basic Indicator Approach	**1,199,754,113**	**179,963,117**	**1,799,631,169**

Foreign Currency Exposure	**RWA (Rs 000)**
Aggregate net open foreign exchange position	**22,537,194**

Notes to the Financial Statements

For the year ended 30 June 2022

9(a) Cash and Cash Equivalents

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Cash in hand	**218,361,565**	184,396,526	246,082,612
Foreign currency notes and coins	**22,436,247**	19,692,275	28,285,598
Balances with banks in Mauritius and abroad	**1,102,679,418**	984,647,004	1,011,482,690
Unrestricted balances with the Central Bank (Note (a))	**2,024,402,317**	1,443,682,949	6,921,467
Placements with banks (Note (b))	**883,368,209**	853,985,750	2,994,624,640
	4,251,247,756	3,486,404,504	4,287,397,007
Allowance for expected credit losses	-	-	(11,968)
	4,251,247,756	3,486,404,504	4,287,385,039
Current	**4,251,247,756**	3,486,404,504	4,287,385,039

(a) Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement ("CRR").

(b) Loans to and placements with banks are balances with original maturity periods of less than three months.

9(b) Analysis of Cash and Cash Equivalents

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Cash and cash equivalents	**4,251,247,756**	3,486,404,504	4,287,397,007
Treasury and BOM bills with original maturity of less than 3 months	**865,597,023**	856,787,152	-
	5,116,844,779	4,343,191,656	4,287,397,007

9(c) Reconciliation of Liabilities arising from Financing Activities.

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

The Group	**01 July 2021**	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2022**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 21)	**60,424,535**	**-**	**(25,108,374)**	**-**	**1,285,778**	**36,601,939**
	60,424,535	**-**	**(25,108,374)**	**-**	**1,285,778**	**36,601,939**

	01 July 2020	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2021**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds (Note 20)	1,089,390,019	1,000,000,000	(2,089,390,019)	-	-	-
Lease liabilities (Note 21)	74,526,375	-	(26,753,367)	10,820,952	1,830,575	60,424,535
	1,163,916,394	1,000,000,000	(2,116,143,386)	10,820,952	1,830,575	60,424,535

	01 July 2019	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2020**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds (Note 20)	198,345,266	2,172,504,109	(1,281,459,356)	-	-	1,089,390,019
Lease liabilities (Note 21)	70,800,999	-	(22,532,346)	24,293,529	1,964,193	74,526,375
	269,146,265	2,172,504,109	(1,303,991,702)	24,293,529	1,964,193	1,163,916,394

The Bank	**01 July 2021**	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2022**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Lease liabilities (Note 21)	**156,588,681**	**-**	**(60,684,899)**	**-**	**3,413,794**	**99,317,576**
	156,588,681	**-**	**(60,684,899)**	**-**	**3,413,794**	**99,317,576**

	01 July 2020	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2021**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds (Note 20)	1,089,390,019	1,000,000,000	(2,089,390,019)	-	-	-
Lease liabilities (Note 21)	203,309,885	-	(62,364,858)	10,820,952	4,822,702	156,588,681
	1,292,699,904	1,000,000,000	(2,151,754,877)	10,820,952	4,822,702	156,588,681

	01 July 2019	**Financing cash inflows**	**Financing cash outflows**	**Non Cash flow movement**	**Interest expense**	**30 June 2020**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other borrowed funds (Note 20)	198,345,266	2,172,504,109	(1,281,459,356)	-	-	1,089,390,019
Lease liabilities (Note 21)	62,824,927	-	(58,143,837)	192,829,795	5,799,000	203,309,885
	261,170,193	2,172,504,109	(1,339,603,193)	192,829,795	5,799,000	1,292,699,904

Notes to the Financial Statements

For the year ended 30 June 2022

10 Placements with Banks

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Outside Mauritius	-	-	2,448,174
Allowance for expected credit losses	-	-	(302)
	-	-	2,447,872
Remaining term to maturity			
- Within 3 months	-	-	2,447,872
	-	-	2,447,872
Current	-	-	2,447,872
	-	-	2,447,872

11 Trading Assets

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Securities held at FVTPL:			
Treasury bills	**-**	1,390,583,275	3,637,975,739
Other investments	**687,904,980**	407,713,953	-
	687,904,980	1,798,297,228	3,637,975,739
Remaining terms to maturity			
- Within 3 months	**455,231,590**	1,711,784,281	1,700,437,962
- Over 3 and up to 6 months	**-**	-	651,969,170
- Over 6 and up to 12 months	**232,673,390**	86,512,947	1,285,568,607
	687,904,980	1,798,297,228	3,637,975,739

12 Investment Securities

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Financial assets at FVTOCI (Note (a) below)	**6,696,295,991**	5,365,344,562	3,551,200,463
Equity investments at FVTPL (Note (b) below)	**17,912,214**	17,940,280	17,283,415
	6,714,208,205	5,383,284,842	3,568,483,878

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Remaining terms to maturity			
- Within 3 months	**2,887,232,934**	1,613,311,378	189,610,083
- Over 3 and up to 6 months	**737,357,670**	258,725,811	328,242,431
- Over 6 and up to 12 months	**926,817,603**	425,361,228	508,656,379
- Over 1 and up to 3 years	**1,076,330,467**	1,490,043,640	947,858,846
- Over 3 and up to 5 years	**338,833,733**	726,152,437	1,027,587,787
- Over 5 years	**747,635,798**	869,690,348	566,528,352
	6,714,208,205	5,383,284,842	3,568,483,878
Current	**4,551,408,207**	2,297,398,417	1,026,508,893
Non-Current	**2,162,799,998**	3,085,886,425	2,541,974,985
	6,714,208,205	5,383,284,842	3,568,483,878

(a) Financial assets at FVTOCI

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Investment in debt securities			
Government Stocks	**5,905,023**	233,087,015	260,655,451
Treasury Notes	**-**	424,839,542	1,185,490,661
BOM Bonds	**170,737,082**	166,059,082	379,870,164
Treasury Bills	**3,330,978,728**	1,752,039,827	-
Corporate Bonds	**954,234,479**	1,203,072,046	502,882,238
Foreign Bonds	**1,341,033,948**	1,372,810,207	1,021,664,827
Foreign Treasury Bills	**893,406,731**	213,436,843	200,637,122
	6,696,295,991	5,365,344,562	3,551,200,463

The Bank has pledged part of its securities as collateral to secure borrowings facilities from the Central Bank (Note 43).

(b) Financial assets at FVTPL

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Equity investments	**17,912,214**	17,940,280	17,283,415

Notes to the Financial Statements

For the year ended 30 June 2022

12 Investment Securities (Cont'd)

(c) Fair value reserve

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Balance at start of year	**(32,051,990)**	(21,167,091)	(2,510,450)
Change in fair value of assets held at FVTOCI	**(158,883,151)**	(10,884,899)	(18,656,641)
Balance at end of year	**(190,935,141)**	(32,051,990)	(21,167,091)

13 Loans and Advances to Banks

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Loans and advances to banks - outside Mauritius	**459,226,176**	863,869,801	-
Less allowance for expected credit losses	**(2,908,391)**	(837,954)	-
Net	**456,317,785**	863,031,847	-

(a) Remaining term to maturity

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
- Within 3 months	**-**	222,269,598	-
- Over 3 and up to 6 months	**459,226,176**	-	-
- Over 6 and up 12 months	**-**	428,029,492	-
- Over 1 and up to 3 years	**-**	213,570,711	-
	459,226,176	863,869,801	-
Current	**459,226,176**	650,299,090	-
Non-Current	**-**	213,570,711	-
	459,226,176	863,869,801	-

(b) Allowance for expected credit losses

	ECL allowances under stages 1 and 2	Total
	Rs	Rs
The Group and the Bank		
Balance at 01 July 2020	-	-
Provision for expected credit losses for the year (Note 35)	837,954	837,954
Balance at 30 June 2021	**837,954**	**837,954**
Provision for expected credit losses for the year (Note 35)	**2,070,437**	**2,070,437**
Balance at 30 June 2022	**2,908,391**	**2,908,391**

14 Loans and Advances to customers

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Retail customers						
- Credit cards	**89,231,759**	77,819,749	77,599,927	**89,231,759**	77,819,749	77,599,927
- Mortgages	**4,214,457,223**	3,393,960,334	3,023,016,262	**4,214,457,223**	3,393,960,334	3,023,016,262
- Other retail loans	**2,784,202,118**	1,797,156,026	1,738,776,197	**2,784,202,118**	1,797,156,026	1,738,776,197
Corporate customers	**10,215,413,516**	11,610,098,606	10,597,419,452	**10,371,720,274**	11,781,213,765	10,788,195,103
Entities outside Mauritius	**340,865,061**	323,183,117	307,258,933	**340,865,061**	323,183,117	307,258,933
Others	**37,211,430**	67,212,303	67,471,560	**37,211,430**	67,212,303	67,471,560
	17,681,381,107	17,269,430,135	15,811,542,331	**17,837,687,865**	17,440,545,294	16,002,317,982
Less allowance for expected credit losses	**(495,227,464)**	(430,088,603)	(404,934,801)	**(495,227,464)**	(430,088,603)	(404,934,801)
Net	**17,186,153,643**	16,839,341,532	15,406,607,530	**17,342,460,401**	17,010,456,691	15,597,383,181
Of which						
Gross investment in finance lease	**1,143,596,374**	1,083,502,566	990,770,174	**1,143,596,374**	1,083,502,566	990,770,174
Less allowance for expected credit losses	**(31,872,530)**	(31,477,790)	(38,483,257)	**(31,872,530)**	(31,477,790)	(38,483,257)
	1,111,723,844	1,052,024,776	952,286,917	**1,111,723,844**	1,052,024,776	952,286,917

(a) Remaining term to maturity

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**1,775,413,968**	2,028,792,891	3,188,643,240	**1,775,413,968**	2,028,792,891	3,188,643,240
- Over 3 and up to 6 months	**749,966,677**	658,770,637	370,855,036	**749,966,677**	664,431,987	370,855,036
- Over 6 and up 12 months	**396,873,147**	976,100,575	135,760,167	**396,873,147**	976,100,575	135,760,167
- Over 1 and up to 3 years	**1,680,029,147**	1,300,775,108	1,173,760,096	**1,680,029,147**	1,300,775,108	1,190,334,599
- Over 3 and up to 5 years	**1,619,036,926**	2,246,458,559	1,574,910,966	**1,619,036,926**	2,246,458,559	1,574,910,966
- Over 5 years	**11,460,061,242**	10,058,532,365	9,367,612,826	**11,616,368,000**	10,223,986,174	9,541,813,974
	17,681,381,107	17,269,430,135	15,811,542,331	**17,837,687,865**	17,440,545,294	16,002,317,982
Current	**2,922,253,792**	3,663,664,103	3,695,258,443	**2,922,253,792**	3,669,325,453	3,695,258,443
Non-Current	**14,759,127,315**	13,605,766,032	12,116,283,888	**14,915,434,073**	13,771,219,841	12,307,059,539
	17,681,381,107	17,269,430,135	15,811,542,331	**17,837,687,865**	17,440,545,294	16,002,317,982

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For the year ended 30 June 2022

14 Loans and Advances to Customers (Cont'd)

(b) Net investment in finance leases

	Up to 1 year	Over 1 up to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs
The Group and the Bank				
2022				
Gross investment in finance leases	**373,431,949**	**842,383,820**	**62,366,517**	**1,278,182,286**
Less unearned finance income	**(53,737,097)**	**(78,610,746)**	**(2,238,069)**	**(134,585,912)**
Net investment in finance leases	**319,694,852**	**763,773,074**	**60,128,448**	**1,143,596,374**
2021				
Gross investment in finance leases	328,500,137	818,150,379	63,081,093	1,209,731,609
Less unearned finance income	(49,329,749)	(74,915,268)	(1,984,026)	(126,229,043)
Net investment in finance leases	279,170,388	743,235,111	61,097,067	1,083,502,566
2020				
Gross investment in finance leases	285,544,198	743,826,667	87,132,846	1,116,503,711
Less unearned finance income	(46,476,224)	(76,195,862)	(3,061,451)	(125,733,537)
Net investment in finance leases	239,067,974	667,630,805	84,071,395	990,770,174

A finance lease contract is prepared for these facilities which give the lessees the option to purchase the assets for a residual value at the conclusion of the lease arrangements. Finance leases are secured mainly by charges on the leased assets and/or corporate/personal guarantees. The lease period ranges from 1-15 years.

(c) Allowance for expected credit losses

	ECL allowances under stage 3	ECL allowances under stages 1 and 2	Total
	Rs	Rs	Rs
The Group and the Bank			
Balance at 01 July 2019	169,861,888	172,420,112	342,282,000
Provision for expected credit losses for the year (Note 35)	48,099,230	14,553,571	62,652,801
Balance at 30 June 2020	217,961,118	186,973,683	404,934,801
Written off against provision	(3,253,138)	-	(3,253,138)
Provision for /(Reversal of) expected credit losses for the year (Note 35)	40,903,002	(12,496,062)	28,406,940
Balance at 30 June 2021	**255,610,982**	**174,477,621**	**430,088,603**
Provision for /(Reversal of) expected credit losses for the year (Note 35)	**74,434,782**	**(9,127,648)**	**65,307,134**
Concession to customers	**(7,058)**	**-**	**(7,058)**
Written off against provision	**(161,215)**	**-**	**(161,215)**
Balance at 30 June 2022	**329,877,491**	**165,349,973**	**495,227,464**

14 Loans and Advances to Customers (Cont'd)

(c) Allowance for expected credit losses (Cont'd)

(i) Allowance for credit impairment by industry sector

	Gross amount of loans 30 June 2022	Non-Performing loans 30 June 2022	Expected credit loss stage 3 30 June 2022	Expected credit loss stage 1-2 30 June 2022	Total allowances for ECL 30 June 2022	Total allowances for ECL 30 June 2021	Total allowances for ECL 30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
Agriculture and Fishing	380,683,826	144,726,905	76,287,125	2,418,655	78,705,780	74,617,037	57,035,454
Manufacturing	803,112,010	172,885,721	134,444,380	6,728,653	141,173,033	137,629,184	136,966,494
Tourism	1,881,107,606	80,491,736	2,422,208	17,907,723	20,329,931	36,114,671	16,901,595
Transport	363,276,100	7,923,040	3,060,051	9,453,824	12,513,875	15,461,873	22,654,070
Construction	5,640,657,041	84,658,732	20,632,985	75,276,751	95,909,736	76,627,388	73,769,941
Financial and Business Services	3,636,101,421	311,127,829	27,004,535	3,226,733	30,231,268	354,592	6,329,644
Traders	1,327,275,157	83,114,004	24,733,971	13,555,156	38,289,127	25,103,496	25,441,074
Information Technology	22,502,941	292,412	150,279	521,710	671,989	298,200	225,395
Personal	1,756,164,780	39,561,214	28,065,301	20,576,624	48,641,925	36,992,213	32,471,359
of which credit cards	*89,231,759*	*5,090,734*	*5,040,734*	*2,580,840*	*7,621,574*	*6,260,222*	*6,537,510*
Education	102,117,443	207,517	31,310	3,347,921	3,379,231	2,647,834	7,078,809
Professional	50,536,340	232,344	232,344	668,921	901,265	2,047,764	1,506,145
Foreign Governments	228,019,622	-	-	259,845	259,845	1,076	-
Global Business Licence Holders	258,396,918	-	-	1,257,580	1,257,580	116,507	2,767,994
Others	1,231,429,902	39,484,896	12,813,002	10,149,877	22,962,879	22,076,768	21,786,827
	17,681,381,107	964,706,350	329,877,491	165,349,973	495,227,464	430,088,603	404,934,801
The Bank							
Agriculture and Fishing	380,683,826	144,726,905	76,287,125	2,418,655	78,705,780	74,617,037	57,035,454
Manufacturing	803,112,010	172,885,721	134,444,380	6,728,653	141,173,033	137,629,184	136,966,494
Tourism	1,881,107,606	80,491,736	2,422,208	17,907,723	20,329,931	36,114,671	16,901,595
Transport	363,276,100	7,923,040	3,060,051	9,453,824	12,513,875	15,461,873	22,654,070
Construction	5,796,963,799	84,658,732	20,632,985	75,276,751	95,909,736	76,627,388	73,769,941
Financial and Business Services	3,636,101,421	311,127,829	27,004,535	3,226,733	30,231,268	354,592	6,329,644
Traders	1,327,275,157	83,114,004	24,733,971	13,555,156	38,289,127	25,103,496	25,441,074
Information Technology	22,502,941	292,412	150,279	521,710	671,989	298,200	225,395
Personal	1,756,164,780	39,561,214	28,065,301	20,576,624	48,641,925	36,992,213	32,471,359
of which credit cards	*89,231,759*	*5,090,734*	*5,040,734*	*2,580,840*	*7,621,574*	*6,260,222*	*6,537,510*
Education	102,117,443	207,517	31,310	3,347,921	3,379,231	2,647,834	7,078,809
Professional	50,536,340	232,344	232,344	668,921	901,265	2,047,764	1,506,145
Foreign Governments	228,019,622	-	-	259,845	259,845	1,076	-
Global Business Licence Holders	258,396,918	-	-	1,257,580	1,257,580	116,507	2,767,994
Others	1,231,429,902	39,484,896	12,813,002	10,149,877	22,962,879	22,076,768	21,786,827
	17,837,687,865	964,706,350	329,877,491	165,349,973	495,227,464	430,088,603	404,934,801

Notes to the Financial Statements

For the year ended 30 June 2022

15 (a) Property, Plant and Equipment

The Group	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2021	**1,242,828,626**	**217,130,807**	**345,500,673**	**11,916,122**	**1,583,176**	**1,818,959,404**
Additions during the year	**-**	**2,226,007**	**299,440**	**-**	**9,055,871**	**11,581,318**
Capitalisation of assets in progress	**-**	**4,768,855**	**2,059,576**	**-**	**(6,828,431)**	**-**
Disposal during the year	**-**	**(107,762)**	**-**	**(335,744)**	**-**	**(443,506)**
At 30 June 2022	**1,242,828,626**	**224,017,907**	**347,859,689**	**11,580,378**	**3,810,616**	**1,830,097,216**
Depreciation						
At 01 July 2021	**75,207,118**	**161,054,463**	**294,542,040**	**5,707,200**	**-**	**536,510,821**
Disposal during the year	**-**	**(92,760)**	**-**	**(290,979)**	**-**	**(383,739)**
Charge for the year	**20,959,648**	**21,050,355**	**17,466,254**	**1,309,761**	**-**	**60,786,018**
At 30 June 2022	**96,166,766**	**182,012,058**	**312,008,294**	**6,725,982**	**-**	**596,913,100**
Carrying amount						
At 30 June 2022	**1,146,661,860**	**42,005,849**	**35,851,395**	**4,854,396**	**3,810,616**	**1,233,184,116**
The Group						
Cost/Valuation						
At 01 July 2020	1,709,292,011	209,562,614	337,695,365	13,056,758	-	2,269,606,748
Transfer from other assets	-	-	-	-	2,369,966	2,369,966
Additions during the year	-	8,868,459	4,265,608	1,208,414	2,773,242	17,115,723
Transfer to investment property (Note 16)	(466,463,385)	-	-	-	-	(466,463,385)
Capitalisation of assets in progress	-	20,332	3,539,700	-	(3,560,032)	-
Disposal during the year	-	(1,320,598)	-	(2,349,050)	-	(3,669,648)
At 30 June 2021	1,242,828,626	217,130,807	345,500,673	11,916,122	1,583,176	1,818,959,404
Depreciation						
At 01 July 2020	80,710,852	133,417,792	266,511,725	6,436,116	-	487,076,485
Disposal during the year	-	(1,202,902)	-	(2,349,049)	-	(3,551,951)
Transfer to investment property (Note 16)	(26,463,385)	-	-	-	-	(26,463,385)
Charge for the year	20,959,651	28,839,573	28,030,315	1,620,133	-	79,449,672
At 30 June 2021	75,207,118	161,054,463	294,542,040	5,707,200	-	536,510,821
Carrying amount						
At 30 June 2021	1,167,621,508	56,076,344	50,958,633	6,208,922	1,583,176	1,282,448,583

15 (a) Property, Plant and Equipment

The Group	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs
Cost/Valuation					
At 01 July 2019	1,601,702,943	191,465,600	319,905,879	13,056,758	2,126,131,180
Additions during the year	1,810,621	18,097,014	17,789,486	-	37,697,121
Revaluation during the year	105,778,447	-	-	-	105,778,447
At 30 June 2020	1,709,292,011	209,562,614	337,695,365	13,056,758	2,269,606,748
Depreciation					
At 01 July 2019	53,742,416	106,452,036	237,111,144	5,068,594	402,374,190
Charge for the year	26,968,436	26,965,756	29,400,584	1,367,523	84,702,299
At 30 June 2020	80,710,852	133,417,792	266,511,728	6,436,117	487,076,489
Carrying amount					
At 30 June 2020	1,628,581,159	76,144,822	71,183,637	6,620,641	1,782,530,259

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2021	**929,649,360**	**212,998,121**	**319,884,664**	**9,558,163**	**1,583,176**	**1,473,673,484**
Additions during the year	**-**	**2,226,007**	**299,440**	**-**	**9,055,871**	**11,581,318**
Capitalisation of assets in progress	**-**	**4,768,855**	**2,059,576**	**-**	**(6,828,431)**	**-**
Disposal during the year	**-**	**(107,762)**	**-**	**(335,744)**	**-**	**(443,506)**
At 30 June 2022	**929,649,360**	**219,885,221**	**322,243,680**	**9,222,419**	**3,810,616**	**1,484,811,296**
Depreciation						
At 01 July 2021	**53,489,017**	**154,742,440**	**270,604,072**	**5,541,514**	**-**	**484,377,043**
Disposal during the year	**-**	**(92,760)**	**-**	**(290,979)**	**-**	**(383,739)**
Charge for the year	**14,439,653**	**21,037,417**	**15,837,306**	**1,309,761**	**-**	**52,624,137**
At 30 June 2022	**67,928,670**	**175,687,097**	**286,441,378**	**6,560,296**	**-**	**536,617,441**
Carrying amount						
At 30 June 2022	**861,720,690**	**44,198,124**	**35,802,302**	**2,662,123**	**3,810,616**	**948,193,855**

Notes to the Financial Statements

For the year ended 30 June 2022

15 (a) Property, Plant and Equipment

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost/Valuation						
At 01 July 2020	1,396,112,745	205,429,927	312,079,356	10,698,799	-	1,924,320,827
Transfer from other assets					2,369,966	2,369,966
Additions during the year	-	8,868,459	4,265,608	1,208,414	2,773,242	17,115,723
Capitalisation of assets in progress	-	20,332	3,539,700	-	(3,560,032)	-
Transfer to investment property (Note 16)	(466,463,385)	-	-	-	-	(466,463,385)
Disposal during the year	-	(1,320,597)	-	(2,349,050)	-	(3,669,647)
At 30 June 2021	929,649,360	212,998,121	319,884,664	9,558,163	1,583,176	1,473,673,484
Depreciation						
At 01 July 2020	65,512,747	127,216,206	246,180,294	6,270,430	-	445,179,677
Disposal during the year	-	(1,202,903)	-	(2,349,049)	-	(3,551,952)
Transfer to investment property (Note 16)	(26,463,385)	-	-	-	-	(26,463,385)
Charge for the year	14,439,655	28,729,137	24,423,778	1,620,133	-	69,212,703
At 30 June 2021	53,489,017	154,742,440	270,604,072	5,541,514	-	484,377,043
Carrying amount						
At 30 June 2021	876,160,343	58,255,681	49,280,592	4,016,649	1,583,176	989,296,441

The Bank	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs
Cost/Valuation					
At 01 July 2019	1,361,523,676	187,332,913	294,289,869	10,698,799	1,853,845,257
Additions during the year	-	18,097,014	17,789,487	-	35,886,501
Revaluation during the year	34,589,069	-	-	-	34,589,069
At 30 June 2020	1,396,112,745	205,429,927	312,079,356	10,698,799	1,924,320,827
Depreciation					
At 01 July 2019	43,622,416	100,360,887	220,748,771	4,902,907	369,634,981
Charge for the year	21,890,331	26,855,319	25,431,523	1,367,523	75,544,696
At 30 June 2020	65,512,747	127,216,206	246,180,294	6,270,430	445,179,677
Carrying amount					
At 30 June 2020	1,330,599,998	78,213,721	65,899,062	4,428,369	1,479,141,150

15 (a) Property, Plant and Equipment

The Group and the Bank's freehold land and buildings have been revalued by Aestima Ltd as at 30 June 2020. These valuations were based on market conditions prevailing at that time. If these freehold land and buildings were stated on the historical cost basis, the net book value would be as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Cost*	**1,150,950,089**	1,150,950,089	1,150,950,089	**887,068,170**	887,068,170	887,068,170
Accumulated depreciation	**(166,646,830)**	(147,381,474)	(128,116,118)	**(127,437,905)**	(113,450,187)	(99,462,469)
	984,303,259	1,003,568,615	1,022,833,971	**759,630,265**	773,617,983	787,605,701

The valuation of the Group's and the Bank's freehold land and buildings is made every three years. The latest valuation has been done as at 30 June 2020. Based on management assessment, the fair value will not differ from the carrying value at the end of June 2022.

* The cost also includes the cost of a property which was transferred to investment properties during the financial year ended 30 June 2021.

(b) Intangible assets

	Computer software	Assets in progress	Total
The Group and the Bank	Rs	Rs	Rs
Cost			
At 01 July 2019	566,101,776	-	566,101,776
Additions during the year	21,965,027	-	21,965,027
At 30 June 2020	588,066,803	-	588,066,803
Transfer from other assets		6,405,194	6,405,194
Additions during the year	7,199,050	5,562,328	12,761,378
Capitalisation of assets in progress	5,172,509	(5,172,509)	-
Recognised to expense	-	(146,610)	(146,610)
At 30 June 2021	**600,438,362**	**6,648,403**	**607,086,765**
Additions during the year	**2,095,377**	**11,747,932**	**13,843,309**
Capitalisation of assets in progress	**8,749,076**	**(8,749,076)**	**-**
At 30 June 2022	**611,282,815**	**9,647,259**	**620,930,074**
Amortisation			
At 01 July 2019	350,451,071	-	350,451,071
Charge for the year	40,761,489	-	40,761,489
At 30 June 2020	391,212,560	-	391,212,560
Charge for the year	46,224,988	-	46,224,988
At 30 June 2021	**437,437,548**	**-**	**437,437,548**
Charge for the year	**45,164,591**	**-**	**45,164,591**
At 30 June 2022	**482,602,139**	**-**	**482,602,139**
Carrying amount			
At 30 June 2022	**128,680,676**	**9,647,259**	**138,327,935**
At 30 June 2021	163,000,814	6,648,403	169,649,217
At 30 June 2020	196,854,243	-	196,854,243

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For the year ended 30 June 2022

15 (c) Right of Use Assets

	Land and Building
The Group	**Rs**
Cost/Valuation	
On application of IFRS 16 on 01 July 2019	70,800,999
Additions during the year	24,293,529
Revaluation during the year	39,233,806
At 30 June 2020	134,328,334
Additions during the year	10,820,952
At 30 June 2021	**145,149,286**
Additions during the year	-
At 30 June 2022	**145,149,286**
Accumulated Depreciation	
Charge for the year	22,237,744
At 30 June 2020	22,237,744
Charge for the year	31,524,436
At 30 June 2021	**53,762,180**
Charge for the year	29,433,396
At 30 June 2022	**83,195,576**
Carrying amount	
At 30 June 2022	**61,953,710**
At 30 June 2021	91,387,106
At 30 June 2020	112,090,590
The Bank	
Cost/Valuation	
On application of IFRS 16 on 01 July 2019	62,824,927
Additions during the year	192,829,795
Revaluation during the year	12,811,074
At 30 June 2020	268,465,796
Additions during the year	10,820,952
At 30 June 2021	**279,286,748**
Additions during the year	**-**
At 30 June 2022	**279,286,748**
Accumulated Depreciation	
Charge for the year	55,546,193
At 30 June 2020	55,546,193
Charge for the year	63,442,215
At 30 June 2021	**118,988,408**
Charge for the year	**61,351,176**
At 30 June 2022	**180,339,584**
Carrying amount	
At 30 June 2022	**98,947,164**
At 30 June 2021	160,298,340
At 30 June 2020	212,919,603

16 Investment Properties

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Balance at start of year	**519,300,000**	79,300,000	66,460,000
Transfer from property, plant and equipment (Note 15(a))	**-**	440,000,000	-
Fair value gain (Note 34)	**-**	-	12,840,000
Balance at end of year	**519,300,000**	519,300,000	79,300,000

Rental income of **Rs 24.2 Mn** (2021: Rs 25.3 Mn, 2020: Rs 25.5 Mn) was received and operational expenses of **Rs 7.3 Mn** (2021: Rs 4.3 Mn, 2020: Nil) were incurred during the year under review towards the investment properties. The investment properties were revalued independently by Aestima Ltd, Chartered Valuer, during the year ended 30 June 2020 on a market value basis.

The valuation is based on market value and the valuer has resorted to the Sales Comparison Method, Depreciated Replacement Cost Method and the Income Capitalisation Approach. The following factors were also considered:

- The location of the property
- The availability of major services around the perimeter of the property
- The demand for similar commercial property in that particular region
- The existing state of repairs and maintenance of the property

Aestima Ltd is a member of the Royal Institution of Chartered Surveyors and they have the appropriate qualifications and experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions for similar properties.

In July 2020, the Bank has transferred property of Rs 440 Mn from property, plant and equipment to investment properties based on the fair value as at that date. The transfer was effected based on management assessment of the property meeting the recognition criteria of IAS 40 Investment Property further to a change in management intended future use of the property to generate rental income.

The valuation of the Bank's investment properties is made every three years. Based on management assessment, the fair value of the investment properties at 30 June 2022 will not differ from the carrying amount.

17 Investment in subsidiary

17.1 Unquoted and at cost

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Balance at end of year	**100,000**	100,000	100,000

17.2 Details of the subsidiary are as follows:

Name of subsidiary	Principal activity	Type of shares	% holding	30 June 2022	30 June 2021	30 June 2020
				Rs	Rs	Rs
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	100,000	100,000	100,000

Notes to the Financial Statements

For the year ended 30 June 2022

17 Investment in Subsidiary (Cont'd)

17.3 The subsidiary was incorporated in the Republic of Mauritius on 17 March 2014 as a private company with liability limited by shares.

17.4 The Bank has 100% holding in MauBank Investment Ltd and the proportion of the voting rights in this subsidiary undertakings held directly by the Bank does not differ from the proportion of ordinary shares held.

17.5 Management considers that there has been no impairment of the investment in the subsidiary at 30 June 2022 (2021 and 2020: Nil).

18 Other Assets

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Mandatory balances with Central Bank (Note (i) below)	**2,117,551,231**	2,169,201,694	2,097,155,819	**2,117,551,231**	2,169,201,694	2,097,155,819
Due from the subsidiary (Note (ii) below)	**-**	-	-	**33,722,960**	32,824,479	32,805,779
Due from holding company (Note (ii) below)	**1,592,535**	1,287,580	189,637	**1,592,535**	1,287,580	189,637
Due from fellow subsidiary (Note (ii) below)	**222**	205	169	**222**	205	169
Balances due in clearing	**29,868,215**	43,593,247	19,229,219	**29,868,215**	43,593,247	19,229,219
Project costs	**-**	-	8,775,160	**-**	-	8,775,160
Prepayments	**53,998,228**	40,633,119	38,707,653	**53,998,228**	40,633,119	38,707,653
Receivables (iv)	**66,587,957**	112,808,976	85,099,400	**71,805,348**	118,026,367	90,316,793
Repossessed properties	**33,948,467**	32,139,085	33,377,531	**33,948,467**	32,139,085	33,377,531
Others (v)	**8,601,683**	8,788,592	11,869,941	**8,601,683**	8,788,592	11,869,941
	2,312,148,538	2,408,452,498	2,294,404,529	**2,351,088,889**	2,446,494,368	2,332,427,701
Current	**2,203,010,431**	2,254,715,845	2,164,057,657	**2,203,010,431**	2,254,715,845	2,164,057,657
Non-Current	**109,138,107**	153,736,653	130,346,872	**148,078,458**	191,778,523	168,370,044
	2,312,148,538	2,408,452,498	2,294,404,529	**2,351,088,889**	2,446,494,368	2,332,427,701

(i) At 30 June 2022, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to **Rs 2,117,551,231** (2020: Rs 2,169,201,694 and 2020: Rs 2,097,155,819). These funds are not available for daily business.

(ii) The amount due from the subsidiary, holding company and fellow subsidiary is interest free, unsecured and repayable on demand.

(iii) No allowance for expected credit losses allowance has been made on the amount due from the subsidiary, holding company and fellow subsidiary as management has assessed their impact to be immaterial.

(iv) Management has assessed the recoverability of the receivables and has not identified any material provisions for impairment at 30 June 2022, 30 June 2021 and 30 June 2020.

(v) Others include stationery, stock of credit cards and other items of stock maintained by the Procurement Team.

19 Deposits from Customers

Retail, Corporate and Government

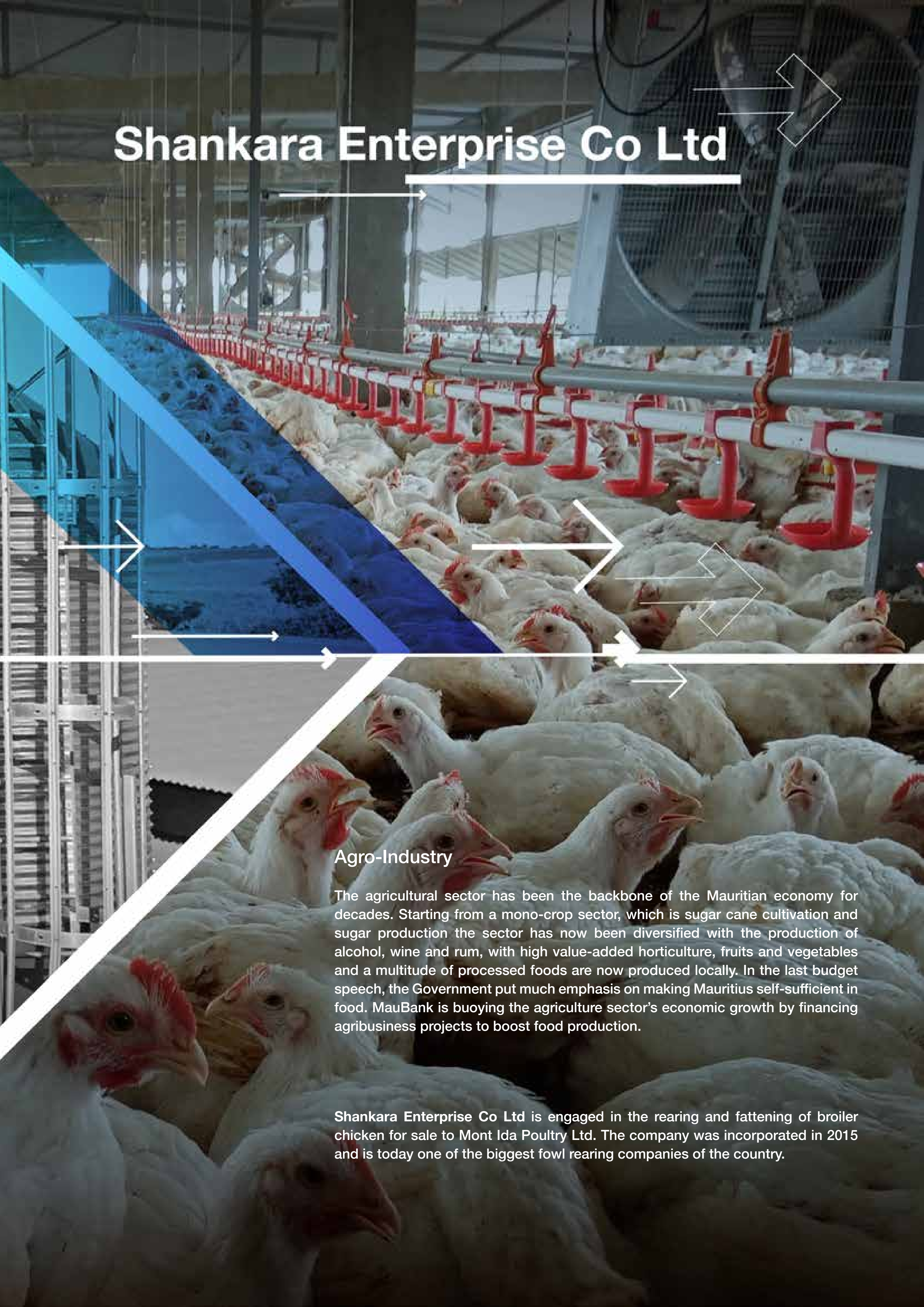
		The Group			The Bank		
		30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
		Rs	Rs	Rs	Rs	Rs	Rs
(a)	Demand	**8,856,194,477**	7,101,922,778	4,933,120,698	**8,860,744,050**	7,101,941,628	4,934,530,169
	Savings	**13,358,918,264**	13,457,704,742	12,583,869,649	**13,358,918,264**	13,457,704,742	12,583,869,649
	Time deposits	**6,572,310,160**	7,818,552,225	8,796,119,055	**6,572,310,160**	7,818,552,225	8,796,119,055
		28,787,422,901	28,378,179,745	26,313,109,402	**28,791,972,474**	28,378,198,595	26,314,518,873
(b)	Time deposits with remaining term to maturity:						
	- Within 3 months	**1,786,190,807**	1,816,040,435	2,734,795,306	**1,786,190,807**	1,816,040,435	2,734,795,306
	- Over 3 and up to 6 months	**1,054,960,888**	1,190,377,220	678,390,297	**1,054,960,888**	1,190,377,220	678,390,297
	- Over 6 and up to 12 months	**1,444,909,012**	1,875,137,168	1,550,494,478	**1,444,909,012**	1,875,137,168	1,550,494,478
	- Over 1 and up to 3 years	**1,440,970,731**	2,031,061,138	2,762,151,107	**1,440,970,731**	2,031,061,138	2,762,151,107
	- Over 3 and up to 5 years	**841,461,804**	893,087,069	1,014,464,737	**841,461,804**	893,087,069	1,014,464,737
	- Over 5 years	**3,816,918**	12,849,195	55,823,130	**3,816,918**	12,849,195	55,823,130
		6,572,310,160	7,818,552,225	8,796,119,055	**6,572,310,160**	7,818,552,225	8,796,119,055
	Current	**4,286,060,707**	4,881,554,823	4,963,680,081	**4,286,060,707**	4,881,554,823	4,963,680,081
	Non-Current	**2,286,249,453**	2,936,997,402	3,832,438,974	**2,286,249,453**	2,936,997,402	3,832,438,974
		6,572,310,160	7,818,552,225	8,796,119,055	**6,572,310,160**	7,818,552,225	8,796,119,055

20 Other Borrowed Funds

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Borrowings from the Central Bank	**-**	-	1,881,098
Borrowings from banks in Mauritius	**-**	-	1,087,508,921
	-	-	1,089,390,019
Remaining term to maturity			
- Within 3 months	**-**	-	1,089,390,019
	-	-	1,089,390,019
Current	**-**	-	1,089,390,019
	-	-	1,089,390,019

At 30 June 2020, the borrowings from the Central Bank and part of borrowings from banks in Mauritius were secured against Government stocks.


boosting
food
production



Shankara Enterprise Co Ltd

Agro-Industry

The agricultural sector has been the backbone of the Mauritian economy for decades. Starting from a mono-crop sector, which is sugar cane cultivation and sugar production the sector has now been diversified with the production of alcohol, wine and rum, with high value-added horticulture, fruits and vegetables and a multitude of processed foods are now produced locally. In the last budget speech, the Government put much emphasis on making Mauritius self-sufficient in food. MauBank is buoying the agriculture sector's economic growth by financing agribusiness projects to boost food production.

Shankara Enterprise Co Ltd is engaged in the rearing and fattening of broiler chicken for sale to Mont Ida Poultry Ltd. The company was incorporated in 2015 and is today one of the biggest fowl rearing companies of the country.

Notes to the Financial Statements

For the year ended 30 June 2022

21 Lease Liabilities

	The Group	The Bank
	Rs	Rs
On application of IFRS 16 on 01 July 2019	70,800,999	62,824,927
Additions during the year	24,293,529	192,829,795
Finance charge	1,964,193	5,799,000
Repayment during the year	(22,532,346)	(58,143,837)
At 30 June 2020	74,526,375	203,309,885
Additions during the year	10,820,952	10,820,952
Finance charge	1,830,575	4,822,702
Repayment during the year	(26,753,367)	(62,364,858)
At 30 June 2021	**60,424,535**	**156,588,681**
Finance charge	**1,285,778**	**3,413,794**
Repayment during the year	**(25,108,374)**	**(60,684,899)**
At 30 June 2022	**36,601,939**	**99,317,576**

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Remaining term to maturity						
- Within 3 months	**6,644,551**	7,092,282	6,786,034	**14,826,177**	15,054,338	14,569,159
- Over 3 and up to 6 months	**4,908,087**	5,608,116	5,505,386	**13,569,376**	14,048,383	13,730,342
- Over 6 and up to 12 months	**7,309,254**	11,122,200	10,326,201	**24,801,875**	28,168,386	26,937,485
- Over 1 and up to 3 years	**11,167,855**	28,076,512	35,415,148	**46,120,148**	97,658,134	103,199,192
- Over 3 and up to 5 years	**610,878**	2,254,722	9,921,414	**-**	1,659,440	44,873,707
- Over 5 years	**5,961,314**	6,270,703	6,572,192	**-**	-	-
	36,601,939	60,424,535	74,526,375	**99,317,576**	156,588,681	203,309,885
Current	**18,861,892**	23,822,598	22,617,621	**53,197,428**	57,271,107	55,236,986
Non-Current	**17,740,047**	36,601,937	51,908,754	**46,120,148**	99,317,574	148,072,899
	36,601,939	60,424,535	74,526,375	**99,317,576**	156,588,681	203,309,885

22 Other liabilities

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Cheques in clearance	**130,905,922**	190,864,338	53,044,009	**130,905,922**	190,864,338	53,044,009
Due on extinction of guarantees	**151,697,568**	179,577,937	202,660,240	**151,697,568**	179,577,937	202,660,240
Other payables and accruals	**299,908,066**	272,322,080	292,770,668	**299,222,935**	271,766,552	292,165,498
Overdrawn balances on Nostro account	**-**	80,333	15,842,754	**-**	80,333	15,842,754.00
Allowance for expected credit losses on off balance sheet items	**733,864**	773,212	543,944	**733,864**	773,212	543,944
	583,245,420	643,617,900	564,861,615	**582,560,289**	643,062,372	564,256,445
Current	**430,813,988**	463,266,751	361,657,431	**430,128,857**	462,711,223	361,052,261
Non-Current	**152,431,432**	180,351,149	203,204,184	**152,431,432**	180,351,149	203,204,184
	583,245,420	643,617,900	564,861,615	**582,560,289**	643,062,372	564,256,445

The other payables balance is unsecured and interest free.

23 Retirement Benefits Obligations

Pension plan

The pension plan is a final salary defined benefit plan for senior employees and is wholly funded by the Bank. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the plan are held independently and administered by a private insurance company. Employee benefits obligations have been based on reports from Swan Life and Aon Hewitt Ltd dated 09 August 2022 and 15 September 2022 respectively.

(i) Amounts recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Present value of funded obligations	**(190,950,590)**	(192,382,973)	(194,867,540)
Fair value of plan assets	**51,348,217**	75,077,415	67,832,413
Liabilities in the statement of financial position	**(139,602,373)**	(117,305,558)	(127,035,127)

(ii) Movements in the liability recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
At start	**(117,305,558)**	(127,035,127)	(109,812,754)
Amounts recognised in profit or loss (Note 36)	**(11,503,214)**	(13,142,538)	(13,500,932)
Actuarial (losses)/gains recognised in other comprehensive income	**(10,842,601)**	12,678,660	(3,721,441)
Employer contributions	**49,000**	10,193,447	-
At end	**(139,602,373)**	(117,305,558)	(127,035,127)

(iii) Amounts recognised in the statement of profit or loss:

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Current service cost	**6,781,438**	8,922,967	7,416,452
Scheme expenses	**2,800**	393,698	20,000
Cost of insuring benefits	**228,696**	228,696	228,696
Interest cost	**6,885,530**	6,272,345	9,433,277
Expected return on plan assets	**(2,395,250)**	(2,675,168)	(3,597,493)
Total included in pension and other costs	**11,503,214**	13,142,538	13,500,932
Actual return on plan assets	**2,212,642**	2,183,481	3,566,788

Notes to the Financial Statements

For the year ended 30 June 2022

23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(iv) Amount recognised in Other Comprehensive Income:

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Losses on pension scheme assets	**(182,608)**	(491,687)	(588,705)
Experience gains/ (losses) on the liabilities	**6,433,643**	(3,976,929)	2,315,493
Changes in assumptions underlying the present value of the scheme	**(17,093,636)**	17,147,276	(20,618,229)
Change in effect of asset ceiling	**-**	-	7,535,000
Changes in demographic assumptions	**-**	-	7,635,000
	(10,842,601)	12,678,660	(3,721,441)

(v) Movements in defined benefit obligations:

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
At start	**(192,382,973)**	(194,867,540)	(183,612,772)
Current service cost	**(6,781,438)**	(8,922,967)	(7,416,452)
Interest cost	**(6,885,530)**	(6,272,345)	(9,433,277)
Actuarial gains/(losses)	**(10,659,993)**	13,170,347	(10,667,736)
Benefits paid	**25,759,344**	4,509,532	16,262,697
At end	**(190,950,590)**	(192,382,973)	(194,867,540)

(vi) Movements in the fair value of plan assets:

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
At start	**75,077,415**	67,832,413	73,800,018
Expected return on plan assets	**2,395,250**	2,675,168	3,597,493
Actuarial (losses)/gain	**(182,608)**	(491,687)	6,946,295
Employer contributions	**49,000**	10,193,447	-
Scheme expenses	**(2,800)**	(393,698)	(20,000)
Cost of insuring risks benefits	**(228,696)**	(228,696)	(228,696)
Benefits paid	**(25,759,344)**	(4,509,532)	(16,262,697)
At end	**51,348,217**	75,077,415	67,832,413

23 Retirement benefits Obligations (Cont'd)

Pension plan (Cont'd)

(vii) Expected return on assets

The assets of the plan are invested in the deposit administration fund of Swan Life and Aon Solutions Ltd. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategy of the fund.

As the fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(viii) Description of the pension plans

The Bank participates in a defined contribution (DC) pension plan which is administered by SICOM. Its contributions for DC employees are expensed to the income statement.

The Company also participates in a defined benefit pension plan which is now effectively operated on a defined contribution basis.

Certain employees of the Bank, whose employment from Ex-National Commercial Bank (NCB) has been transferred to the Bank during the year ended 30 June 2016 pursuant to a transfer of undertaking, are covered under DBBA and DBML Plans, Defined Benefit Schemes held with the BAI Group Pension Funds. The Bank has not contributed any amount to the BAI Group Pension Funds of the Schemes since April 2015. The nil liability as at 30 June 2022, 2021 and 2020 have been arrived at based on the following methodology:

(a) The ex-members of the DB sections of the BAI Group Pension Fund (namely DBBA and DBML within BAIGPF) will be entitled to a transfer value based on the old DB formulae, assuming accrual cease date of 30 June 2015 and valued on the transfer value basis determined by the Trustees of the Fund and uplifted to take into consideration the available assets.

(b) The ex-members of DBBA have joined the DC scheme with SICOM in December 2018 and their respective transfer values from BAIGPF increased with interest have now been injected into the DC scheme. It is to be noted that the assets which have been accounted as a transfer in (Transfer Value) as per the data provided by SICOM, is lower than the transfer value the actuaries estimated for these members (accounting for interest up to the valuation date). On the other hand, the ex-members of DBML have not yet joined the DC scheme with SICOM and their respective transfer values from BAIGPF as well as their deemed accumulated contributions increased with interest have not yet been injected into the DC scheme. In line with what was agreed with MauBank last year, it has been assumed that they will join the DC scheme as from 1 July 2022 (but with effect from 1 July 2015) with their respective transfer values from BAIGPF and deemed accumulated contributions from 1 July 2015 to 30 June 2022 increased with interest.

(c) Similar to the previous IAS 19 exercise, the transfer values to which the ex-members of DBML are entitled have been held as a liability as at 30 June 2022. The transfer values as at 30 June 2022 for the current active members and deferred members who left post 30 June 2015 have been obtained by accumulating the transfer values as at 31 October 2018 (as per the winding valuation of the Fund carried out as at 31 October 2018) valued on the Fund's transfer value basis, using the actual investment return on the Fund's assets over the period.

(d) The standard transfer values determined as at 31 October 2018 (as per the winding valuation) were uplifted using the excess assets available at that date. As a result, the total uplifted transfer values will always be expected to be equal to the assets of the Fund, resulting in a net defined benefit liability of nil for the DBML pension schemes at all times since both assets and liabilities are assumed to increase with the same net investment return in the future.

The DCUL members of BAIGPF have also joined the DC scheme with SICOM on 1 December 2018 (with effect from 1 April 2015). Their deemed accumulated contributions from 1 April 2015 to 30 November 2018 with interest were injected in the DC scheme with SICOM during the previous year while their transfer values from BAIGPF have been injected in the DC scheme during the current year.

The Bank has recognised a defined benefit liability of **Rs 32,282,000** in its balance sheet as at 30 June 2022 (30 June 2021: Rs 31,118,000 and 30 June 2020: Rs 43,806,000) in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Bank's cash flow to its employees under the Workers' Rights Act (WRA) 2019.

Notes to the Financial Statements

For the year ended 30 June 2022

23 Retirement benefits Obligations (Cont'd)

Pension plan (Cont'd)

(viii) Description of the pension plan (Continued)

The denefit plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

Investment risk (where the plan is funded): The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Bank has a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year.

In addition to above defined benefit plan, the Bank also has a defined plan administered by Swan Life. The Bank has recognised a net defined benefit liability of **Rs 107,320,373** in its balance sheet as at 30 June 2022 (30 June 2021: Rs 86,187,558 and 30 June 2020: Rs 83,229,127).

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a..

23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes

(a) DBBA Pension Scheme

	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	**-**	-	6,730,000
- Amount recognised in P&L	**-**	-	538,000
- Amount recognized in OCI	**-**	-	(7,268,000)
- Closing balance	**-**	-	-
Allocation of Plan Assets at End of Year	**%**	%	%
- Property – Local	**N/A**	9	7
- Cash and other	**N/A**	91	93
Total	**N/A**	100	100

(b) DBML Pension Scheme

	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effectof the Asset Ceiling			
- Opening balance	**-**	-	247,000
- Amount recognised in P&L	**-**	-	20,000
- Amount recognized in OCI	**-**	-	(267,000)
- Closing balance	**-**	-	-
Allocation of Plan assets at End of Year	**%**	%	%
- Property – Local	**9**	9	7
- Cash and other	**91**	91	93
Total	**100**	100	100

(c) Retirement Gratuities

	30 June 2022	30 June 2021	30 June 2020
The Group and the Bank			
Principal Assumptions used at End of Year			
- Discount rate	**2.5% - 5.0%**	2.5% - 5.0%	0.7% - 3.2%
- Rate of salary increases	**3.00%**	3.00%	3.00%
- Rate of pension increases	**N/A**	N/A	N/A
- Average retirement age (ARA)	**65**	65	65
- Average life expectancy for:			
- Male at ARA	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20.0 years**	20.0 years	20.0 years

Notes to the Financial Statements

For the year ended 30 June 2022

23 Retirement Benefits Obligations (Cont'd)

Pension plan (Cont'd)

(ix) Pension schemes (Cont'd)

(c) Retirement Gratuities (Cont'd)

The Group and the Bank

Sensitivity Analysis on Defined Benefit Obligation at End of Year

	30 June 2022	30 June 2021	30 June 2020
	Rs	**Rs**	**Rs**
- Increase due to 1% decrease in discount rate	**10,961,000**	10,551,000	13,535,000
- Decrease due to 1% increase in discount rate	**8,587,000**	8,237,000	10,589,000

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times, the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Bank's share of contributions. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.			
- Expected employer contribution for the next year	**Rs 110,000**	Rs 2,339,000	Rs 929,000
- Weighted average duration of the defined benefit obligation	**19 years**	20 years	22 years

(d) Defined benefit plan with Swan Life

The Group and the Bank	30 June 2022	30 June 2021	30 June 2020
Principal Assumptions used at End of Year			
- Discount rate	**3.60%**	2.80%	4.90%
- Future long-term salary increase	**3.00%**	3.00%	5.00%
- Future guaranteed increase	**- %**	- %	- %
- Post retirement mortality tables	**Swan Annuity Rates**	Swan Annuity Rates	Swan Annuity Rates

Amounts for the current and previous periods	Rs	Rs	Rs
Defined benefit obligation	**(150,644,590)**	(147,798,973)	(137,507,540)
Plan assets	**43,324,217**	61,611,415	54,278,413
Deficit	**(107,320,373)**	(86,187,558)	(83,229,127)
Actuarial losses on plan liabilities	**(15,507,993)**	(6,083,653)	(4,002,736)
Actuarial gains/(losses) on plan assets	**1,546,392**	681,313	743,295

Sensitivity Analysis on Defined Benefit Obligation at End of Year	Rs	Rs	Rs
- Increase due to 1% increase in future long term salary assumption	**9,086,742**	9,117,199	9,660,956
- Decrease due to 1% decrease in future long term salary assumption	**8,147,268**	8,156,292	8,575,414
- Increase due to 1% decrease in discount rate	**2,377,167**	8,643,561	9,196,497
- Decrease due to 1% increase in discount rate	**13,954,020**	7,606,070	8,040,014

The sensitivity analysis above has been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

Future cashflows

- Expected employer contribution for the next year	**8,080,000**	8,720,000	9,150,000
- Weighted average duration of the defined benefit obligation	**6 years**	6 years	6 years

24 Stated Capital

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Issued, subscribed and paid up			
At start and end of year	**2,466,420,956**	2,466,420,956	2,466,420,956

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
	Number	Number	Number
Issued, subscribed and paid up			
Number of shares of par value of 100 each			
At start and end of year	**3,839,624**	3,839,624	3,839,624
Number of shares of no par value			
At start and end of year	**6,797,973,878**	6,797,973,878	6,797,973,878
Total number of shares in issue	**6,801,813,502**	6,801,813,502	6,801,813,502

Both the Rs 100 par value and the no par value shares carry the same rights.

Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution;
- an equal share in dividends authorised by the Board; and
- an equal share in the distribution of the surplus assets of the Bank.

25 Statutory Reserve

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a Statutory Reserve Account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable. However, if there are accumulated losses, this transfer is not applicable.

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Balance at start of year	**18,880,341**	1,619,995	1,619,995
Transfer from profit or loss for the year	**39,694,292**	17,260,346	-
Balance at end of year	**58,574,633**	18,880,341	1,619,995

Notes to the Financial Statements

For the year ended 30 June 2022

26 General Banking Reserve

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Balance at start and end of year	-	-	90,709,840

The General Banking Reserve was kept to cater for any shortfalls between regulatory and IFRS impairment requirements .The amount of Rs 90,709,840 was transferred to retained earnings during the year ended 30 June 2021 as the Bank has adequate provisions for expected credit losses under stage 1 and stage 2 as computed under IFRS 9.

27 (a) Revaluation Reserve

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at beginning of year	**602,793,226**	602,793,226	472,467,122	**526,315,303**	526,315,303	481,499,115
Increase arising on revaluation of properties	**-**	-	105,778,447	**-**	-	34,589,069
Deferred tax liability arising on revaluation of properties	**-**	-	(14,686,149)	**-**	-	(2,583,955)
Gain on Right-of-use assets	**-**	-	39,233,806	**-**	-	12,811,074
Balance at start and end of year	**602,793,226**	602,793,226	602,793,226	**526,315,303**	526,315,303	526,315,303

(b) Other Reserve

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Balance at beginning of year	**27,299,586**	12,809,247	5,978,082
Credit impairment (reversal)/ charge on financial assets at FVTOCI during the year (Note 35)	**(7,018,875)**	14,490,339	6,831,165
Balance at start and end of year	**20,280,711**	27,299,586	12,809,247

28 Contingent Liabilities

(a) Legal matters

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Bank is involved in various litigation, and Management is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Litigation being a common occurrence in the banking industry due to the nature of the business undertaken, the Bank has established formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

As at 30 June 2022, the Bank had claims amounting to Rs 73 Mn (2021: Rs 73 Mn) in relation to industrial disputes, for which appropriate legal actions have been taken to resist such claims. At this point in time, the Bank does not consider any liability to devolve from these disputes.

(b) Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers.

	The Group and the Bank		
	30 June 2022	**30 June 2021**	**30 June 2020**
	Rs	**Rs**	**Rs**
Acceptances on account of customers	**14,234,671**	11,329,572	12,074,036
Guarantees on account of customers	**1,181,518,187**	1,138,599,624	1,408,175,180
Letters of credit and other obligations on account of customers	**70,785,457**	4,296,480	9,770,269
Outward bills for collection	**121,910,016**	113,839,818	551,008,597
	1,388,448,331	1,268,065,494	1,981,028,082

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For the year ended 30 June 2022

29 Derivatives

(i) The fair value of derivative instruments is analysed as follows:

The Group and the Bank	Notional principal amount	Fair value	Gain	Loss	Net
	Rs	Rs	Rs	Rs	Rs
30 June 2022					
Foreign exchange forward contracts	**177,910,743**	**176,516,649**	**2,109,365**	**(715,271)**	**1,394,094**
Foreign exchange swap contracts	**3,740,022,441**	**4,600,463,875**	**1,199,066**	**(861,640,500)**	**(860,441,434)**
Foreign exchange spot contracts	**23,762,921**	**23,705,082**	**57,839**	**-**	**57,839**
	3,941,696,105	**4,800,685,606**	**3,366,270**	**(862,355,771)**	**(858,989,501)**
Fair value of cross currency swap as at 30 June 2022	**-**	**46,182,310**	**-**	**46,182,310**	**-**
Fair value loss on cross currency swap for the year ended 30 June 2022	**-**		**-**	**-**	**(10,421,722)**
	3,941,696,105	**4,846,867,916**	**3,366,270**	**(816,173,461)**	**(869,411,223)**
Interest receivable on cross currency swap sold	**-**	**-**	**-**	**37,855,125**	**-**
Interest payable on cross currency swap bought	**-**	**-**	**-**	**(26,535,382)**	**-**
	3,941,696,105	**4,846,867,916**	**3,366,270**	**(804,853,718)**	**(869,411,223)**
30 June 2021					
Foreign exchange forward contracts	31,381,590	31,507,327	394,037	(519,774)	(125,737)
Foreign exchange swap contracts	4,611,524,377	5,194,505,000	34,272,377	(617,253,000)	(582,980,623)
Foreign exchange spot contracts	19,725,763	19,725,146	14,013	(13,396)	617
	4,662,631,730	5,245,737,473	34,680,427	(617,786,170)	(583,105,743)
Fair value of cross currency swap as at 30 June 2021	-	56,604,032	-	56,604,032	-
Fair value loss on cross currency swap for the year ended 30 June 2021	-		-	-	(8,444,290)
	4,662,631,730	5,302,341,505	34,680,427	(561,182,138)	(591,550,033)
Interest receivable on cross currency swap sold	-	-	-	38,902,500	-
Interest payable on cross currency swap bought	-	-	-	(19,341,306)	-
	4,662,631,730	5,302,341,505	34,680,427	(541,620,944)	(591,550,033)
30 June 2020					
Foreign exchange forward contracts	335,719,083	315,381,204	20,339,156	(1,277)	20,337,879
Foreign exchange swap contracts	4,611,034,294	4,953,964,350	25,274,959	(368,205,015)	(342,930,056)
Foreign exchange spot contracts	18,783,434	18,697,912	104,530	(19,008)	85,522
	4,965,536,811	5,288,043,466	45,718,645	(368,225,300)	(322,506,655)
Fair value of cross currency swap as at 30 June 2020		65,048,322		65,048,322	65,048,322
	4,965,536,811	5,353,091,788	45,718,645	(303,176,978)	(257,458,333)
Interest receivable on cross currency swap sold	-	-	-	56,782,688	-
Interest payable on cross currency swap bought	-	-	-	(43,104,076)	-
	4,965,536,811	5,353,091,788	45,718,645	(289,498,366)	(257,458,333)

29 Derivatives (Cont'd)

(ii) Cross currency swap with the holding company

On 18 October 2019, MauBank Ltd entered into a USD/MUR cross currency swap arrangement with MauBank Holdings Ltd whereby the Bank received USD 99,750,000 from its holding company in exchange for Rs 3,640,875,000. The duration of the swap arrangement is for a period of 12 years, with a five year grace period on capital repayment and seven years linear capital repayment thereafter. Interest and capital (after grace period) are payable every six months. The interest rate applicable on the USD and Rs amount are respectively USD six months LIBOR + 80bps and MUR cost of funds + 80bps.

(iii) Besides the cross currency swap with the holding company, the Bank has 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 contracts 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.

Swap contracts

Currency swap contracts are commitments to exchange one set of cash flows in one currency for another set of cash flows in another currency.

30 Credit Commitments

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Loans and other facilities			
Undrawn credit facilities	**1,600,018,622**	1,717,380,639	1,908,076,512

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31 Net Interest Income

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Interest income on financial instruments measured at amortised cost						
Loans and advances	**755,535,852**	674,167,218	759,780,881	**763,578,166**	683,059,718	772,028,055
Commission on loans and advances	**47,252,654**	46,888,478	37,493,641	**47,252,654**	46,888,478	37,493,641
Finance lease	**56,082,385**	55,098,933	59,362,159	**56,082,385**	55,098,933	59,362,159
Placements	**5,616,018**	3,979,559	32,719,305	**5,616,018**	3,979,559	32,719,305
Trade finance	**48,254,427**	36,634,596	36,688,702	**48,254,427**	36,634,596	36,688,702
	912,741,336	816,768,784	926,044,688	**920,783,650**	825,661,284	938,291,862
Interest income on financial instruments measured at FVTOCI						
Investment Securities:						
- Government stocks	**980,342**	2,524,225	25,460,324	**980,342**	2,524,225	25,460,324
- Treasury notes	**2,507,126**	5,507,471	14,110,832	**2,507,126**	5,507,471	14,110,832
- Bank of Mauritius Bonds	**4,083,629**	6,279,137	504,004	**4,083,629**	6,279,137	504,004
- Corporate Bonds	**51,270,875**	38,454,025	23,504,903	**51,270,875**	38,454,025	23,504,903
- Treasury Bills	**7,463,421**	488,046	-	**7,463,421**	488,046	-
- Bank of Mauritius Bills	**14,720,543**	1,163,691	-	**14,720,543**	1,163,691	-
- Foreign bonds	**58,355,282**	50,479,060	29,310,097	**58,355,282**	50,479,060	29,310,097
- Mutual Fund	**-**	-	2,878,126	**-**	-	2,878,126
- Foreign bills	**781,994**	613,873	754,987	**781,994**	613,873	754,987
	140,163,212	105,509,528	96,523,273	**140,163,212**	105,509,528	96,523,273
Total interest income calculated using EIR	**1,052,904,548**	922,278,312	1,022,567,961	**1,060,946,862**	931,170,812	1,034,815,135
Interest expense on financial instruments measured at amortised cost						
Deposits from customers	**162,643,364**	197,773,774	421,374,507	**162,643,364**	197,773,774	421,374,507
Finance charge on leases	**1,285,778**	1,830,575	1,964,193	**3,413,794**	4,822,702	5,799,000
Other borrowed funds	**-**	4,111,453	19,978,099	**-**	4,111,453	19,978,099
Borrowings from bank of Mauritius	**-**	2,490	462,755	**-**	2,490	462,755
Total interest expense	**163,929,142**	203,718,292	443,779,554	**166,057,158**	206,710,419	447,614,361
Net interest income	**888,975,406**	718,560,020	578,788,407	**894,889,704**	724,460,393	587,200,774

32 Net Fee and Commission Income

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Fee and commission income			
Commission on guarantees	**17,113,001**	20,304,978	21,940,225
Commission on insurances and pensions	**14,847,233**	17,004,085	16,468,676
Commission on loans and advances to customers	**4,845,367**	5,162,925	4,932,143
Commission on savings	**41,002,561**	33,454,409	30,750,417
Commission on trade finance	**34,176,881**	29,741,188	31,949,295
Management fees from fellow subsidiary	**53,157,373**	59,996,288	67,194,749
Recovery fees from fellow subsidiary	**60,434,060**	56,457,380	39,947,732
Other fee income from fellow subsidiary	**6,642,672**	4,607,426	5,591,394
Others	**30,568,059**	27,444,147	26,670,003
Total fee and commission income	**262,787,207**	254,172,826	245,444,634
Fee and commission expense			
Credit card expenses	**36,170,633**	44,295,983	43,968,217
Other fees paid	**4,468,609**	3,824,488	2,413,623
Total fee and commission expense	**40,639,242**	48,120,471	46,381,840
Net fee and commission income	**222,147,965**	206,052,355	199,062,794

33 Net Trading Income

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Foreign exchange transactions	**963,895,585**	667,627,687	398,126,110
(Loss)/gain on fair value of derivative (Note 28)	**(869,411,223)**	(591,550,033)	(257,458,333)
Net revaluation (loss)/gain on financial instruments	**(1,725,098)**	1,396,627	2,272,540
Interest income on financial assets at FVTPL	**3,077,833**	37,038,817	80,734,321
Profit on sale of financial assets at FVTPL	**-**	1,694,372	1,407,376
Profit/(Loss) on valuation of investment securities and trading assets at FVTPL	**5,192,015**	(6,893,246)	6,406,590
Interest income on cross currency swap sold	**93,248,295**	105,624,278	96,539,048
Interest expense on cross currency swap bought	**(51,988,831)**	(50,498,960)	(74,074,559)
	142,288,576	164,439,542	253,953,093

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34 Other Income

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Gain on revaluation of investment properties	**-**	-	12,840,000
Rental income on investment properties	**24,190,793**	25,256,682	25,508,393
Profit on disposal of property, plant and equipment	**270,777**	192,340	-
Profit on disposal of non banking and other assets	**5,283**	88,104	-
Dividend and other income	**2,952,362**	1,486,252	2,511,428
	27,419,215	27,023,378	40,859,821

35 Net Impairment Loss on Financial Assets

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
ECL (reversal)/charge under stage 1 and 2 for cash and cash equivalents	**-**	(11,968)	1,883
ECL reversal under stage 1 and 2 for placements	**-**	(302)	(116,043)
ECL charge under stage 1 and 2 for loans and advances to banks (Note 13 (b))	**2,070,437**	837,954	-
ECL (reversal)/charge under stage 1 and 2 for loans and advances to customers (Note 14 (c))	**(9,127,648)**	(12,496,062)	14,553,573
ECL allowance under stage 3 for loans and advances (Note 14 (c))	**74,434,782**	40,903,002	48,099,230
ECL (reversal)/charge under stage 1 and 2 for financial assets at FVTOCI (Note 27(b))	**(7,018,875)**	14,490,339	6,831,165
ECL (reversal)/charge under stage 1 and 2 for off balance sheet items	**(39,348)**	229,268	(515,666)
Bad debts written off for which no provision were made	**-**	-	1,743,399
Bad debts recovered	**(3,457,269)**	(3,182,801)	(14,243,009)
	56,862,079	40,769,430	56,354,532

36 Personnel Expenses

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Wages and salaries	**387,842,591**	385,602,936	392,971,128
Compulsory social security obligations	**23,341,909**	19,722,870	16,237,147
Pension costs under defined contribution plan	**24,569,891**	23,561,537	24,062,886
Pension cost under defined benefit plan (Note 23(ii))	**11,503,214**	13,142,538	13,500,932
Contribution to Portable Retirement Gratuity Fund (PRGF)	**124,176**	245,768	-
Other personnel expenses	**70,061,082**	71,625,108	68,732,743
	517,442,863	513,900,757	515,504,836

37 Other Expenses

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**15,466,007**	12,484,926	14,445,639	**15,466,007**	12,484,926	14,445,639
Travel expenses	**378,040**	1,229,106	2,881,684	**378,040**	1,229,106	2,881,684
Office operating expenses	**35,331,502**	32,652,678	37,288,439	**35,331,502**	32,652,678	37,288,439
Stationeries	**6,370,469**	5,830,769	8,365,062	**6,370,469**	5,830,769	8,365,062
General administration expenses	**17,880,694**	17,784,712	17,931,745	**17,877,098**	17,769,099	17,920,388
Professional fees	**16,792,310**	19,254,773	21,340,466	**16,363,710**	18,886,223	20,979,116
Insurances	**16,024,300**	15,028,324	15,257,466	**15,752,520**	14,756,719	15,012,530
Repairs and maintenance	**117,632,574**	112,417,177	100,692,546	**117,632,574**	112,417,177	100,692,546
Utilities	**51,350,098**	50,948,945	50,349,874	**51,350,098**	50,948,945	50,349,874
Training	**912,439**	658,463	799,611	**912,439**	658,463	799,611
Other operating expenses	**4,932,261**	5,650,834	5,642,670	**236,609**	955,182	947,018
	283,070,694	273,940,707	274,995,202	**277,671,066**	268,589,287	269,681,907

38 Income Tax Expense

(a) Income tax

The applicable tax rate in Mauritius is **5%** for the year ended 30 June 2022 (2021: 5%; 2020: 5%) for profit up to Rs 1.5 Bn. In addition, the Bank is subject to 2% relating to Corporate Social Responsibility for the year ended 30 June 2022 (2021 and 2020: 2%). As at 30 June 2022, the Group had no income tax liability (2021: Rs Nil and 2020: Rs Nil), but instead had an income tax asset of **Rs 6,515,511** (Note 38(c)) (2021: Rs 6,146,240 and 2020: Rs 5,613,241 at that date. At the reporting date, the Bank has net accumulated tax losses of Rs 1,222,570,392 of which Rs 877,565,506 will expire on 30 June 2023.

The Group is subject to the Advanced Payment Scheme (APS) and the Corporate Social Responsibility Fund (CSR Fund).

As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy is calculated at 10% on chargeable income. No levy is paid in a year where the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceeding year.

Following changes brought by the Finance Act 2018, special levy on banks falls under VAT Act 2018 as from assessment year 2019/2020 (accounting period 01 July 2018 to 30 June 2019). As per Section 53J of the VAT Act, special levy is calculated at 5.5% where leviable income is less than or equal to Rs 1.2 Billion or at 4.5% where leviable income is greater than Rs 1.2 billion. Leviable income means the sum of net interest income and other income from banking transactions with residents, before deduction of expenses. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.The levy for a bank in operation as at 30 June 2018 shall be the levy payable as described above or 1.5% times of the levy payable for the assessment year 2017-2018, whichever is the lower. For assessment year 2017-2018, MauBank Ltd did not pay any levy as it incurred losses. Since levy payable is determined with reference to assement year 2017-2018, MauBank Ltd does not have any levy to pay.

Under the APS, the Bank is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on the chargeable income of the preceding financial year.

Notes to the Financial Statements

For the year ended 30 June 2022

38 Income Tax Expense (Cont'd)

(b) Statement of profit or loss and other comprehensive income

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Income tax on adjusted profit for the year	**3,192,635**	3,029,165	2,464,601	**-**	-	-
Movement in deferred taxation	**4,210,420**	11,515,395	19,165,238	**4,339,030**	11,942,373	19,575,949
CSR contribution	**403,889**	328,613	275,883	**-**	-	-
Tax expense	**7,806,944**	14,873,173	21,905,722	**4,339,030**	11,942,373	19,575,949

(c) Statement of financial position

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(6,146,240)**	(5,613,241)	(6,920,064)	**(5,905,506)**	(5,081,483)	(6,293,906)
Income tax on adjusted profit for the year	**3,192,635**	3,029,165	2,464,601	**-**	-	-
CSR contribution payable	**403,889**	328,613	275,883	**-**	-	-
Tax refund received during the year	**6,156,295**	5,654,182	6,935,034	**5,915,561**	5,122,424	6,308,874
Tax paid during the year	**(2,499,060)**	(2,033,295)	(1,707,024)	**-**	-	-
Tax deducted at source	**(7,622,630)**	(7,511,664)	(6,661,671)	**(6,057,413)**	(5,946,447)	(5,096,451)
Balance at end of year	**(6,515,111)**	(6,146,240)	(5,613,241)	**(6,047,358)**	(5,905,506)	(5,081,483)
Presented as follows:						
Current tax assets	**(6,515,111)**	(6,146,240)	(5,613,241)	**(6,047,358)**	(5,905,506)	(5,081,483)

(d) Deferred tax assets

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(31,885,088)**	(44,034,416)	(77,699,731)	**(41,790,390)**	(54,366,696)	(76,340,528)
Movement during the year						
- Charged to statements of profit or loss	**4,210,420**	11,515,395	19,165,238	**4,339,030**	11,942,373	19,575,949
- (Credited)/ charged to other comprehensive income	**(542,130)**	633,933	14,500,077	**(542,130)**	633,933	2,397,883
Balance at end of year	**(28,216,798)**	(31,885,088)	(44,034,416)	**(37,993,490)**	(41,790,390)	(54,366,696)

38 Income Tax Expense (Cont'd)

(d) Deferred tax assets (Cont'd)

The analysis of deferred tax assets is as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**2,950,077**	4,652,493	12,808,242	**3,425,654**	4,999,460	12,728,229
Provision for credit impairment	**(25,957,521)**	(22,949,968)	(20,915,012)	**(25,957,521)**	(22,949,968)	(20,915,012)
Retirement benefit obligations	**(6,980,119)**	(5,865,278)	(6,351,756)	**(6,980,119)**	(5,865,278)	(6,351,756)
Revaluation of buildings	**31,847,409**	31,847,409	31,750,810	**21,595,140**	21,595,140	21,498,543
Tax losses carried forward	**(30,076,644)**	(39,569,744)	(61,326,700)	**(30,076,644)**	(39,569,744)	(61,326,700)
Balance at end of year	**(28,216,798)**	(31,885,088)	(44,034,416)	**(37,993,490)**	(41,790,390)	(54,366,696)

(e) Income tax reconciliation

The tax charge on the Group's and the Bank's profit differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Profit before income tax	**281,409,617**	137,440,362	138,205,058	**268,967,644**	127,011,345	127,779,874
Tax at 5%	**14,070,481**	6,872,018	6,910,253	**13,448,382**	6,350,567	6,388,994
Non-allowable items	**13,650,629**	13,121,749	13,889,180	**13,467,921**	12,835,125	13,653,165
Exempt income	**(7,527,307)**	(7,529,656)	(18,379,056)	**(7,461,866)**	(7,449,964)	(13,395,847)
Deferred taxation	**4,210,420**	11,515,395	19,165,238	**4,339,030**	11,942,373	19,575,949
CSR contribution	**403,889**	328,613	275,883	**-**	-	-
Others	**(17,001,168)**	(9,434,946)	44,224	**(19,454,437)**	(11,735,728)	(6,646,312)
Tax expense	**7,806,944**	14,873,173	21,905,722	**4,339,030**	11,942,373	19,575,949

(f) Time lapse of tax losses

Tax losses arising other than on capital allowances lapses if not claimed within five years. At the reporting date, the Bank has net accumulated tax losses of Rs 1,222,570,392 of which Rs 877,565,506 will expire as follows:

	Expiry date	Tax loss carried forward
		Rs
Year Ended		
30 June 2018	30 June 2023	877,565,506

The remaining losses of Rs 345,004,886 pertaining to capital allowances can be carried be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 30 June 2022

39 Profit for the Year

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year is arrived at after charging:						
Depreciation and amortisation	**135,384,005**	157,199,096	147,701,532	**159,139,904**	178,879,906	171,852,378
Directors' emoluments	**20,574,691**	17,884,682	18,302,379	**20,310,691**	17,642,682	18,114,379
Payable to auditors (including VAT):						
- Audit services	**5,488,375**	5,229,625	4,512,600	**5,341,750**	5,088,750	4,382,650
- Fees for other services	**231,150**	-	287,500	**231,150**	-	287,500
Staff costs (Note 36)	**517,442,863**	513,900,757	515,504,836	**517,442,863**	513,900,757	515,504,836
Operating lease rentals (Note 44(b(i))	**19,051,699**	13,386,550	16,416,286	**19,051,699**	13,386,550	16,416,286
and crediting:						
Rental income (Note 34)	**24,190,793**	25,256,682	25,508,393	**24,190,793**	25,256,682	25,508,393

40 Earnings per Share

The Earnings per share for the year ended 30 June 2022 and for the comparative years were calculated as follows:

The Group	Earnings per share (Rs)	Profit for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2022	**0.04**	**273,602,673**	**6,801,813,502**
Year ended 30 June 2021	0.02	122,567,189	6,801,813,502
Year ended 30 June 2020	0.02	116,299,336	6,801,813,502

The Bank	Earnings per share (Rs)	Profit for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2022	**0.04**	**264,628,614**	**6,801,813,502**
Year ended 30 June 2021	0.02	115,068,972	6,801,813,502
Year ended 30 June 2020	0.02	108,203,925	6,801,813,502

41 Related Party Transactions

Transactions and balances between the Group and its related parties are as follows:

The Group and the Bank	Directors and Key management personnel Rs
Loans and advances	
At 30 June 2022	**40,373,663**
At 30 June 2021	41,151,575
At 30 June 2020	47,334,395
Deposits	
At 30 June 2022	**85,620,031**
At 30 June 2021	89,737,489
At 30 June 2020	83,154,203
Interest income	
Year ended 30 June 2022	
Loans and advances	**954,953**
Year ended 30 June 2021	
Loans and advances	1,252,317
Year ended 30 June 2020	
Loans and advances	1,665,109
Interest expense	
Year ended 30 June 2022	
Deposits	**392,332**
Year ended 30 June 2021	
Deposits	1,010,510
Year ended 30 June 2020	
Deposits	758,293
Key management personnel compensation	
(Salaries and short-term employee benefits including directors' emoluments)	
Year ended 30 June 2022	**83,788,030**
Year ended 30 June 2021	81,727,824
Year ended 30 June 2020	75,937,747
Key management personnel compensation (Post-employment benefits)	
Year ended 30 June 2022	**7,117,923**
Year ended 30 June 2021	5,618,958

Notes to the Financial Statements

For the year ended 30 June 2022

41 Related Party Transactions (Cont'd)

The loans and advances with key management personnel are contracted at the Bank's preferential rates as available to all staff members.

Transactions and balances with the subsidiary, fellow subsidiary and holding company are as follows:

The Bank	30 June 2022 Debit/(Credit) Rs	30 June 2021 Debit/(Credit) Rs	30 June 2020 Debit/(Credit) Rs
Subsidiary (MauBank Investment Ltd)			
Balances:			
Loans and advances	**156,306,758**	171,115,159	190,775,651
Deposits	**(4,549,574)**	(18,849)	(1,409,471)
Amount due (Note 18)	**33,722,960**	32,824,479	32,805,779
Rental deposits	**6,000,000**	6,000,000	6,000,000
Transactions:			
Interest income	**(8,042,313)**	(8,892,500)	(12,247,175)
Rental expense	**36,000,000**	36,000,000	36,000,000
Fellow subsidiary (EAMC Ltd)			
Balances:			
Deposits	**(70,469,086)**	(2,984,714)	(12,263,663)
Amount due on net collection of loans and advances (interest free, unsecured and repayable within 1 year)	**(16,617,253)**	(40,059,363)	(10,141,366)
Transitional receivable	**(882,123)**	38,359,620	20,919,847
Amount due for expenses paid (Note 18)	**222**	205	169
Transactions:			
Management fee income	**(53,157,373)**	(59,996,288)	(67,194,749)
Recovery fee income	**(60,434,060)**	(56,457,380)	(39,947,732)
Other fee income	**(6,642,672)**	(4,607,426)	(5,591,394)
Holding company (MauBank Holdings Ltd)			
Balances:			
Loans and advances	**3,171,673,699**	3,170,409,472	3,191,995,221
Deposits	**(740,941,028)**	(880,375,664)	(876,742,366)
Amount due for expenses paid (Note 18)	**1,592,535**	1,287,580	189,637
Interest receivable on cross currency swap sold	**37,855,125**	38,902,500	56,782,688
Interest payable on cross currency swap bought	**(26,535,382)**	(19,341,306)	(43,104,076)
Transactions:			
Interest income	**(199,862,816)**	(210,879,105)	(239,051,529)
Interest expense	**51,988,831**	50,498,960	74,074,559.00

The subsidiary had no transactions with the major shareholders (entities holding at least 10% interest in the Group).

None of the facilities granted to related parties were impaired.

42 Events after the Reporting Period

MauBank Holdings Ltd currently holds 99.96% of the shareholdings of MauBank Ltd. On 25th September 2022, MauBank Holdings Ltd has launched an invitation for expression of interest, through an international tender, for the acquisition of its subsidiaries namely MauBank Ltd, MauBank Investment Ltd and MauFactoring Ltd.

43 Assets pledged

The following assets have been pledged as collateral to secure borrowing facilities from the Central Bank.

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Government stocks	**284,000,000**	246,000,000	19,500,000

44 Other Commitments

(a) Capital Commitments

	The Group and the Bank		
	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Approved and contracted for	**10,313,563**	8,852,846	26,235,732

(b) Operating Lease Commitments

(i) The Group and the Bank as a lessee

	The Group			The Bank		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year	**19,051,699**	13,386,550	16,416,286	**19,051,699**	13,386,550	16,416,286
At the reporting date, the Group and the Bank had outstanding commitment under non-cancellable operating leases, which fall due as follows:						
Within 1 year	**8,355,852**	7,355,366	7,776,045	**8,355,852**	7,355,366	7,776,045
After 1 period and before 5 years	**19,401,584**	-	4,867,644	**19,401,584**	-	4,867,644
After 5 years	**-**	-	-	**-**	-	-
	27,757,436	7,355,366	12,643,689	**27,757,436**	7,355,366	12,643,689

The above is in respect of leases not falling under the scope of IFRS 16 and are thus expensed to income statement on payments. The operating lease payments represent rentals payable for office and parking space.

Notes to the Financial Statements

For the year ended 30 June 2022

44 Other Commitments (Cont'd)

(b) Operating Lease Commitments (Cont'd)

(ii) The Group and the Bank as a lessor

Property rental income earned during the year was **Rs 24,190,793** (30 June 2021: Rs 25,256,682 and 30 June 2020: Rs 25,508,393). Properties held for rental have a committed tenant between 3 to 10 years.

At the reporting date, the Bank had contracted with tenants for the following future minimum lease payments.

	30 June 2022	30 June 2021	30 June 2020
	Rs	Rs	Rs
Within 1 year	**23,928,057**	15,662,529	25,508,397
After 1 year and before 5 years	**80,330,911**	47,906,050	58,507,055
After 5 years	**1,421,597**	9,569,100	16,133,195
	105,680,565	73,137,679	100,148,647

45 Immediate holding Company and Ultimate Shareholder

The directors regard MauBank Holdings Ltd, a company incorporated and domiciled in Mauritius, as their immediate holding company and the Government of Mauritius as their ultimate shareholder.

evolving technology in the textile industry

FM Denim

Textile

The Mauritian Industrial Revolution is thought to have been greatly influenced by the textile industry. The structural reform of the Mauritius economy has been driven over the past forty years by the textile sector. This industry has served as the primary driver of economic expansion, drawing Foreign Direct Investment (FDI) from worldwide markets namely Europe, the USA and South Africa, generating new job opportunities, and strengthening the manufacturing sector of the economy.

MauBank continues to be reliable by offering flexible and innovative investment opportunities to entrepreneurs to boost their ventures in the post Covid era.

FM Denim is an arm of Firemount Textile Group specializing in the production of denim products and their range comprises of casualwear such as trousers, jackets, blazers, chino and cargo shorts. Their spinning section can produce 14,000 metric tons annually and use the latest machinery for warp preparation, dyeing, weaving and finishing.

Management Discussion and Analysis

Financial review

Key Financial Indicators

Area of Performance	**Year Ended 30 June 2022**	**Year Ended 30 June 2021**	**Year Ended 30 June 2020**
	Rs Mn	**Rs Mn**	**Rs Mn**
Net Interest Income	**894.89**	724.46	587.20
Non Interest Income	**404.25**	418.08	570.39
Operating Income	**1,299.14**	1,142.54	1,157.59
Operating Expense (including depreciation)	**(973.31)**	(974.76)	(973.46)
Profit before impairment loss and income tax	**325.83**	167.78	184.13
Impairment loss on financial assets	**(56.86)**	(40.77)	(56.35)
Profit after impairment loss but before income tax	**268.97**	127.01	127.78
Income tax expense	**(4.34)**	(11.94)	(19.58)
Profit/(loss) after income tax	**264.63**	115.07	108.20
	30 June 2022	30 June 2021	30 June 2020
Total Assets	**33,555.50**	32,908.99	31,499.59
Total Gross Advances	**18,296.91**	18,304.42	16,002.32
Total Deposits	**28,791.97**	28,378.20	26,314.52
Shareholders Equity	**3,120.58**	3,032.15	2,901.44
Tier 1 Capital	**2,429.71**	2,319.82	2,028.44
Total Regulatory Capital	**2,843.41**	2,731.21	2,450.75
KEY RATIOS			
Cost to Income Ratio	**74.92%**	85.32%	84.09%
Return on Equity	**8.48%**	3.79%	3.73%
Return on Total Assets	**0.79%**	0.35%	0.34%
Impaired Loans/Total Loans	**5.27%**	4.54%	4.11%

The table above shows the financials for the year ending 30 June 2022 against the previous reporting periods namely for the year ended 30 June 2021 and the year ended 30 June 2020.

Management Discussion and Analysis

Financial review (Cont'd)

Bank's Performance

The financial statements presented both the Bank and its subsidiary figures, that is, inclusive of the financial position and performance of MauBank Investment Ltd. However, for the purpose of the current Management Discussion and Analysis, only the Bank's financials have been taken into consideration.

MauBank Ltd ended the year ended 30 June 2022 with a profit after tax and impairment of **Rs 264.63 Mn** against Rs 115.07 Mn in 2021 and Rs 108.20 Mn in 2020. This represents a continuous improvement in the Bank's result.

Operating income for the year ended 30 June 2022 was **Rs 1,299.14 Mn** compared to Rs 1,142.54 Mn for the year 2021 and Rs 1,157.59 Mn for the year 2020.

- **Performance against objectives**

Key Areas	Objectives for year ended 30 June 2022	Performance achieved for year ended 30 June 2022	Objective for the year ended 30 June 2023
Revenue growth	Revenue to reach Rs 1.5 Bn for the year ended 30 June 2022.	The Bank generated revenue of Rs. 1.56 Bn, which was 3.5% higher than budget.	The objective for the year ended 30 June 2023 would be to achieve a revenue of Rs. 1.70 Bn, which is 9% more than the year ended 30 June 2022.
Expense growth	The budgeted expense for the year ended 30 June 2022 was Rs 1.03 Bn representing 83% of operating income.	The Bank closed the year with an operating expense of Rs. 973.31m or 75% of its operating income.	The operating expense for FY 2022/2023 is expected to be around Rs. 1.05 Bn or 75% of operating income.
Productivity	The budgeted productivity ratio or cost to income ratio was 83% for the year ended 30 June 2022.	The Bank achieved a productivity ratio of 74%.	The productivity ratio is expected to be 76% for the FY 2022/2023.
Return on Equity	The return of equity was budgeted at 4.80%.	The Bank achieved a return on equity of 8.48% in the current year.	The Bank expects a return on equity of 7.76% for the FY 2022/2023.
Loan and advances	The Bank targeted gross loans and advances of Rs 19.89 for the year FY 2021/2022.	The portfolio of loans and advances stood at Rs. 18.30 Bn at 30 June 2022.	The Bank is trageting a loan portfolio of Rs 21.27 Bn as at 30 June 2023.
Customer deposits	Customer deposit was budgeted at Rs. 29.19 Bn as at 30 June 2022.	The customer deposits stood at Rs. 28.79 Bn as at 30 June 2022.	Customer deposit is expected to reach Rs. 30.63 Bn as at 30 June 2023, a targeted growth of 6.39%.
Return on assets	The Bank targeted a return on assets of 0.45% for FY 2021/2022	Management achieved a return on assets of 0.79% in the current year.	The expected return on assets for FY 2022/2023 is 0.70%.

- **Revenue Growth**

Net interest income

The Bank's net interest income was **Rs 894.89 Mn** for the year 2022 against Rs 724.46 Mn for the year 2021 and Rs 587.20 for the year 2020. The ratio of net interest income to total average assets was **2.69%** for 2022, 2.25% for 2021 and 2.01% for 2020 whereas the ratio of net interest income to total average interest earning assets was 3.46% for 2022, 2.78% for 2021 and 2.52% for 2020. The below table provides a breakdown of interest income, interest expense, related assets and related liabilities.

Management Discussion and Analysis

Financial Review (Cont'd)

Bank's Performance

Area of Performance	Year Ended 30 June 2022	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs Mn	**Rs Mn**	**Rs Mn**
Interest income			
Loans and advances	**915.17**	821.68	905.57
Placements	**5.62**	3.98	32.72
Investment securities	**140.16**	105.51	96.52
Total interest income	**1,060.95**	931.17	1,034.81
Interest expense			
Deposits from customers	**162.64**	197.77	421.37
Finance charge on leases	**3.41**	4.82	5.80
Other borrowed funds	**-**	4.11	20.44
Total interest expense	**166.05**	206.71	447.61
Net interest income	**894.89**	724.46	587.20
Net interest income to total average assets	**2.69%**	2.25%	2.01%
Net interest income to total average interest earning assets	**3.46%**	2.78%	2.52%
Total assets	**33,555.50**	32,908.99	31,499.59
Total average assets	**33,232.25**	32,204.29	29,161.88
Total average interest earning assets	**25,895.45**	26,051.45	23,347.07
Related assets			
- Investment in debt securities - FVTPL	**-**	1,390.58	3,637.98
- Investment in debt securities - FVTOCI	**6,696.30**	5,365.34	3,551.20
- Loans and advances	**18,296.91**	18,304.42	16,002.32
- Placements	**883.37**	853.99	2,997.07
	25,876.58	25,914.33	26,188.57
Related liabilities			
- Deposits from customers	**28,791.97**	28,378.20	26,314.52
- Other borrowed funds	**-**	-	1,089.39
- Lease liabilities	**99.32**	156.59	203.31
	28,891.29	28,534.79	27,607.22

Management Discussion and Analysis

Financial review (Cont'd)

Bank's Performance (Cont'd)

Interest Income

The Bank's interest income was **Rs 1,060.95 Mn** for the year 2022 against Rs 931.17 Mn for the year 2021 and Rs 1,034.82 Mn for the year 2020. The increase in interest income is attributable to improved interest income from loans and advances and investment securities.

Interest Expense

The Bank's interest expense amounted to **Rs 166.05 Mn** for the year ended 30 June 2022 compared to Rs 206.71 Mn for the year ended 30 June 2021 and Rs 447.61 Mn for the year ended 30 June 2020. The drop in interest expense is mainly due to the fact that is replacing high cost term deposit with lower cost saving and current account deposit. The Bank continues to adopt a prudent approach towards liquidity management. Other than actively monitoring its assets and liabilities maturity mismatch, the Bank also ensures that it has a relatively large stable deposit base, while keeping sufficient liquid assets to meet unforeseen liquidity requirements. As at 30 June 2022, 34.68% of the Bank's assets, or 40.41% of the Bank's deposit base, were invested in liquid assets.

Non-Interest income

Other income and non-interest income relate mainly to management fee and recover fee income on the loans and advances portfolio sold on 30 June 2018, gain on foreign exchange and rental income from the Bank's properties. The breakdown of non-interest income is as follows:

Area of Performance	Year Ended 30 June 2022	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs Mn	**Rs Mn**	**Rs Mn**
Non-Interest income			
Fee and commission income	262.79	254.17	245.44
Net trading income	142.29	164.44	253.95
Other income	39.81	47.58	117.37
	444.89	466.19	616.76

- **Non-Interest expenses**

Non-Interest expenses for the year ended 30 June 2022 was **Rs 973.31 Mn** against Rs 974.76 Mn in 2021 and Rs 973.46 Mn in 2020.

The main components of non-interest expenses are as follows:

Area of Performance	Year Ended 30 June 2022	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs Mn	**Rs Mn**	**Rs Mn**
Non-Interest expense			
Personnel expenses	(517.44)	(513.90)	(515.50)
Operating lease expenses	(19.05)	(13.39)	(16.42)
Depreciation and amortisation	(159.14)	(178.88)	(171.85)
Other expenses	(277.67)	(268.59)	(269.68)
	(973.30)	(974.76)	(973.45)

Management Discussion and Analysis

Financial review (Cont'd)

Bank's Performance (Cont'd)

- **Non-Interest Expenses**

The cost to income ratio or productivity ratio stood at **74.92%** at 30 June 2022 against 85.32% at 30 June 2021 and 84.09% in 2020.

- **Net Impairment Loss on Financial Assets**

Net impairment charge on financial assets amounted to **Rs 56.86 Mn** for the year ended 30 June 2022 against Rs 40.77 Mn for the year ended 30 June 2021 and Rs 56.35 Mn for the year ended 30 June 2020. The non-performing loan ratio stood at 5.27% at 30 June 2022 against 4.54% at 30 June 2021 and 4.11% at 30 June 2020. In order to continuously manage the non-performing advances, the forum on non-performing advances, continues to meet regularly to monitor the asset quality of the Bank and to ensure that the ratio is maintained to an acceptable level. Relentless efforts are being deployed to optimize recovery actions to realise collaterals and /or personal guarantees of shareholders/directors to maximize realizable value of assets of impaired accounts.

- **Taxation**

The Bank reported a tax charge of Rs 4.34 Mn for the year ended 30 June 2022. The Bank had no liability towards Corporate Tax and Corporate Social Responsibility for the year ended 30 June 2022 due to tax loss carried forward as at that date.

Assets

- **Total assets**

The Bank's total assets stood at **Rs 33,555.50 Mn** at 30 June 2022 compared to Rs 32,908.99 Mn at 30 June 2021 and Rs 31,499.59 Mn at 30 June 2020. The increase of 1.91% in total assets is mainly attributable to an increase of 21.94% in cash and cash equivalents.

- **Loans and Advances Growth**

As at 30 June 2022, the Bank's gross loans and advances portfolio stood at **Rs 18,296.91 Mn** compared to Rs 18,304.42 Mn at 30 June 2021 and Rs 16,002.32 Mn for the same period as at 30 June 2020.

- **Credit Risk Exposure**

Credit risk occurs mainly in the Bank's credit portfolios comprising retail lending, corporate lending, treasury and financial institutions wholesale lending. Credit risk is explained as the risk of loss arising from failure of borrower or counterparty to meet his financial obligations. Credit risk is among the most common cause of Bank failures, causing virtually all regulatory environment to prescribe minimum standards.

The Bank has a comprehensive Risk Governance Structure which promotes sound risk management for optimal risk-reward trade off. The Board Credit Committee at MauBank Ltd guarantees that the Bank's credit policy limit is respected at all times.

Total gross risk exposures, industry distribution of exposure, residual contractual maturity of the loans and advances portfolio and reconciliation of changes in allowances for impairment is shown at note 13 and 14.

- **Credit Risk: Standardised Approach**

The Standardised Approach to Credit Risk requires banks to use credit assessments provided by external credit assessment institutions ("ECAIs") that are recognised by national supervisors as eligible for regulatory capital purposes, to determine the risk weights on their credit exposures.

The following ECAIs are used by the Bank:

- Standard & Poor's Ratings Services
- Moody's Investors Service
- Fitch Ratings

- **Concentration of risk policies**

The Bank maintains a credit risk portfolio that is adequately diversified. Maximum exposure limits are set for ndividual counterparties, countries and sectors to maximise any potential diversification benefits while complying with Bank of Mauritius Guideline on Credit Concentration Risk.

Management Discussion and Analysis

Financial review (Cont'd)

Bank's Performance (Cont'd)

Assets (Cont'd)

- **Concentration of Risk Policies** (Cont'd)

The Bank maintains a credit risk portfolio that is adequately diversified. Maximum exposure limits are set for individual counterparties, countries and sectors to maximise any potential diversification benefits while complying with Bank of Mauritius Guideline on Credit Concentration Risk.

S/N	Entity	Amount (Rs Mn)	% Exposure to capital base
1	**Group 1**	4,230.25	147.77%
2	**Group 2**	733.46	25.80%
3	**Group 3**	655.71	23.06%
4	**Group 4**	542.00	19.06%
5	**Group 5**	455.23	16.01%
6	**Group 6**	421.12	14.81%

- **Credit quality and provision for credit losses**

Provision for credit losses on loans and advances stood at **Rs 498.14 Mn** at 30 June 2022 against Rs 430.93 Mn at 30 June 2021 and Rs 404.93 Mn at 30 June 2020.

The % of non-performing loans to total loans, allowances for credit impairment to non-performing loans and as a proportion of total loans by industry sector as at 30 June 2022 are as follows:

The Bank	% of Non-performing loans to total loans	% of Allowance for credit impairment to Non-Performing loans	% of Allowance for credit impairment to total loans
Agriculture and Fishing	0.79%	7.91%	0.42%
Manufacturing	0.94%	13.94%	0.73%
Tourism	0.44%	0.25%	0.01%
Transport	0.04%	0.32%	0.02%
Construction	0.46%	2.14%	0.11%
Financial and Business Services	1.70%	2.80%	0.15%
Traders	0.45%	2.56%	0.14%
Information Technology	0.00%	0.02%	0.00%
Personal	0.22%	2.91%	0.15%
Education	0.00%	0.00%	0.00%
Professional	0.00%	0.02%	0.00%
Foreign Governments	0.00%	0.00%	0.00%
Global Business Licence Holders	0.00%	0.00%	0.00%
Banks	0.00%	0.00%	0.00%
Others	0.22%	1.33%	0.07%
	5.27%	34.19%	1.80%

All non performing loans pertains to the domestic market.

Management Discussion and Analysis

Financial review (Cont'd)

Bank's Performance (Cont'd)

Assets (Cont'd)

- **Securities**

The Bank's investment portfolio stood at **Rs 7,402.14 Mn** at 30 June 2022 against Rs 7,181.58 Mn as at 30 June 2021 and Rs 7,206.45 Mn as at 30 June 2020. The Bank invest in securities with the aim of optimizing the yield of its assets base.

Liabilities

- **Deposits**

Total deposits increased to **Rs 28.79 Bn** at 30 June 2022 from Rs 28.38 Bn at 30 June 2021. However, the Bank is pursuing its strategy of shifting towards lower cost deposit products. At 30 June 2022, savings and demand deposits represented 77% of the deposit portfolio whilst time deposit accounted for 23% of the portfolio compared against 72% and 28% respectively at 30 June 2021.

- **Capital adequacy**

The Capital Adequacy Ratio (CAR) was **15.21%** at 30 June 2022, well above the regulatory minimum of 12.50%, against 13.88% at 30 June 2021 and 14.22% at 30 June 2020.

MauBank Ltd's Capital Structure for the last three years is as shown on page 160.

Risk Management

Risk encompasses the possible threats to which the Bank is exposed to and the potential impact that these may have on the Bank. Risk management is the process of identifying, assessing and responding to risks, and communicating the outcomes of these processes to the appropriate parties in a timely manner.

Since risk management is directed at uncertainty related to future events and outcomes, it is implied that all business planning exercises and business activities across the Bank should encompass some form of risk management. MauBank Ltd has laid down its Risk Management Policy, which spells out the methodology and technique for managing risk across the Bank. The Risk Management Policy is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Risk Mission

MauBank Ltd is committed towards embedding a risk culture in the Bank and continues to embrace risk management as a core competency that allows the organization to optimize risk-taking through objectivity and transparency.

Risk Philosophy

MauBank Ltd values a rigorous risk management as an integral part of its day-to-day business operations and also as part of its business growth strategy. With a dynamic approach to risk management, MauBank Ltd remains committed towards ensuring effective and efficient risk processes and optimal returns within its set risk appetite. The overall risk management processes facilitate the alignment of our strategy and annual operating plan with the management of key risks.

Risk Governance

The risk governance structure outlines the key responsibilities for decisions on risk taking and risk oversight by defining clear and comprehensive risk management roles and responsibilities using the three lines of defence model. The Bank's risk framework establishes governance, escalation, and reporting processes around risk exposures, risk decisions, and risk events which provides assurance to stakeholders (Board Risk Management Committee and the Board) who delegate risktaking authority to the business lines. From first-line businesses and support functions, risk information flows to the second line of defence function represented by the Risk Management Division, and then to the Board Risk Management Committee.

The key responsibilities of the Board and the Board Risk Management Committee are spelt out in their respective Terms of Reference, which in turn follow the requirements ofthe Bank of Mauritius Guidelines.

MauBank Ltd is guided by its various risk policies that have been developed internally and approved by the relevant approving authority as mandated by the Board of Directors. The responsibility for implementing the risk policies lies with the Bank's Management through the relevant business drivers. The risk function regularly reports to the Operational Risk Committee (ORC), Credit Risk Monitoring Committee (CRMC), and the Board Risk Management Committee (BRMC).

Risk Management (Cont'd)

Risk Governance (Cont'd)

The Board Risk Management Committee (BRMC) is a sub-committee of the Board having mandate in line with the Bank of Mauritius Guidelines. This committee is chaired by a member of the Board and has the Chief Executive as one of its members. The Chief Risk Officer is a regular attendee of this committee. The minutes of the BRMC are escalated to the Board of Directors who takes cognizance amongst others, of the various risk exposures of the Bank.

Risk Management Framework

The Risk Management Policy of the Bank contains the Risk Management Framework. This framework provides a solid foundation for ensuring that the outcomes of risk taking are consistent with the Bank's business activities, strategies and risk appetite. The framework is based on transparency, management accountability and independent oversight, which is comprehensive enough to capture all risks that the Bank is exposed to and has flexibility to accommodate any changes in business activities.

Risk Appetite Framework

Within the Risk Management Framework, the Risk Appetite is embedded through policies, procedures, limits setting, operational guidelines as well as methodologies and tools for risk measuring, monitoring and reporting. The Risk Management Framework allows the Bank to determine its Risk Appetite, Risk Threshold and Risk Capacity. Through its Risk Appetite, MauBank Ltd is able to measure the amount of risk the organization is willing to take.

Risk Defence Model

The risk framework operates on the concept of 'the three lines of defence model'. The three lines of defence model creates a set of layered defence that align responsibility for risk-taking with accountability for risk control and provide effective, independent risk oversight and escalation. In the three lines of defence model, the assignment of risk management roles is clear and comprehensive in order to prevent gaps, ambiguities, or overlaps in responsibility.

More specifically, the Business and Functional Units represent the First Line of Defence (FLOD), the Risk Management Division and Compliance Department together comprise the Second Line of Defence (SLOD), while Internal Audit is the Third Line of Defence (TLOD).

The FLOD comprises the various operations that will execute and support the execution of the Bank's mission. These first line units are responsible for both the operational activities that result in risk as well as control of the resulting risks. The first line "owns" and "manages" its risk in the sense that it is accountable for both positive and negative outcomes and is empowered to manage the distribution of outcomes.

The SLOD comprises the Risk Management and Compliance functions which provide independent risk and compliance assessments on the FLOD activities. While the FLOD has the deepest understanding of its environment, operations and objective, the second line offers an independent perspective based on focused attention to risk management and compliance matters. The SLOD's responsibility is to establish a common framework for risk management and compliance destined to enhance the FLOD's efficiency and effectiveness.

The TLOD is the Internal Audit which provides assurance both to the Senior Management and the Board of Directors of the Bank as regards the state of the overall risk management, compliance and control activities undertaken at the first and second lines of defence.

Risk Management Process

The risk management policy and framework of MauBank Ltd formulates the process of risk management as the systematic and continuous identification and evaluation of risks as they pertain to the Bank, followed by risk strategies' actions such as: terminate, transfer, accept or mitigate each risk.

The risk management process is as follows: -

(a) Risk identification
(b) Risk assessment and measurement
(c) Risk mitigation and control
(d) Risk reporting

Management Discussion and Analysis

Risk Management (Cont'd)

Risk Management Process (Cont'd)

Based on this approach, and with a view to maintaining sound operations and generate sustainable earnings, the Board sets its risk appetite within the prudential guidelines through the application of quantifiable limits in the risk policies for the amount of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, and Country Risk. Other non-quantifiable risks like Compliance Risk, Strategic Risk and Reputational Risk are assessed and monitored on a qualitative basis. The Board, through the Board Risk Management Committee (BRMC) and other Board sub-committees, is apprised of the various key risk exposures for decision-making purposes. These key risk information are relayed by the various Management Committees to the Board and its sub-committees. The Management Committees meet regularly as per their respective Terms of Reference to comprehensively measure, evaluate and monitor the occurrence and management of each type of risk.

Risk management is focused on the following major areas:

Credit Risk

Credit risk is the risk of credit loss that results from the failure of a borrower to honour the borrower's credit obligation to the financial institution.

The Bank has in place a Credit Risk Policy Guide (CRPG) which sets out its credit risk appetite, risk exposure limits and parameters for risk taking. The policy is approved by the Board and subject to regular reviews. The Board delegates its credit sanctioning authority to three separate and distinct Credit Sanctioning Committees, namely:

1) Board Investment & Credit Committee (BICC)
2) Management Investment & Credit Committee (MICC)
3) Credit Committee (CC)

Domestic-related credit facilities are entertained at three different credit sanctioning authorities, within their respective threshold levels as determined by the Bank's approved Credit Risk Policy Guide. All crossborder investments and credit exposures (except those which are fully cash secured and which are within the approving authority of MICC), are, however, considered and, if deemed fit, approved at the Board Investment & Credit Committee (BICC). With a view to ensuring transparency and arm's length nature of transactions, all Related Parties' credits are considered and approved by either the Board Investment & Credit Committee (BICC) and/or the Board.

The overall credit process includes comprehensive credit policies on judgmental credit underwriting, automatic credit adjudication based on credit scores, risk measurement, credit training and continuous credit reviews and audit process.

Credit Risk Measurement

(a) Loans and advances

The Bank has a retail credit scoring and a corporate rating and tool for assessing and measuring credit quality of its borrowers which is benchmarked on international rating norms as per the requirement standards of CRISIL Ltd (India). This credit rating and scoring tool is reviewed and updated as and when deemed necessary.

Credit proposals are assessed independently by a Credit Underwriting Team (CUT) using criteria established in the relevant Bank of Mauritius Guidelines and the Credit Risk Policy Guide (CRPG). The CRPG is reviewed on an annual basis.

The Bank has a dedicated Credit Collection Unit and Monitoring and Control teams which regularly control and monitor credit performance of borrowers. A monthly update from both the Credit Collection & Monitoring and Control Units is tabled to the Accounts Monitoring Forum for review.

In response to the COVID-19 pandemic outbreak, the Bank of Mauritius introduced a series of measures for Retail and Small and Medium Enterprises (SME) clients as well as households and other economic operators (including Corporate clients) in view of alleviating their financial burden. These facilities have been made available to the Bank's customers who were impacted by the pandemic. The Bank had also, on its own, introduced various schemes adapted to the different business segments, to further assist them during these unprecedented times. The Bank also put in place a set of credit monitoring processes to continually track the performance of its credit portfolio, especially those sectors which have been the mostly hit by the pandemic. In view of the alleviation of the sanitary conditions, the COVID-19 measures have started to be unwinded as from 30 June 2022.

Risk Management (Cont'd)

Credit Risk Measurement (Cont'd)

(b) Credit related commitments

Credit related commitments include bank guarantees, documentary letters of credit, standby letters of credit and undrawn commitments on legally bound facilities. Their credit risk is similar to loans except for documentary letters of credit which are usually short-term and self-liquidating and carry a low level of credit risk and capital charge, as defined under the Bank of Mauritius guidelines.

	As at 30 June 2022	As at 30 June 2021	As at 30 June 2020
	Rs	**Rs**	**Rs**
Credit related commitments	**2,988,466,953**	2,985,446,133	3,889,104,594

Refer to note 14(c) for disclosures on credit exposures by industry sector.

(c) Bank placements and lending to banks

For the Bank's placements or lending to banks, external credit ratings from international credit rating agencies such as Standard & Poor's, Moody's and Fitch are used on top of internal credit assessments to assist in the credit risk acceptance decisions. The instruments help to diversify risk exposures and income streams, and to maintain a readily available source of liquidity for the Bank.

(d) Risk limit monitoring and control

MauBank Ltd has an established framework to manage, control and limit concentration of credit risk towards individual counterparties, groups, industry sectors and countries.

Credit exposure to any single borrower and to a group of closely–related customers is governed by the Bank of Mauritius Guideline on Credit Concentration Risk. Concentration of risk from large exposures to individual customers or related groups are managed by internal early warning limits which are set below the regulatory limits of the Bank of Mauritius guidelines. The Bank also sets internal portfolio limits and exposures to industry sectors and countries under its Credit Risk Policy Guide (CRPG) and Country Risk Management Policy with a view to achieving a balanced and well-diversified portfolio. These limits are monitored on an ongoing basis and escalated to the Credit Risk Monitoring Committee (CRMC) and the Board Risk Management Committee (BRMC).

Related party transactions

Notwithstanding the regulatory compliance requirement on related party transactions, the Bank also has its internal policy governing transactions with its related parties.

Both internal and regulatory limits are monitored on quarterly basis at the Credit Risk Monitoring Committee (CRMC) and escalated to the Board Risk Management Committee (BRMC).

The Bank has only exempted related party exposures. Its top six related parties as at 30 June 2022 were Rs 3,171.67 Mn, Rs 577.67 Mn, Rs 211.30 Mn, Rs 156.31 Mn, Rs 59.94 Mn, and Rs 42.25 Mn, These balances represented respectively 130.54%, 23.78%, 8.70%, 6.43%, 2.47% and 1.74% of the Bank's Tier1 capital. The total top six related parties represented Rs 4,219.15 Mn or 173.65% of Tier 1 capital.

Operational Risk

MauBank Ltd has adopted the definition of operational risk of Basel II as 'the risk of loss resulting from inadequate or failed internal processes, people and system or from external events'. It includes legal risk but exclude strategic and reputational risk (and resultant losses). These are covered under Pillar 2 of the Basel II accord.

Operational Risk Governance

The Bank is guided by its Operational Risk Policy & Framework which is approved by its Executive Committee (EXCO), the Board Risk Management Committee and the Board of Directors

The Operational Risk Team is headed by a Senior Manager, reporting to the Chief Risk Officer (CRO) and the Operational Risk Committee (ORC).

The Operational Risk Committee is held regularly and stands guided by its Terms of Reference which is approved by EXCO and the BRMC. Matters related to Medium, High and Critical risks - as reported and assessed by Business Units in the Loss Data Capture (LDC) system and thereafter independently reviewed by the Operational Risk Team - are addressed in this committee and recommendations are made to address any weaknesses captured by business units from their day-to-day operations and any key risks as identified from their operational Risk Control Self-Assessments (RCSA). The minutes of the ORC and Executive Summary reports on various key risk areas are escalated to the Board Risk Management Committee.

Management Discussion and Analysis

Risk Management (Cont'd)

Loss Data Capture and Reporting System

The Bank collects data for all operational risk losses pertaining to operational errors and internal control failures including 'near-misses' in its Loss Data Capture (LDC) system. The collection and analysis of the Bank's own loss data provides vital information to management and provides basis for operational risk management and mitigation. The LDC is an on-line system which is made available to all business users across the Bank and acts as a radar for capturing operational risk incidents. It is an important pillar in the operational risk framework.

Operational Risk Capital Charge under Basel II and III

MauBank Ltd has adopted the Basic Indicator Approach (BIA) for the computation of its capital charge for operational risk. The BIA uses the Bank's total gross income as its risk indicator. The total operational risk regulatory capital under the Basic Indicator Approach is the average of 15% of the gross income over the last three years.

Business Continuity Planning and Disaster Recovery

As a consequence of the COVID-19 pandemic outbreak, the Bank has put in place various COVID-19 Business Continuity Plans (C-19 BCP) to complement its existing Business Continuity Plan (BCP).

The purpose for the Bank to have a specific C-19 BCP in place was:

- To ensure that, over the duration of the pandemic crisis, the Bank will keep operating effectively for as long as possible, while ensuring the safety of customers and staff members;
- To minimise disruption to its operations and ensure that the business remains viable;
- To ensure that the Bank will respond in a consistent and harmonised way to any developments in keeping with directives from relevant authorities and regulators; and
- To ensure that Bank employees are familiar with the different protocols and guiding principles elaborated in the C-19 BCP and comply with them during the outbreak period.

Crisis Management Team (CMT)

As provided for in its BCP, the Bank triggered the setting-up of the CMT for managing the crisis following the COVID-19 pandemic outbreak. The CMT ensured that, as far as possible, the Bank maintained continuity of its activities to serve its customers and the public in general while at the same time mitigating the health risk to its stakeholders. The CMT is constituted of senior executives of the Bank and is chaired either by the Chief Executive or the Deputy Chief Executive.

The CMT have to, inter-alia, decide on the strategic direction of the Bank, ensure there is communication with regulatory bodies and the public, reallocate resources as may be deemed necessary to contain the crisis, review and approve expenses related to the crisis situation, as also set or review policies, or allow temporary derogation/exception to policies, if deemed necessary.

Disaster Recovery exercise

The purpose of having an annual Disaster Recovery (DR) exercise is to assess the level of readiness of the Bank to face a Significant Business Disruption (SBD) situation, both from human resource and system capacity perspectives. For the purpose of conducting the DR, the Bank has, during the course of this financial year, reviewed and upgraded its documented standards of procedures with a view to improving the effectiveness and readiness of the Bank to face a SBD.

Following the DR exercise, a report on the findings of the DR exercise is issued independently by the Control Functions - i.e. Risk Management Division, Compliance Department and Internal Audit Department - and same is presented to the Board, together with a critical evaluation of the DR's overall effectiveness including recommendations for improvement of the Bank's resilience in the event of a SBD.

Control Functions will, inter-alia, assess Business Units on the following:

- Level of readiness of each Business Unit to face a contingency situation;
- Level of understanding of staff regarding the purpose of the DR exercise;
- How well staff members are able to handle operations and ensure business continuity.

Risk Management (Cont'd)

Market Risk Management

Market Risk is defined as the risk that the value of on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and commodity prices resulting in a loss to earnings and capital. In simpler terms, it is defined as the possibility of loss to a Bank caused by changes in the market variables.

MauBank Ltd is presently exposed to the following sources of market risk:

- Trading market risk arising through overnight position taken on foreign exchange customer flows, equity & equity like investments and holdings of Government of Mauritius Treasury Bills & Bank of Mauritius Bills.

- Non-trading market risk arising from market movements in exchange rate, equity price and interest rate in banking book with the occurrence of mismatch of Assets and Liabilities repricing, and from off balance sheet items.

The Bank's Market Risk Management Policy and Framework ensures the management, identification, assessment, monitoring and reporting of these risks by the different lines of defence. The Treasury Front Office as first line of defence manages the market risk within the risk limits and policies approved by the Board and monitored through Asset and Liability Committee (ALCO), The Asset Liability Capital Management (Treasury Middle Office) and Market Operation Teams act as second line of defence in monitoring and reporting. Moreover, the Risk Management Department ensures that there are adequate controls in place while the Compliance function ensures that the policy is in accordance with the regulatory requirements and that the Bank is complying with the approved policy, guideline and procedures. The Internal Audit, as third line of defence, independently reviews, validates, verifies and assesses the effectiveness of the framework. The Market Risk Management Policy and Framework is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Early warning signals and alerts are raised on different levels of exposures of the banking book activities to foreign exchange risk, equity risk, interest rate risk and liquidity risk.

Foreign exchange risk

Foreign exchange risk is the risk arising from movements in foreign exchange rates that adversely affect the Bank's earnings and economic value. ALCO is the Management Committee in which foreign exchange and treasury matters are discussed and analyzed. The Bank's Treasury Unit manages the overall Foreign Currency Exposure within the regulatory limit of 15% of Tier 1 Capital as well as operates within the internal overall limits for USD, other major currencies and exotic currencies as set by ALCO and approved by the Board Risk Management Committee. The Stop Loss limit and Dealers' limit are also set and reviewed by ALCO.

Stress Testing on Foreign Exchange Position is carried out under low, medium and severe stress scenarios to determine the change in capital requirements and potential impact on earnings.

Equity Risk

Equity risk is the risk that movements in equity prices will negatively affect the value of equity positions. Equity includes instruments like common stocks whether voting and non-voting; equity-like convertible securities; commitments to buy or sell equity securities; depository receipts; equity derivatives; stock indices; index arbitrage; and any other on-balance sheet or off-balance sheet positions which are affected by changes in equity prices. The bank's equity and equity like investment portfolio comprises of mainly mutual fund and trade fund.

The Bank carries out stress testing for adverse movement on the equity portfolio under low, moderate and severe stress scenarios which are reported on a monthly basis to ALCO.

Management Discussion and Analysis

Risk Management (Cont'd)

Interest Rate Risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Bank's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Bank's net interest income, while a long-term impact is on the Bank's net worth since the economic value of the Bank's assets, liabilities and off-balance sheet exposures are affected.

The Bank uses the repricing gap schedules to measure the interest rate risk. A gap report is a static model wherein Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL) and Interest Sensitive Off-Balance Sheet items are stratified into various time bands according to their maturity (if fixed) or time remaining to their next repricing (if floating rate). The size of the gap for a given time band – i.e. Assets minus Liabilities + Off-Balance Sheet exposures that reprice or mature within that time band gives an indication of the Bank's re-pricing risk exposure. If ISA of the Bank exceed ISL in a certain time, the Bank has a positive gap in that particular period and vice versa.

The Bank adopts the two common approaches for the assessment of interest rate risk, namely the Earnings Perspective and the Economic Value Perspective.

Under the earnings perspective, the focus of analysis is the impact of changes in interest rates on reported earnings. A change in interest rate - either upward or downward - may reduce earnings.

The economic value perspective considers the potential impact of interest rate changes on the present value of all future cash flows and therefore represents a comprehensive view of the potential long-term effects of changes in interest rates. The economic value of an instrument represents an assessment of the present value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a Bank can be viewed as the present value of the Bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance sheet positions. In this sense, the economic value perspective reflects one view of the sensitivity of the net worth of the Bank to fluctuations in interest rates.

Stress Testing on Interest Rate

The Bank conducts stress tests under a wide range of severities to test its earnings stability and capital adequacy. It also involves an across the board interest rate shock of 200 basis points up or down. The impact reflecting the worst case scenario is considered in determining whether the capital is commensurate with the level of interest rate risk in the banking book (IRRBB).

Liquidity Risk Management

Liquidity risk is the risk arising from the Bank's inability to meet its payment obligations when they fall due or only being able to meet these obligations at excessive costs.

The Bank manages its Liquidity risk through an established Liquidity Risk Management Policy and Framework, which conforms to the Central Bank's directives and Basel III liquidity risk norms. The Liquidity Risk Management Policy and Framework is approved by the Board of Directors as recommended by the Board Risk Management Committee.

The policy, through the establishment of key control ratios, ensures that the Bank maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The policy also ensures that the Bank can meet on-going liquidity obligations and liquidity stress situations. Besides, the policy also covers the contingency funding plans of the Bank to meet any funding mismatches.

The Asset and Liability Committee (ALCO), chaired by the Chief Executive, is empowered to provide strategic directions and take important decisions pertaining to management of liquidity and market risk. Matters discussed at ALCO are reported to the Board Risk Management Committee, the latter being a sub-committee of the Board.

The three lines of defence risk model is applied for liquidity risk management. The first line of defence, the Money Market Unit of the Treasury Front Office manages liquidity risk on a daily basis through cash flow projections and intra-day update of the cash flow whilst the Asset Liability Capital Management (ALCM) Unit monitors the liquidity risk limits post end of day. Liquidity risk limits and tolerance levels are contained in the Liquidity Risk Management Policy and Framework as approved by the Board of Directors.

Risk Management (Cont'd)

Liquidity Risk Management (Cont'd)

The second line of defence, being the Risk and Compliance functions, ensure that the first line has adequate internal controls in place for liquidity risk oversight and that the Bank is complying with the regulatory norms from a liquidity risk perspective.

The third line of defence is the Internal Audit, which carries out independently a review and validation of the effectiveness of the Liquidity risk management framework.

The Bank through its set of procedures and policies has embedded control mechanism in-built in its processes as a means to mitigate liquidity risk. The management of intra-day liquidity risks includes as methodology, the continuous Cash Flow update, comprising of the actual and expected flows taking place throughout the day. The Money Market Unit is thereby able to make sure that there is sufficient balance to meet payment and settlement obligations at all times.

Liquidity Risk Appetite and Tolerance Management

In line with Principle 2 of Basel III on liquidity risk, the Bank articulates its liquidity risk tolerance that is appropriate for its business strategy and its role. The Bank is guided by its approved risk appetite and tolerance levels.

The risk tolerance is reviewed once a year by ALCM and approval is sought from Board through ALCO and BRMC. Stress test is performed on a monthly basis by the ALCM and the impact is compared against the risk tolerance of the Bank. ALCM also makes available the results of the stress testing analysis to ALCO and to Board Risk Management Committee. Internal limit setting and controls are put in place in accordance with the Bank's articulated risk tolerance limit.

Liquidity concentration risk associated with large individual depositors, is monitored by ALCM on a daily basis and is reported to ALCO on a monthly basis. A regular assessment is made of top 25 single depositors and 10 group depositors for the purpose of deposit concentration risk.

The Bank mainly monitors and manages its liquidity risk through the Liquidity Coverage Ratio (LCR) and Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis Report.

Liquidity Coverage Ratio (LCR) represents a standard that is designed to ensure that the Bank has an adequate inventory of unencumbered high quality assets (HQLA) that consist of cash, or assets convertible into cash at little or no loss of value in market, to meet its liquidity requirements for a 30 days' liquidity stress period.

Management Discussion and Analysis

Risk Management (Cont'd)

Liquidity Risk Management (Cont'd)

Disclosure of Liquidity Coverage Ratio

LCR common disclosure as at 30 June 2022 - Consolidated basis in MUR

	(Consolidated either in MUR or USD)	Total Unweighted Value (quarterly average of bi-monthly observations)	Total Weighted Value (quarterly average of bi-monthly observations)
HIGH-QUALITY LIQUID ASSETS			
1	*Total high-quality liquid assets (HQLA)*	5,857,722,725	5,857,722,725
CASH OUTFLOWS			
2	*Retail deposits and deposits from small business customers, of which:*		
3	*Stable deposits*		
4	*Less stable deposits*	15,123,879,621	1,191,876,480
5	*Unsecured wholesale funding, of which:*		
6	*Operational deposits (all counterparties)*	8,411,341,012	2,102,835,253
7	*Non-operational deposits (all counterparties)*	1,209,540,380	820,642,789
8	*Unsecured debt*		
9	*Secured wholesale funding*	-	-
10	*Additional requirements, of which:*		
11	*Outflows related to derivative exposures and other collateral requirements*	213,398,690	213,398,690
12	*Outflows related to loss of funding on debt products*	-	-
13	*Credit and liquidity facilities*	1,636,904,933	226,418,907
14	*Other contractual funding obligations*		
15	*Other contingent funding obligations*	-	-
16	**TOTAL CASH OUTFLOWS**	26,595,064,636	4,555,172,120
CASH INFLOWS			
17	*Secured funding (e.g. reverse repos)*	-	-
18	*Inflows from fully performing exposures*	3,725,041,298	3,599,596,916
19	*Other cash inflows*	219,988,461	219,988,461
20	**TOTAL CASH INFLOWS**	3,945,029,759	3,819,585,378
			TOTAL ADJUSTED VALUE
21	**TOTAL HQLA**	5,857,722,725	5,857,722,725
22	**TOTAL NET CASH OUTFLOWS**		1,138,793,030
23	**LIQUIDITY COVERAGE RATIO (%)**		514.38%
24	**QUARTERLY AVERAGE OF DAILY HQLA**		5,685,663,576

The reported figures for "quarterly average of bi-monthly observations " are based on bi-monthly figures for April, May and June 2022.

The reported figures for "quarterly average of daily HQLA " are based on business days figures over the period from 1 April 2022 to 30 June 2022.

Risk Management (Cont'd)

Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis

The Bank uses gap analysis method to determine fund excess or shortage under different time buckets. Cash flows from assets and liabilities are considered under two different approaches namely contractual maturity and behavioural. They are determined on the basis of the terms and conditions of funding or loan instruments as well as on the basis of behaviour of customers, assessed from their past history and current relationship with the Bank.

Stress Testing and Scenario Analysis

MauBank Ltd conducts stress tests on a regular basis for a variety of short-term and protracted institution specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with the Bank's established liquidity risk tolerance. The Bank uses stress test outcomes to adjust its liquidity risk management strategies, policies and positions and to develop effective contingency plans.

Country Risk

Country risk refers to the probability that changes in the business environment in another country where the Bank is doing business may adversely impact its operations or payment for imports resulting in a financial loss. Country risk also includes sovereign risk, which is a subset of risk specifically related to the Government or one of its agencies refusing to comply with the terms of a loan agreement. Causes of country risk include political, macroeconomic mismanagement, war or labour unrest resulting in work stoppages.

Country Exposure Limits

In keeping with the Bank of Mauritius' Guidelines on Country Risk Country Management and the Guideline on Cross-Border Exposure, exposure limits are reviewed and approved by the Board. The Bank sets exposure limits for individual countries to manage and monitor country risk. Country exposure limits apply to all on - and off - balance sheet exposures to foreign obligors.

Country Risk Measurement and Monitoring

On and off-balance sheet exposures are measured in line with the Bank of Mauritius guideline on 'Standardized Approach to Credit Risk'.

The Bank gathers in a timely manner, information about developments in exposed countries that may have a bearing on the country risk assessment though various sources, for example MauBank Ltd relies on ratings by External Credit Rating Agencies for country risk limits setting.

Reputational Risk

Reputational risk is the risk that the Bank could lose potential business because its character or quality has been called into question. Reputational risk is underlying in all business activities/ operations, and any adverse event taking place anywhere within the Bank can potentially impact on its reputation. The process begins at the various Management Forums/Committees by proactively identifying the reputational risks that could impact the Bank following which appropriate strategies and tactics are developed to mitigate each risk and associated implications.

Business and strategic risk

Strategic business risk is a possible cause of loss that might arise from the following sources:

a. The original strategic plan may be successfully implemented and may be sufficiently flexible and robust to withstand the impacting risks encountered during implementation. However, having arrived at the new desired position, the organisation might discover that the position is no longer optimal. This could occur because market conditions have changed during the timescale required for implementation.

b. Strategic drift is a risk that all organisations face when they cannot deliver their intended strategic objectives because they have no means of monitoring their progress.

c. As the timescale considered increases, the degree of uncertainty also increases. As uncertainty increases, the number of long-term issues that can impact on the strategy implementation process also increases. These long-term issues represent strategic risks.

d. Unforeseeable strategic risk is a fundamental characteristic of strategic risk management in that the comprehensive management of these unforeseeable issues is generally beyond the control of a single organisation and its management. Responding to such risks therefore involves the application of constant monitoring to determine their effect on the business.

MauBank Ltd uses the following methods of strategic risk management:

- Business planning
- Monitoring of Performance against Objectives as per five year plan
- Assessment of external (industry and macroeconomic) environment
- Readjustment of plans

Management Discussion and Analysis

Risk Management (Cont'd)

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its Banking activities.

MauBank Ltd has adopted the general principles of the Basel Committee on Banking Supervision on Compliance and the Compliance Function in Banks and it stands guided by its Compliance Policy, as approved by the Board of Directors, which sets out the principles and standards for compliance and management of compliance risks in MauBank Ltd with the objective to help business and support units manage effectively compliance risks and obligations inherent in their respective areas

The Compliance Function operates independently as per its mandate, with direct access to the Audit Committee and the Board of Directors.

The general approach to mitigate compliance risk at MauBank Ltd is as follows:

1. Establish an appropriate framework covering proper management oversight, system controls and other related matters.

2. Establishing written guidance to staff on the appropriate implementation of policies and procedures.

3. Keeping abreast of regulatory changes and ensure implementation and adoption.

4. Ongoing monitoring of compliance with existing rules and regulations and internal policies.

5. Periodical training to staff on the applicable laws, rules and standards.

Capital Management

The Capital Adequacy framework is supported by a Board approved Internal Capital Adequacy Assessment Process (ICAAP) which encompasses capital planning for current and future periods, taking into consideration strategic focus and business plan and assessment of all material risks under stress conditions.

The Bank's Capital Management Objectives, amongst others, is to provide sufficient capital for the Banking business to achieve its strategic objectives, taking into account the regulatory, economic and commercial environment in which it operates.

The other objectives when managing capital are:

- To comply with the capital requirements as set by the regulator;
- To safeguard the Bank's ability to continue its business as a going concern;
- To maximize returns to shareholders and optimize the benefits to stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of eligible capital are monitored regularly by Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Mauritius for supervisory purposes. The required information is submitted to the Bank of Mauritius on a quarterly basis.

As at 30 June 2022, the total capital base stood at Rs 2,843,405,000 compared to Rs 2,731,214,000 for the year ended 30 June 2021 and the total risk weighted assets stood at Rs 18,692,168 compared to Rs 19,485,932,000 at 30 June 2021.

CAR was at 15.21% as at 30 June 2022 compared to 13.88% at 30 June 2021.

BASEL II Approaches

MauBank Ltd has adopted the following approach for determining the regulatory capital requirements under the Bank of Mauritius Basel II guidelines for Pillar 1.

a) Credit risk : Standardised approach
b) Market risk: Standardised approach
c) Operational risk: Basic Indicator approach

As part of its ICAAP, MauBank Ltd has conducted stress testing under various historical and stress test scenarios to assess the impact of stress on its capital position. The methodology for the stress testing is approved by the Board of Directors. The results of stress testing are reported to the Board of Directors and the Bank of Mauritius.

In June 2022, Bank of Mauritius has issued its Guideline on Stress Testing which draws on the stress testing principles of the Basel Committee on Banking Supervision (BCBS) contained in its publication 'Stress testing principles', October 2018. As underscored by the BCBS, stress testing is integral to banks' risk management in that it alerts bank management and bank supervisors to the potential impact of unexpected but plausible adverse shocks and provides them an indication of the financial resources needed to absorb such losses. Stress testing can also be used as a key input for risk identification, monitoring and assessment.

Maubank is working to design a framework as required by the Guideline.

Management Discussion and Analysis

Risk Management (Cont'd)

BASEL III

The Basel III regulation requires higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress, and the introduction of two global liquidity standards.

MauBank Ltd's Capital Structure for the last three years is as shown on page 160.

In the context of Covid-19, the Bank of Mauritius introduced some capital forebearance measures from June 2020 to March 2022. These measures helped all banks in Mauritius to be relieved from stress of keeping a higher minimum ratio and which allowed the banks to participate in credit creation and sustainability of the banking sector.

At the end of March 2022, Bank of Mauritius communicated to all banks that the minimum ratio will be restored to 12.5% as from 1st April 2022 and all other forebearance measures shall be integrated in a permanent basis in the calculation of risk-weighted assets. The Standized Approach to Credit Risk Guideline has been amended in this context to take into account these changes.

Technology Risk Management

An Information and Technology Risk Management framework is in place to provide management with explicit and well-informed risk-based guidance on both existing and emerging threats. To support this framework, an Information Technology (IT) Security policy is in place to ensure that staff members are cognizant with the IT-related risks and ensure compliance thereto. The IT Security policy is regularly updated to incorporate best security practices. The IT Security Policy is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Information Risk Measurement and monitoring

IT Security & Risk Management (ITSRM) Unit has in place a quantitative measurement metric to measure the effectiveness of key security controls. Key Risk Indicators (KRI's) are established and measured on a regular basis to ensure that controls are effective and remain at an acceptable level across the organisation. Year-on-year those metrics are further enhanced to have a wider coverage of areas that require more focus and attention as per the new emerging risk areas.

Cybersecurity

Emails are a critical entry vector used in cyber-attacks by ill-intended parties including but not limited to fraudsters, hackers etc. To mitigate the impact of such attacks regular phishing simulations are performed by ITSRM to increase staff's awareness level. Furthermore, regular security awareness training programme are run Bank-wide to ensure Bank staff are well acquainted with the Information Technology Security policy.

Regular vulnerability scanning and penetration testing are conducted on our Mobile Banking and Internet Banking platforms as well as other internet facing systems and interfaces. Furthermore, security tips are frequently shared with our customers for a safe and enjoyable experience when using our secured digital platforms.

Additionally, to strengthen the Bank's resilience related to emerging technology and cyber security threats, appropriate solutions are deployed across the organization, as per the Bank's approved IT security roadmap.

Business Continuity Planning – COVID-19 Pandemic

As part of the C-19 BCP, the Work From Home (WFH) concept is a now entrenched in the Bank's culture and working practices. As such, secured remote connectivity that has been enabled as well as new protocols/guidelines have been put in place to ensure that Bank staff are fully aware of the risks when working from home. Appropriate training and awareness session are conducted to ensure staff are well acquainted with the "Do's and Don'ts" while connecting to the Bank's secure environment.

SWIFT Consumer Security Programme

The SWIFT Customer Security Controls Framework (CSCF) is composed of mandatory and advisory security controls for SWIFT users. The Bank has put in place the required Security controls to comply with the SWIFT Consumer Security Programme (CSP).

PCI DSS Implementation

The Bank is continually implementing the control requirements of the Payment Card Industry Data Security Standard with the objective to secure cards data, related processes and systems.

Management Discussion and Analysis

Management Committees

The daily affairs and running of the Bank have been delegated to the Bank's Management Team. Issues are discussed, risks and reward tradeoffs are analysed, and decisions are taken at the different Management Forums/Committees in line with their mandates as per their respective approved Terms of Reference. These Forums/ Committees meet regularly and comprise of Senior Management and Management Cadres drawn from different units.

All matters discussed and decisions taken at the said Management Forums/Committees are escalated to their respective Board Committee/Board Sub-Committee. The key decision-making Management Forums/Committees are more fully detailed below:

1. Executive Committee ("EXCO")

The EXCO acts on behalf of the Board and exercises all powers and performs such duties for the Bank in relation to the day to day management, operation and, control and governance of the business in conformity with manuals, policies, procedures and authorities. The committee meets on a monthly basis to review the progress towards the strategic plan, mission and vision of the Bank. The committee is chaired by the CE and all departmental executives are permanent members of the committee.

2. Asset and Liability Management Committee ("ALCO")

ALCO meets on a monthly basis to oversee the Bank's liquidity risk, interest rate risk, foreign exchange risk management and treasury matters. The role of ALCO is to set and oversee the various policies for managing the Bank's statement of financial position based on a detailed analysis of risk return trade off; develop guidelines and limits for operating units and treasury; monitor that those limits are adhered. ALCO also ensures that the strategy of the Bank is in line with the Bank's budget and risk management objectives. ALCO monitors the interest margin between assets and liabilities, the cash flow position and liquidity ratio, deposit concentration and also manages the earnings at risk by conducting stress test scenarios under various market conditions.

3. Operations Risk Committee ("ORC")

The ORC meets on a quarterly basis to review the operational risk exposures of the Bank. Operational risk is managed within the Bank's operational risk framework, using the Risk Control and Self-Assessment (RCSA) and its loss data capture (LDC) system as the two main pillars to capture operational risk. The Committee is chaired either by the Chief Executive (CE) or the Deputy Chief Executive (DCE) and consists of members coming from various Business units. Its mandate is derived from the Bank of Mauritius guideline on Operational Risk and Capital Adequacy Determination and the Banks' Operational Risk Management Policy & Framework. This Committee also assists the Board Risk Management Committee (BRMC) in fulfilling its oversight responsibilities relating to operational risk.

Additionally, there are Business/Functional Operational Risk Committees (BORC/FORC) which are essentially sub-committees of the ORC set up for the purpose of assisting the ORC in fulfilling its operational risk management and control responsibilities. In doing so, the BORC/FORC will ensure Operational Risk (OR) is managed in a manner consistent with internal business needs, regulatory requirement of BOM and approved risk appetite for operational risk.

4. Credit Risk Monitoring Committee ("CRMC")

The CRMC aims at monitoring the Bank's exposure to credit risk, ensuring that such risk stays within the Bank's credit policy and credit risk appetite. This committee assists the BRMC in fulfilling its oversight responsibilities in credit related matters. The CRMC's mandate is derived from the Bank of Mauritius Guideline on Credit Risk Management, Basel document on principles of credit risk management and industry's best practices.

The CRMC, on a quarterly basis, reviews and monitors the credit risk exposures to safeguard the Bank against potential losses by identifying trends in the portfolio at an early stage, with a view to initiating timely corrective action on the credit portfolio at risk to prevent further deterioration.

5. Credit Sanctioning Committees ("CSC")

The Bank has three distinct management committees whose roles are to consider requests for credit facilities in line with the Bank's defined overall credit risk strategy and have the authority to make a final decision on approval or rejection of proposed credit transactions within the power entrusted to them by the Bank's Credit Risk Policy Guide.

6. NPA Forum ("NPA")

The NPA Forum reviews the non-performing accounts, type and course of actions for recovery. This forum ensures that all non-performing accounts are captured and that there are clear cut strategies on its recoveries. In this context, the forum makes suitable recommendations on appropriate recovery actions and on the prevention of non-performing accounts based on trend analysis. This Forum meets on a quarterly basis.

7. Account Monitoring Forum ("AMF")

The AMF acts a sub-forum to the NPA Forum where all accounts under the watchlist and the potential non-performing list are reviewed. This forum monitors and agrees action plans, as may be deemed appropriate, to safeguard the Bank against potential losses. This Forum meets on a monthly basis.

Management Committees (Cont'd)

8. Procurement Committees

The Bank has two Procurement Committees: with distinct sanctioning limits to consider, and if deemed fit, approve any request for the procurement of goods or hiring of services in accordance with the Bank's Procurement Policy. This policy requires, inter-alia, that a due diligence is conducted by the Bank's Procurement Unit and an independent evaluation of bids is conducted separately by a Bid Evaluation Committee (BEC), before consideration by the relevant Procurement Committee.

9. Health and Safety Forum

Safety and Health matters are fundamental values in MauBank Ltd and they are therefore fully integrated into the way the Bank conducts its business and in the individual actions of its staff members. The Bank undertakes to ensure the safety of its customers, employees, service providers, and visitors by integrating safety and health protocols in its processes and ensuring compliance with relevant aspects of the Occupational Safety and Health Act. Providing a safe and healthy working environment can only be accomplished through efforts by management and all employees, which devolve on everyone, from top management to the individual worker. This is the essence of the Bank's internal responsibility system and its ultimate goal is to ensure a safe workplace with zero incident.

The Way Forward

With the above background, the team at MauBank Ltd will continue to strive towards excellence in an endeavour to deliver better service quality every year to its present and prospective customers.

Disclaimer

Several forward-looking statements relating to the Bank's business strategy, plans and objectives have been embedded in the Management Discussion and Analysis document. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Readers of the document are therefore advised not to place undue reliance on the forward-looking statements as a number of factors may cause actual results to differ from targets, expectations and estimates made initially. MauBank does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.


property
development
for FDI

Les Residences de Grand Baie

Real Estate

Real Estate is a sub-sector of the Financial Services that encompasses Property Management, Residential Real Estate, Commercial Real Estate, and Industrial Real Estate. The real estate sector is one that attracts billions of rupees of foreign direct investment into the country. MauBank is providing financing solutions to real estate enterprises for the development of high-quality, reliable, and sustainable infrastructure to support residential and commercial projects such as office towers, industrial parks, residential/luxury apartments and commercial complexes.

Thank to it's competent financial advisors, the bank offers flexible financing structures for property construction, promotion and sales. Partnership, reliability, and trust are important key elements for us.

Les Residences de Grand Baie Ltd is one of the Property Development Schemes (PDS) projects undertaken in the north of Mauritius which meets the modern and elegant lifestyle needs of a Mauritian as well as foreign clientele.

Administrative Information

Board of Directors

The composition of the Board, as at 30 June 2022, is as follows:

Mr. SOOKUN Gooroodeo, C.S.K, FCCA

Independent Director and Chairperson

Mr. Gooroodeo Sookun is a fellow of the Association of Chartered Certified Accountants (ACCA) and holds an MBA (Finance) from the University of Leicester (UK). Mr. Sookun has served in private and public companies during the last thirty years as Corporate Finance Executive in Mauritius and across Africa in diverse sectors such public utilities, agriculture and textiles, real estate development and mining.

In Mauritius, Mr. Sookun has served as Finance Executive at the Central Electricity Board, FUEL Sugar Estate, Palmar Textiles Ltd and as Head of Finance of one of the largest real estate development company, Anahita Estates Ltd. Currently Mr. Sookun is the Executive Director of SB ProConsult Ltd, a Chartered Certified Accountancy Firm, which provides accounting, tax and advisory services to a range of local and international clients.

The international career of Mr. Sookun started in 1999 as Finance Executive in Sena Sugar Estates in Mozambique (project developed by a Mauritian consortium). From 2005 to 2007, he was the Group Finance Manager of Titanium Resources Limited, a company involved in mineral resources development and mining in Sierra Leone and listed on the AIM market of the London Stock Exchange. From 2008 to 2013, he was also the Director, CFO and Secretary of Diamond Fields International Ltd, a public company listed in Toronto having mining assets across Africa. From 2012 to 2017, Mr. Sookun has also served as Director and CFO of an Australian (ASX) listed company involved in Mineral Sands Exploration investments in Africa.

Mr Sookun also holds directorship in the following companies:

- SB Proconsult Ltd
- Capgemini Consulting Ltd
- World Class Hospitality and Property Services Ltd
- Seafarer Fishing Ltd
- Seafarer Ocean Harvest Ltd
- Ocean Harvest Ltd
- Sfruit Farm Ltd
- Sun Amba African Metals Ltd
- Seafarer Seafoods Trading Ltd
- Just Ask Concierge (Mauritius) Ltd

Mr. MUNGAR Premchand

Chief Executive Officer and Executive Director

Mr. Premchand Mungar is a banker with more than 38 years of experience at managerial and executive levels of commercial, offshore, development banking as well as of financial services.

He has worked with the African Trade and Development Bank (TDB) Group, a multilateral financial institution and the financial arm of the Common Market for Eastern and Southern Africa (COMESA), based in Nairobi, Kenya for 16 years where he was engaged in institutional transformation, corporate strategy and policy formulation, and also formed part of TDB's executive committees. In 2017, he ended his career at the Group as the General Counsel and Senior Director, but continued as a Senior Adviser to the TDB Group after his return to Mauritius. Prior to that, Mr. Mungar was with the SBM Bank (Mauritius) Ltd and State Bank International in Mauritius.

Since December 2017, he serves as an independent Non-Executive member of the Board of Directors of the Financial Services Commission Mauritius, where he is also the chairperson of the Audit and Risk Committee.

Mr. Mungar holds a Master's Degree in Finance and Financial Law from the University of London, and an LLB from the University of Mauritius. He is a qualified attorney and has been a member of the Mauritius Law Society since 1995. He has been credited with several commendations and was awarded the 2016 President's Excellence Award in recognition of his outstanding contributions to the affairs of the TDB Group.

Mr. RAMPERSAD Rabin

Non Executive Director

Mr. Rabin Rampersad is currently the CEO of SME Mauritius. He has spent a major part of his career at senior management positions in the private sector both locally and abroad. He has wide cross sectoral and functional experience spans Operations, Marketing, Logistics and Business development, mostly on behalf of major multinationals.

Mr. Rampersad is also well versed in strategic development, business restructuring and international business. As part of senior management, he has been member of the Board of Directors of several private sector companies.

Mr. Rampersad holds a Master in Business Administration, a Master in Marketing and Innovation, is a Chartered Manager, a Chartered Marketer, a Fellow of the Chartered Management Institute, UK and a Fellow of the Chartered Institute of Marketing, UK.

Mr. SOKAPPADU Ramanaidoo

Non Executive Director

Mr. Ramanaidoo Sokappadu, currently Acting Director, Economy and Finance at the Ministry of Finance, Economic Planning and Development, has been working in the civil service for nearly 39 years. He holds a Bachelor of Arts in Economics, Mathematics and Statistics.

He has in the past worked as short term consultant for the Commonwealth Secretariat and the World Bank. He has been a Board director on several parastatal bodies and companies. In addition, he has represented Mauritius in several international conferences and meetings, both locally and abroad.

Mr. NICOLAS Jean Marie Cyril

Independent Director

Mr. Nicolas holds a Diploma in Marketing Management, South Africa and a Diploma in Human Resource, South Africa. He is a Registered trainer with MQA since 1988 and President of the Indian Ocean Marketing Association. He is also a Director of Effective Coaching Ltd and has recently been appointed as Consultant for the JSI "Johannesburg School of Investment" and President of L'amicale Maurice Madagascar

Mr. CODABUX Muhammad Javed

Independent Director

Mr. Javed Codabux has worked as Accountant at African Reinsurance Corporation and as Internal Auditor at Lamco International Insurance and Cheribinny Ltd.

Mr. Codabux holds an Executive Master in Business Administration ("EMBA") with First Class (Hons) from India. He is holder of a Higher National Diploma in Business Finance, BTEC, Edexcel Level 5 – EDEXCEL University (UK) under the program of Resource Development International (RDI) U.K. Mr. Codabux has also completed several ACCA papers. He has followed several courses in Accounting & Auditing, Insurance, Reinsurance and Corporate Governance. Mr. Codabux is a Fellow of the Mauritius Institute of Directors.

Mr. Codabux is also a director in JSZ Brothers Co Ltd.

Mr. SEMJEVEE Sivananda

Independent Director (Appointed effective 15 July 2021)

Mr. Sivananda Semjevee is currently the Managing Director of Logfret Services Ltd, a clearing and Freight Forwarding Company. Prior to that, he was the Executive Director of World Speed Consolidators Ltd. For three years he was based in Madagascar where he was Executive Director of World Speed Madagascar.

With his solid experience in Freight Forwarding Services both at national and regional level, Mr. Semjevee has set up his own company in the field of Import Agent Services since 2004. His business achievements make him a successful entrepreneur and employer of his category.

Mr. Semjevee is also a director in Logfret Services Ltd.

Mr. JEETOO Mohamad Fardeen

Non-Executive Director (Appointed effective 15 July 2021)

Mr. Mohamad Fardeen Jeetoo is currently working as Acting Accountant, and in his capacity is in charge of the finance section of the Early Childhood Care and Education Authority (ECCEA).

Apart from his expertise and experience in Finance, Mr. Jeetoo is also a young entrepreneur with strong business and innovation skills. He has vibrantly set up and managed business in the food sector and in consultancy.

Mr. Jeetoo holds a BSc in Finance and Accounting for the University of Hertfordshire (UK), a BSc in Business Management from University of Southampton (UK) as well as a Masters in Accounting and Finance Management from the University of Hertfordshire (UK).

He is a member of the Bid Evaluation Committee and the secretary of the Finance Committee of ECCEA

Mr. Jeetoo is also a director in Tamarin Briani House, Connectivity Consultancy Ltd and Manger Lokal Ltd.

Mr. KOKIL Anil Kumar

Independent Director (Appointed effective 15 July 2021)

Mr. Anil Kumar Kokil is a former Director (Economic and Finance) of the Ministry of Finance, Economic Planning and Development. During his professional career, he has contributed to and spearheaded the national budget preparations and policy making of successive Governments. He is presently a Consultant for both local and International Organisations, and a part-time Lecturer at the University of Technology, Mauritius.

He has previously been the chairperson of the Skills and Information Technology Development Fund, and chairperson and Assessor of several Disciplinary Committees and Commission of Inquiries appointed by the Public Service Commission and the Disciplinary Forces Service Commission and the Government. He has also acted as the Chief Executive of the Gambling Regulatory Authority.

The contributions of Mr. Kokil are also recognised at regional and international level. He was the chairperson of the SADC Macro Economic Meetings held in South Africa and in Botswana as well as the chairperson of the Committee set up by the SADC Ministers to look at the Self-Financing Mechanism for SADC. He was the Founder Member of the Collaborative Africa Budget Reform Initiative. He has been a Consultant on Migration for the World Bank, the European Union and the International Organisation for Migration, and has also contributed to several papers in International Publications. He actively participated in UN Annual Meetings of the Global Forum on Migration and Development, as Panelist and Moderator.

Mr. Kokil holds an MSc in Public Sector Management, a B.A (Hons) in Statistics with Economics from the University of Delhi and a Professional Certificate in Statistics from the Institute of Statisticians, UK. He has received professional training at the Institute of Development Studies UK; the IMF and World Bank in Financial Programming and Policies, and on Government Finance in Washington amongst others.

Administrative Information

Board of Directors (Cont'd)

Mrs VASSEUR-SONEEA Alexandra

Independent Director (Appointed effective 15 July 2021)

Mrs. Alexandra Vasseur-Soneea is a Talent Acquisition Specialist and has worked with Morgan Philips Group, one of the biggest recruitment firms in the world. She is well versed on the European Financial Market and specializes in recruitment for Private Banking, Wealth Management, Trust, Fiduciary and Private Equity institutions as well as commercial and investment banks. Her knowledge and experience in talent acquisition in the sector of finance have honed her skills in human resource strategy for large European companies. She also has sound knowledge of the energy and luxury sectors.

She is currently the Founder & CEO of Kanope Consulting Ltd, a recruitment firm.

Mrs. Vasseur-Soneea holds an MBA from l' Université de Poitier in France, a Master 1 en Mangement and a Licence de Gestion from the 'Université de Poitier' in France.

Mrs. Vasseur is also a director in Kanope Consulting Ltd and Soneea's Property Ltd.

Administrative Information

Management Team

Mr. MUNGAR Premchand

Chief Executive Officer and Executive Director

Please refer to Board of directors section on pages 228.

Mr. VYDELINGUM Vishuene

Deputy Chief Executive (From 05 August 2019)

Mr. Vydelingum has over 25 years' experience in banking, with expertise in Corporate & Investment Banking, Treasury and Markets.

He holds a Maitrise – Ingenieur Maitre en Banque et Finance from Université Sorbonne Nord and a Licence (IUP) en Ingénierie de la Banque, Finance et Industrie in addition to a D.E.U.G Sciences Economiques. He is a licensed Stockbroker of the Stock Exchange of Mauritius.

He joined the bank on 20 March 2019.

Mr. MOHADEB Damodarsingh (Deepak), FCCA

Officer in Charge Finance Division

Mr. Mohadeb, is a Fellow member of Association of Chartered Certified Accountants (FCCA). He commands extensive experience having held various senior positions within entities operating in the banking, financial and leasing sector over the past 16 years. He is also a Fellow of the Mauritius Institute of Directors (MIoD).

Mr. MOTEE Ramesh, FCCA

Chief Risk Officer

Mr. Motee holds a Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers, and is a Fellow member of Association of Chartered Certified Accountants (FCCA). He commands extensive experience having held various senior positions within entities operating in the banking and financial sector over the past 37 years.

Mr. CHEDUMBRUM Mardaymootoo Pillay (Nanda)

Executive Head - Operations

From(03 May 2004 to 11 March 2022)

Mr. Chedumbrum has followed International Programme on both Development Banking and Operational Risk Management.

He has over 44 years of experience in the banking sector at various operations levels, and at Management level. He retired from the Bank's services on 11 March 2022.

Mr. RAWOTEEA Yasdeo (Rajesh)

Executive Head – Products, Channels and Customer Experience

(From 23 October 2021)

Mr. Rawoteea possesses an MBA from University of Technology Mauritius (UTM), a Bachelor in Business Information Technology from University of Sunderland, a Certificate in Banking Studies from the University of Mauritius, and also holds a Project Leader Certificate, Senior Level, from Team Synthesis - UTM, and a Graduate certificate in Card Fraud & Risk Management. He successfully completed in 2021, an extensive program with Tuck Executive Education program on 'Strategy is Innovation: How Leaders of tomorrow create the Future.

He has 36 years of experience in Banking, at various level including Retail Banking, Project Leadership and implementation of IT projects, Card Technologies and Electronic Delivery Channels. After setting up the Card Business and ATM system and network of the Bank, he led the Strategic Human Resources department of the Bank since 2012 until 22 October 2022, while overseeing the IT eBanking Support and IT Channel Department. Since 23 October 2022 he has been entrusted with new responsibilities, to lead the newly created department named as 'Products, Channels and Customer Experience'.

Mrs. ACHARUZ SAWOKY Sunita, FCCA

Head of Compliance

Mrs. Acharuz-Sawoky is a Fellow member of Association of Chartered Certified Accountants (FCCA). She holds an MBA from the Faculty of Management Studies (FMS), and a Bachelor in Commerce (Honours) from the University of Delhi, both prestigious business schools from India. She is a certified Project Leader (PLC) and Member from Team Synthesis and a Member from the MIoD. She is a registered trainer in the field of Risk Management by the MITD. She has 23 years of Banking experience in both local and international bank, out of which, 16 years in Risk Management, Operational Risk, Internal Control Systems, Corporate Governance and remaining years in Regulatory Compliance.

Ms. SADDUL Anouchka

Head of Corporate Affairs, Brand Management and Marketing

Ms. Saddul is a Management with Law graduate, and a Certified Digital Marketing Professional. She also holds qualifications in Personnel Management and in Public Health. She has over 20 years of diverse experience in Marketing, Communications, Media and Public Relations in both Government bodies and the private sector, and is a member of the Digital Marketing Institute, the Chartered Institute of Public Relations and the Mauritius Institute of Directors.

Administrative Information

Management Team (Cont'd)

Mr. DASARI Venkata Ramana

Chief Information and Digital Officer

(From 04 February 2021 to 28 June 2022)

Holder of an MBA and a B.Com, Mr. Dasari joined MauBank Ltd on 4 February 2021. He has over 20 years of experience in managing large scale complex IT projects across few leading global and Indian Banks across BFSI domain. He was part of the founding team and led the application implementation for IDFC First Bank. He has worked with leading companies like HDFC Bank, HSBC India, Cognizant Technologies, Infosys, IDBI Bank.

His vast experience and insights in the Information Technology field, based on his exposures to the different sectors will add immense value to the Bank's business and technology front.

Mr. MUHEM Dharmarajan

Acting Head – Information & Technology Services

(From 29 June 2022)

Mr. Muhem holds an MBA (University of Leicester) with specialisation in IT, a Certificate in Banking Studies & Computer Programming and a Diploma in Management (University of Leicester). He is also a Data Centre Design Certified Professional, Certified Project Leader and a Business Continuity Certified Specialist. He has 29 years of banking and IT experience.

Mr. BHAGAVAN Ramakrishna

Executive Head – Consumer Banking

(From 12 October 2017 to 01 December 2021)

A Management Graduate in Marketing, Mr. Bhagavan comes with a rich experience of over 20 years in the Retail Banking and Wealth Management space. Mr. Bhagavan is a Consumer Banking veteran, having worked with global banking brands namely HSBC, Kotak Bank and IDFC Bank in India, prior to joining MauBank Ltd in October 2017.

Mr. Bhagavan has led various functions of consumer banking namely Branch Banking, Distribution and Network Management, Wealth Management, Digital Banking Initiatives, Payment Solutions, P&L Management and Product positioning at different stages of his illustrious career. He has been instrumental in turning around and launching new businesses, growing existing ones, elevating employee /client satisfaction levels and building growth strategies in his current and earlier roles.

Mr. CARVER Jean Clifford Eric

Head of Asset Financing

Mr. Carver holds a Master in Business Administration (MBA), specialised in Marketing Management from the University of Technology, Mauritius and a Bachelor of Commerce (B.Com) from the University of Pune.

He holds the post of Head of Asset Financing within the Bank since January 2018. He has been awarded 1st Marketing, Salesmanship and Publicity in the Principal's special award. He is also an affiliate member of the Chartered Institute of Marketers since 2009. He was previously employed as General Manager at Tsusho Capital (Mauritius) Limited, a subsidiary of Toyota Motor Corporation. He had undergone leadership program for Toyota Africa and was selected as most promising leaders. He has 16 years of experience in the service sector including 11 years in banking, 10 years in Asset Financing and 3 years of positioning of property developments. He also implemented Insurance business as non-funded income under Tsusho Capital (Mauritius) Limited. Undergone an extensive program in 2021 with Tuck Executive Education program on 'Strategy is Innovation: How Leaders of tomorrow create the Future?' Mr. Carver is also shouldering since recently, more responsibilities for the newly formed department named as 'Product, Channel and Customer Experience'.

Mr. VYAPOOREE Govinden Modeliar

Head of Markets

(From 9 February 2018 to 01 December 2021)

Mr. Vyapooree has over 20 years of experience in the financial services sector and has extensive trading experience on forex, securities, derivatives, hedge funds and investment management.

He holds an MBA from the Heriot Watt University and is an associate of the Chartered Institute of Marketing UK. He also holds the ACI dealing qualification.

Mr. BEEBEEJAUN Muhammad Asif

Head of Special Asset Management

Mr. Beebeejaun holds a BSc financial services/ACIB from University of Manchester Institute of Science and Technology (UMIST) England.

He brings 30 years of banking experience from different Business Units, of which almost 13 years at Senior Management Level. Mr. Beebeejaun joined MauBank Ltd from Barclays Bank Mauritius Ltd, where he worked as Senior Corporate Credit Manager in the Credit Business Unit and Head of Commercial in the Business Banking Unit. Prior to Barclays, he was at The Mauritius Commercial Bank Limited, as Credit Analyst Corporate and Relationship Manager Business Banking.

Mr. MADHOU Chandrasen Jaynarain

Head of Human Resources

(From 02 February 2022 to 18 March 2022)

Mr. Madhou has a Diploma in Human Resources Management and holds an MBA (Leadership and Innovation) from University of Mauritius. He is a Certified Scotswork Negotiator and Certified Project Leader. Mr. Madhou, additionally, holds a certificate in Public Policy from the University of California, Berkeley and a certificate in Environmental and Social Framework from The World Bank.

Mr. Madhou has over 25 years of experience in Human Resources function in different local conglomerates operating in the Mauritian Economy. He was also a member of the Commission for Conciliation and Mediation from 2013 until 2018 and has served as board member of various organisations. His core competencies are Industrial/ Employee Relations, Restructuration and Leadership Development.

Mr. Madhou is a member of the International Labour and Employment Relations Association, under the aegis of the International Labour Organisation, an associate member of Chartered Institute of Arbitrators (UK) and a certified mediator with the Chambre de Médiation et d'Arbitrage de Paris.

Mrs YACOOB, SYED AUFIA

Officer In Charge ("OIC") HR cum Institutional Development

(From 20 May 2022)

Mrs Yacoob joined MauBank on 26 March 2018, as Senior Manager, Learning Academy. She holds an Msc physics, Bachelor Degree in Education, Bachelors in Electronics, Master's Diploma in International Business and also is a certified trainer up to level 8.

She is an accomplished professional and results-oriented professional with an impressive track record in business improvement, human resources, Learning and operations. She has over 18 years in the corporate sector with proven track record in building partnerships and alliances at all levels. She has a good expertise in areas of customer service, leadership, Consultancy skills and Employee Performance/Productivity.

She has received international accolades like Global Pioneering women leader by Economic times & World HRD Congress in 2020 and African women Leader by world Women leadership congress & CMO global in 2019

Her vast experience and insights in the learning and development field, in the different sectors both locally and abroad add immense value to our Human resources and learning academy.

POOLOO Maoumar AL

Head of Corporate Banking - Operations

(From 29 June 2022)

Mr. Pooloo joined the Bank in 2004. He holds an MBA from University of Technology, Mauritius.

Over the years, he has worked in different departments, gaining valuable expertise. Mr. Pooloo has lately been managing the portfolio of Financial Institution & Parastatal Bodies in Corporate Banking. He has been assigned the responsibility of Operations department following the restructuring of the department.

Mr. RAMBURUTH Ved Atma

Head of Legal Department and Company Secretary

(From 01 August 2022)

Mr Ramburuth is a legal practitioner (Barrister) with over 13 years' experience specialising in corporate, commercial, employment, insolvency and trademark laws.

Prior to joining MauBank Ltd, Mr Ramburuth was practicing independently and privately, acting in an advisory role, as well as acting as Counsel, for various clients, both individual and corporate. He was also Barrister and legal practitioner at C&A Law for 7 years, a law firm established in Mauritius under the Law Practitioner's Act and registered by the office of the Attorney General in Mauritius. He has further acted as legal consultant to various management companies and law firms in Mauritius on specific assignments involving complex cross border investment structures and investment banks in the Mauritian offshore/financial sector.

He was ranked first on the Art Side for the Cambridge Higher School Certificate Examinations and was awarded the State of Mauritius Scholarship for undergraduate studies. He is a law graduate from London School of Economics and Political Science in the UK. He has been called to the Bar of England and Wales and also to the Mauritian Bar. He retains his position as a practicing barrister before all judicial instances of the Republic of Mauritius.

Mr. POINOOSAWMY Veemarlen

(From 20 April 2021 to 31 July 2022)

Mr. Poinoosawmy holds a BSc Financial Services with Law and an MBA Financial Risk Management from University of Technology, Mauritius. He is currently completing his LLM course.

Mr. Poinoosawmy joined the Bank in 2013 as Legal officer. From 20 April 2021 to 31 July 2021 he was Acting Head of the Legal department.

Mr. LUXIMON Sanraj, FCCA

Financial Controller – Special Assets

(Acting Company Secretary from 26 April 2022 to 31 July 2022)

Mr. Luximon has a BSc (Hons) in Applied Accounting and is an MBA holder. He is also a Fellow member of the Association of Chartered Certified Accountants (FCCA).

He joined the Bank in 2005. Over the years, he has headed different departments, gaining valuable expertise. He has also assumed the duty of Officer-in-Charge of the Bank in 2015 for a transitional period.

Mr. Luximon is presently the Financial Controller – Special Assets and he served as Acting Company Secretary from 26 April 2022 to 31 July 2022.

He also overviews the operations of the Bank's sister company, EAMC Ltd.

Administrative Information

Management Team (Cont'd)

Mr. SEEBARUTH Balraj Kumar (Rakesh), FCCA

Head of Internal Audit

Mr. Seebaruth is a FCCA, a member of Institute of Internal Audit (IIA) and holds a BSc (Hons) in Accounting.

He has over 20 years of experience in the field of auditing, accounting, finance and global business. He has worked in Big Four auditing firms and lead several audits in various sectors including asset management, banking, insurance, manufacturing, retailing and telecommunications.

Mr. SAHYE Varun Sharma, FCCA, CPA

Acting Company Secretary

(From 16 December 2020 to 30 March 2022)

Mr. Sahye is a Fellow member of the Association of Chartered Certified Accountants (FCCA), and a member of the Chartered Professional Accountant of Ontario, Canada. He holds an MSc in Accounting and Finance from the London South Bank University.

Mr. Sahye joined MauBank Ltd in July 2020 as Senior Manager, Finance. He was previously employed as Finance Manager, AfrAsia Capital Management, an offshore company. Mr. Sahye is a finance professional having worked in London, UK, Canada and Mauritius.

Administrative Information

Management Team (Cont'd)

Business Centre Manager at 30 June 2022

JUGNAUTH Ravin Kumar
Place D'Armes

BUNDHOO Mohammad Khalid
Curepipe

LUCKHEE Adesh
Goodlands

RAMTOHUL Dhanvesh
Chemin Grenier

RAJARAMSING Jhusveer
Rose Hill

DWARKA, Anoukshada
St Pierre

BHUNJUN Pounam
Pope Hennessy

LAKHOA Uttam
Rose Belle

ANSEREEGADOO Dony
Mahebourg

CHAN CHUEN Francois Jerome
Grand Baie

RUGHOOBUR Anjalee
Triolet

RAMTOHUL-REEKHAYE Meeshesta
Riviere Du Rempart

MONOHUR Videsh
Ebène

RAMCHURN PURMESSUR, Reena
Quatre Bornes

GUNGADIN Kesha
Lallmatie

BETCHOO Satyandranath
Flacq

ADJODHYA Kaushalbye
Vacoas

JOYGOPAUL Hemlata
Terre Rouge

EDOUARD Billy Roy
(Acting Business Centre Manager)
Rodrigues

Administrative Information

Business Centre Network at 30 June 2022

PLACE D'ARMES Business Centre
1 Queen Street
Place D'Armes
Port Louis

CUREPIPE Business Centre
Royal Road
Curepipe

GOODLANDS Business Centre
Royal Road
Goodlands

CHEMIN GRENIER Business Centre
Royal Road
Chemin Grenier

ROSE HILL Business Centre
477 Royal Road
Rose Hill

ST PIERRE Business Centre
Kendra Commercial Centre
St Pierre

POPE HENNESSY Business Centre
Pope Hennessy Street
Port Louis

ROSE BELLE Business Centre
Royal Road,
Baramia
Rose Belle

MAHEBOURG Business Centre
Corner Delices & Marianne Streets
Mahebourg

GRAND BAIE Business Centre
Richmond Hill Complex
Grand Baie

TRIOLET Business Centre
Royal Road, Anand Square
8th Mille, Triolet

Riviere DU REMPART Business Centre
Riverside Shopping Complex
Riviere du Rempart

EBENE
Ground Floor, Bramer House
Cybercity Ebène

QUATRE BORNES Business Centre
Cnr St Jean & Osman Avenue
Quatre Bornes

LALLMATIE Business Centre
Corner Royal & Tagore Road
Lallmatie

FLACQ Business Centre
Royal Road, Cnr of Charles De Gaules &
Francois Mitterand Street
Flacq

VACOAS Business Centre
Independence Street
Vacoas

TERRE ROUGE Business Centre
Royal Road
Terre Rouge

RODRIGUES Business Centre
Rue Max Lucchesi
Port Mathurin, Rodrigues

Administrative Information

Foreign Correspondents

ABSA BANK

International Financial Institution
2nd Floor, ABSA Towers North
180 Commissioner Street,
Johannesburg 2001
South Africa

AGRICULTURAL BANK OF CHINA

Shanghai Business Centre
33/F, ABC Tower, 9 Yincheng Road
Pudong New Area, Shanghai 200120
China

ANZ NATIONAL BANK LIMITED

ANZ Centre
23-29 Albert St Auckland
Wellington
New Zealand 6010

BANK ALJAZIRA

Olaya Street
P.O Box 20438-Riyadh 11455
Saudi Arabia

BANQUE NATIONALE DU CANADA

National Bank Tower
600 da la Gauchetiere Street West
5th Floor
Montreal, Quebec H3B 4L3

ICICI BANK LTD

International Financial Institution Group
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051
India

JP MORGAN CHASE BANK, N.A.

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Fl 33610, USA

JP MORGAN CHASE BANK, N.A.

London
England
United Kingdom

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Hong Kong

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2 Chome Chuo-Ku
Tokyo 103-8528
Japan

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92972 Paris La Defence Cedex
France

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3 Simmonds Street
Johannesburg 2001
South Africa

YES BANK LIMITED

Part Ground Floor, Tower 2,
Indiabulls Finance Centre,
Senapati Bapat Marg Lower Parel,
Mumbai
Maharashtra 400013

CREDIT SUISSE (SCHWEIZ) AG

Uetlibergstrasse 231
PO Box 400
CH-8070 Zurich

SBM BANK (INDIA) LIMITED

1st Floor Raheja Center,
Free Press Journal Marg,
Nariman Point Mumbai
Maharashtra 400021
India


tourism
in Rodrigues

Koki Boner

Koki Boner Ltd

Koki Boner Ltd operates a tourist guesthouse in Rodrigues consisting of six bungalows and provide accommodation to tourists coming from Mauritius and Reunion Island. Conveniently situated in the Plaine Corail part of Rodrigues Island, this property puts you close to attractions and interesting dining options.

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