Annual Report 2019/20

MAU BANK

Contents

Corporate Information

Board of Directors

Non-Executive Directors	Appointed on	Resigned on
Mr Sookun Gooroodeo (Appointed as chairman on 30 June 2020)	10 June 2020	
Mr Sokappadu Ramanaidoo (Appointed as acting chairman on 20 December 2019 until 30 June 2020)	03 October 2019	
Mr Burkutoola Mahmadally (Chairman)	29 March 2019	11 October 2019
Dr Paligadu Dharamraj	07 March 2015	06 August 2019
Mr Nicolas Jean Marie Cyril	13 March 2015	
Mr Putchay Vassoo Allymootoo	20 January 2016	05 September 2019
Mr Gokhool Ashvin Jain	23 February 2016	
Mr Nilamber Anoop Kumar	22 March 2016	
Mr Codabux Muhammad Javed	10 March 2017	
Mr Rampersad Rabin	19 September 2019	
Executive Director		
Mr Mungar Premchand	23 November 2018	

Corporate Information

Key Management Team

	Position
Mr Mungar Premchand	Chief Executive Officer
Mr Vydelingum Vishuene *(As from 05 August 2019)*	Deputy Chief Executive Executive Head Treasury, International Banking, Commercial Banking and SME Banking
Mr Mohadeb Damodarsingh (Deepak) *(As from 01 October 2019)*	Officer in Charge – Finance Division
Mr Motee Ramesh	Chief Risk Officer
Mr Mardaymootoo Pillay Chedumbrum (Nanda)	Executive Head – Operations
Mr Rawoteea Yasdeo (Rajesh)	Executive Head – Human Resources
Mrs Luximon-Mathur Jessma *(1 November 2016 to 27 September 2019)*	Head of compliance
Mrs Acharuz-Sawoky Gayetree Sunita *(As from 28 September 2019)*	Head of compliance
Mr Kundan Anil Kumar	Executive Head – SME Banking
Miss Saddul Anouchka	Head of Corporate Affairs, Brand Management and Marketing
Mr Muhem Dharmarajan	Acting Head – Information & Technology Services
Mr Bhagavan Ramakrishna	Head of Consumer Banking
Mr Appadoo Yogendra *(15 July 2018 to 22 August 2019)*	Head of International Banking
Mr Carver Jean Clifford Eric	Head of Asset Financing
Mr Vyapooree Govinden Modeliar	Head of Market
Mr Albert Clint	Head of Commercial Banking
Mr Beebeejaun Muhammad Asif	Head of Special Asset Management
Mr Youell Peter Gregory	Head of Credit Risk

Internal Audit	
Mr Seebaruth Rakesh (B.K)	Head of Internal Audit
Secretary	
Mr Ramjunum Gauravsingh	Company Secretary and Manager Legal
Registered Office	**MauBank Building** 25 Bank Street Cybercity Ebene 72201 Republic of Mauritius
Auditor	**Deloitte** 7th Floor, Standard Chartered Tower 19-21 Bank Street Cybercity Ebene 72201 Republic of Mauritius

Chairman Statement

On behalf of the board of directors, I am delighted to present the 2020 Annual report of MauBank Ltd ("Bank"); the first one under my Chairmanship. This indeed instills a feeling of pride to join a proficient and talented team; which has been leading the Bank for the past years.

With the leadership and the vision of the board of directors and the CEO, the Bank ended the financial year 2019/2020 with a profit 108.2m post tax; compared to a loss of MUR 346.5 for the financial year ended 30 June 2019. This has been a remarkable turnaround over the past twelve months; made possible by the strategic decisions undertaken by the Board, the CEO and the team at MauBank Ltd.

The Financial year 2019/2020 was full of challenges for the Bank; in view of the COVID 19 pandemic that engulfed the Financial Market and shrunk the economy around the world. Survival has been one of the most commonly used words to describe most businesses around the world and the banking sector has certainly not been left unscathed. Most banking institutions had to realign their business practices to help household and small and medium businesses survive these tough times.

The Small and Medium Enterprise (SME) sector in Mauritius remains one of the largest job creators. Contributing to approximately 55% of the GDP of Mauritius, the SME remains one of the key economic pillars of our local economy. At MauBank, we align with the intent of the Government to encourage micro, small and medium enterprises. Since the outbreak of COVID-19, the Bank has been closely monitoring its plausible economic impact on the banking sector and the Mauritian economy. Our banking industry has certainly felt the ripples of the COVID-19, in the midst of this financial crisis and our biggest challenge this year, has been to minimize its effect whilst continuing to be one of the national contributors to the economy of Mauritius. On 8 July 2020 the Bank of Mauritius announced the extension of specific measures under its COVID-19 Support Programme. The measures aim at further assisting Mauritian businesses across all economic sectors. We, at MauBank Ltd, complied with the guidelines of the Central Bank, during and post COVID, by providing relief to SMEs through moratorium on capital, interest rates as well as providing financial assistance to SMEs by way of soft interest rates on a longer period to ease the cash flows of SMEs and safeguarding employment. Site visits were also undertaken to be closer to SMEs and to understand the financial / oblique marketing difficulties faced by SMEs. We have been working together to find solutions to overcome such difficulties. We have also granted a moratorium of six months to households impacted by the COVID-19 on capital repayments on their existing household loans.

In line with our strategy to enhance customer experience and service delivery efficiencies at our sales outlet, we are moving towards a strategic business model, termed as "One Stop Shop Business Centre". This will enhance the synergy in our branches/ Business Centre for all products delivery channels, including loans and advances, cards both credit and debit, leasing and SMEs. The new business model will be led by Area Leaders, handholding the Business Centre Manager. This will be a major boost to our business development strategy for our branches, henceforth called Business Centers. By adopting a holistic approach, we aim be accessible to more businesses and increase our customer base as a result of this new implementation.

According to the Global Economic Outlook 2020, the combined effects of technological disruption, sweeping changes to work environment, demographic shifts and climate change, may have significant implications for the banking industry and institutions that lack scale or differentiated capabilities, in most cases, will likely be challenged. Banking should become more open, transparent, real-time, intelligent, tailored, secure, seamless, and deeply integrated into consumers' lives and institutional clients' operations. As we gear towards the new age of millennials, the Bank has proudly uplifted services to better serve their needs and the needs of our existing clients. We are consistently investing in new technology to facilitate the banking experience of new and existing customers. We aim to be at the forefront in terms of innovation and technology.

Mauritius continues to be a financial hub offering many opportunities for international business in Africa and the Middle East. The Bank is actively working to increase its presence into these market by tapping into our existing network. We will be deploying additional resources to focus on this new area of opportunity. We believe this will be a major opportunity which will propel the Bank to new heights of success and opportunities; in terms of growth and revenue.

The Board, together with the leadership team, are at the forefront in ensuring that the Corporate Strategy of the Bank remains focused on its three-pronged approach i.e.; "Create sustainable growth and enhance the clients' experience by providing solutions with a high level of Good Governance."

Last but not the least, we would like to extend our thanks to the Shareholder for its support, our customers for their trust and to MauBank's staff for their diligence and dedication. The coming years will be one full of challenges and opportunities. We rely on your ongoing support to make another fruitful year for the MauBank family.

Mr. Gooroodeo Sookun
Chairman
Board of Directors

Chief Executive Statement

Dear colleagues, customers and shareholders,

Every new year comes laden with expectations. At the beginning of the financial year 2019/2020, our management team at MauBank, much like at countless other enterprises, was looking forward to the challenges of the year. Yet, at its close, 2020 is almost indescribable! The impact of the COVID-19 pandemic on our society, our economy, and our professional and personal lives can barely be measured. The emotional and psychological cost will outlast the massive health and economic crisis brought on by the COVID-19 pandemic. Numerous highly effective vaccines offer promises of a way out of the health crisis and we will likely recover the lost economic output within a few years, but these do little to address the most damaging aspect of the pandemic; the feeling of helplessness and anxiety.

But at our bank, our values of **integrity, teamwork** and **excellence** must be behind everything that we do. We must, through greater empathy and compassion, accompany our colleagues in realising their potential. We must continue on our journey of becoming a stronger, fairer bank.

With this in mind, I present the audited annual report of MauBank Ltd and its subsidiaries for the financial year 2019/2020.

Since I joined our bank in November 2018, we have focused on a productivity strategy grounded on improving our cost structure while enhancing the sustainability of our revenue generating streams. I am pleased to say that, as a result, our bank is reporting a profit of MUR 108.2 million after impairment and tax for 2019/2020.

In striving for value creation, we are continuing to streamline our cost structure and focusing our attention on resource allocation. We have made significant progress on our operational cost base as a result of our cost reduction strategy. Our operating expenses are down by 8.26% compared to 2018-2019.

We have also continued to grow our fee-based income. We made a structural change to our business last year by allocating more resources to its development. Our trading income has also seen growth of 44.14% compared to 2018/2019.

Net interest income saw a reduction of 1.81% compared to 2018/2019. We recognised that we needed to work alongside our customers during these difficult times. Through empathy and compassion, we recalibrated our focus in line with our purpose. In addition to providing moratoriums on capital repayment on loans, we wanted to be fair to our customers and let them know that they were not alone; we also implemented various schemes to ensure that our customers were not left behind.

While Covid-19 was initially characterized as a healthcare issue, it is beyond dispute that it has evolved into an economic and social shock.

Our bank's motto and purpose is to be ***'le partenaire de votre progress'*** and there is no better time to embody this. Under our MauBank Household Scheme, for example, our bank provided loans to households to service capital repayments on their existing household facilities and essential utilities. I believe that the long-term benefits of shifting our company's focus more than outweighs the near-term costs.

In order to support our SMEs, our bank established a scheme to finance the expansion of production aimed at boosting import substitution and creating employment. We have positioned our bank to promote entrepreneurship by committing over a quarter of our assets to support SMEs. In the spirit of partnering with our customers, we underwrote the efforts of SMEs and empowered micro-enterprises to scale up their undertakings.

The COVID-19 pandemic has emphasized interdependence of businesses with their full range of stakeholders. We understand that our obligations to our shareholders cannot come at the expense of colleagues, customers, the community, other stakeholders and society at large.

I am hopeful that, as we close the 2019-20 financial year, we continue the unrelenting focus on our purpose. It is precisely at a time of crisis that we must remember our raison d'être.

As a partner to our customers, our colleagues continued to work closely with them to seize business opportunities via fully scalable and flexible products and services, tailored to meet – and exceed – their requirements.

Through our collaboration with multilateral development banks, we look to expand our SME business across sectors, such as manufacturing, trade, agriculture, aquaculture, ICT and transport. In doing so, we look to increase our SME clients by 10-12% annually until 2027.

We are also committed to diversity and inclusion as key pillars of growth. We are striving to increase our portfolio of women-owned enterprises and youth-owned enterprises to at least 1,500 and 300 respectively by 2027.

CONTINUING OUR CULTURE TRANSFORMATION

Work culture is an intangible ecosystem that makes some places great to work. This culture can only be built by pursuing our values of integrity, teamwork and excellence. We have been working consistently to create a better culture at our bank, for the present and the future.

The implementation of remote work as a result of the COVID-19 pandemic represented a shift in the work culture in Mauritius. Our bank incurred significant capital expenditure to implement remote work. Yet, for all the monetary investment, the success of remote work was fully dependent on our colleagues.

Despite its challenges, remote work was met with a high degree of understanding by our colleagues who strived to maintain the same level of dedication and consistency. Their efforts to business continuity ensured continued service to our customers and to various business units. I would like to express my sincere gratitude to all those involved in helping our bank navigate those challenging and uncertain times.

The future of our bank is disproportionately dependent on developing a learning culture. We must continue to inspire our colleagues to embrace innovation. From personal to professional development, we are actively working to foster a learning and sharing culture. As such, we are actively:

(1) Investing in various learning channels for our colleagues.
(2) Encouraging a culture of knowledge sharing.
(3) Providing our colleagues with the required training and tools to deliver an optimal customer experience.

Our complaints unit has been heavily involved in providing training to our branch managers and various stakeholders. As a result, most complaints are now handled directly by our complaints desk. We have noted a rise in customer retention and customer satisfaction rates as a result of our responsiveness and we hope to continue on the same path for the coming year.

Chief Executive Statement

OUR PROCESSES

The COVID-19 pandemic has caused significant changes to customer behaviour. While in the midst of our digital transition, the mobility restrictions caused by the pandemic forced our efforts into overdrive! As more of our customers turned to cashless operations, our bank has adapted by providing innovative solutions to help our customers in their banking needs. Our colleagues have worked tirelessly to identify new areas of growth as we continue our shift towards online banking. We continue to identify lines of business that can be boosted by macro-trends and through an omni-channel approach. We have upgraded our platforms to integrate more features, better security as well as reduction in time to process transactions. I am extremely proud to announce that our bank was recognised with the following quality recognition awards:

(1) Outstanding Achievement from JP Morgan.
(2) The Chase Quality Recognition Awards for the Straight through Processing (STP) on Swift Messages MT103 & MT202 respectively.

Our bank has also invested significantly in upgrading our Anti-Money Laundering software as part of our continuous effort and strategy to strengthen our AML/CFT framework. The latest version has undergone significant feature upgrades and technological leaps. We are now deploying enhanced matching algorithms, improved alert generation, reduced false positive through risk assessment and categorisation, as well as enhancement to latest technology stack.

The post COVID-19 era represents the biggest challenge of the past 70 years. Nonetheless, I strongly believe that we have created the very foundations needed to rise to the challenges that lie ahead. As we head into the new decade, our bank is well geared to explore, implement and expand into new business opportunities. We will continue to strengthen our domestic position, expand our non-banking activities and grow our footprint on the African continent. We will do so as our customers' partner.

Mr. Premchand Mungar
Chief Executive

Directors' Report

The Board of Directors of MauBank Ltd, the "Bank", is pleased to present its Annual Report together with the financial statements of the Bank and its subsidiary for the financial year ended 30 June 2020. 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 Companies Act 2001 and the Banking Act 2004. The Bank and its subsidiary are collectively referred to as the "Group".

GLOBAL ECONOMIC OUTLOOK

Since the outbreak of the COVID-19 pandemic, the IMF has issued its World Economic Outlook (WEO) and its Global Financial Stability Report (GFSR) twice, in April 2020 and again in June 2020. The projection of global output in 2020 was brought down substantially to 4.9 percent; down by 3.3%. For the first time, all regions are projected to experience negative growth in 2020. There are, however, substantial differences across individual economies; reflecting the evolution of the pandemic and the effectiveness of containment strategies, variation in economic structure (for example, dependence on severely affected sectors, such as tourism and oil); reliance on external financial flows, including remittances; and pre-crisis growth trends. In China, where the recovery from the sharp contraction in the first quarter is underway, growth is projected at 1.0 percent in 2020, supported in part by policy stimulus. India's economy is projected to contract by 4.5 percent following a longer period of lockdown and slower recovery than anticipated in April 2020. Inflation is expected to rise gradually in the coming year, consistent with the projected pickup in activity. Nonetheless, the inflation outlook remains muted, reflecting expectations of persistently weak aggregate demand. With the relentless spread of the pandemic, prospects of long-lasting negative consequences for livelihoods, job security, and inequality have grown more daunting.

Most analyst believe that the recovery will start in 2021, and a projection of global output in 2021 to be around 5.4 percent. This may sound good, but it is 0.4 percent lower than April forecast of 5.8 percent, and combined with the sharp contraction in 2020, it implies a cumulative loss to the global economy over two years (2020–21) of over USD 12 trillion from this crisis. Hotels, tourism, the travel industry, among others, will be particularly impacted. Asia, in 2021 is projected to pick-up 6.6 percent, with China growing at 8.2 percent. This too has been revised downward from the April forecast (by 1 percent), leaving the level of Asia's real GDP 5 percent lower in 2021 compared to pre-crisis projections. In other words, we expect output losses in Asia from the pandemic to be persistent. And, unfortunately, some of this will be permanent. We are assuming a recovery of the private sector in 2021, but the pace is slower than previously expected. Moreover, the assumptions regarding this private-sector–led recovery may turn out to be somewhat too optimistic. In short, we are facing a complex situation, with major tasks and serious challenges ahead. Only by working together can we ensure that the global economy continues to move toward a greener, smarter, and fairer path of recovery.

Source: IMF World Economic Outlook (April 2020 and June 2020)

REVIEW OF THE MAURITIAN ECONOMY

The economy of Mauritius shrank by 2% year-on-year in the first quarter of 2020, following an upwardly revised 2.5% growth in the previous period. It was the first economic contraction since the first quarter of 2005, as the coronavirus pandemic disrupted severely domestic activities. Main declines were seen in accommodation & food services (-13.6%); transportation & storage (-5%); wholesale & retail trade (-3.8%); construction (-6.9%) and manufacturing (-3.7%). In addition, growth slowed mostly in information & communication (3.3%); finance & insurance (4.7%); real estate activities (2.5%) and administrative & support services (1.7%). On a seasonally adjusted quarterly basis, the GDP contracted 3.6%, after an upwardly 1.5% expansion in the previous period. The unemployment rate, which has constantly fallen, from 7.9 percent in 2015 to 6.7 percent in 2019 is expected to rise in 2020 due to more layoffs as a result of the negative impact of COVID-19 on most businesses in Mauritius. The budget deficit, which has evolved in a stable range of 3–3.5 percent of GDP since 2013, is estimated to explode to 13.6 percent in 2020; largely due to higher expenditure and lower revenue. Prices are expected to increase, causing a headline inflation of 4 percent projected for the coming year. Public debt is believed to be around 78.2% of the GDP. Foreign Exchange Reserves in Mauritius increased to 7194.10 USD Million in June from 6864.30 USD Million in May of 2020; representing approximately 13 months of imports.

Outlook

The forecast of 2020 has been worked out amid a high level of uncertainties around the economic impact of the global COVID-19 outbreak. According to the IMF, all regions worldwide are projected to experience negative growth in 2020. Mauritius being a very open economy will be severely impacted, with a projected GDP contraction of 11%. The necessary lockdown measures have succeeded in slowing down the spread of the virus but have also frozen business activity in many sectors of the economy. Although restrictions begin to ease, the path to early economic recovery remains highly uncertain. The economic outlook presents itself with a bleak outlook; with major contraction expected in most sectors in Mauritius; Textile Manufacturing (-45%), construction (-20%), wholesale and retail (-12%), Accommodation and food services (-70%). We are, however, anticipating a growth in the financial sector and insurance activities. Overall economic growth is expected to be much slower in 2021 and a more gradual pick up is expected from 2022 onwards.

Source: EY, KPMG, The Mauritius Chamber of Commerce and Industry, International Monetary Fund, Statistics Mauritius, Bank of Mauritius

Directors' Report

Banking Sector In Mauritius

Banks in Mauritius enjoyed relatively high capital and liquidity buffers prior to the COVID-19 pandemic. The loan portfolio of banks was relatively more skewed towards financial services prior to the pandemic and Non-Performing Loans (NPLs) in affected sectors such as tourism were low and well covered. Furthermore, banks were primarily funded through deposits and enjoyed relatively high Liquidity Coverage Ratios. The Bank of Mauritius (Bank) conducted a survey on risks facing banks during the lockdown in early April 2020. So far, it can be concluded that resilience of the banking system can be supported by three main mechanisms: (a) bold measures that were, both, targeted and timely taken by the authorities; (b) adequate capital and liquidity buffers in the banking system; and (c) prudential measures already followed by banks to deal with 'black swan' contingencies, e.g., liquidity and capital restoration plans. Banks did not witness any major changes to their funding structure or to their liquidity situation during the lockdown.

While risks to banks have increased in the wake of the pandemic, stress tests result show that, so far, (a) banks appear to have adequate liquidity coverage as depicted by the Liquidity Coverage Ratio (LCR) and there seems to be no disruptions to funding. In fact, funding in the form of deposits rose during the lockdown. And, (b) although solvency may take a hit with the crisis, banks appear to have adequate buffers to weather the storm. However, if the ripple effects of the crisis remain sustained for a long period of time, some banks appear to be more vulnerable than others. On the financing front, the Bank lowered its Key Repo Rate (KRR) on two occasions from 3.35 to 2.85 per cent in March 2020 and from 2.85 to 1.85 per cent in April 2020, and came up with a Special Relief Fund of Mauritian Rupee (MUR) 5 billion to assist the most affected sectors. The Cash Reserve Ratio has been reduced from 9 per cent to 8 per cent so as to increase the supply of loanable funds of banks. Foreign currency funding facilities have been made available through banks to exporters and importers. On the regulatory and supervisory fronts, the Bank has reviewed its risk weight for certain categories of exposures and has temporarily put on hold its guideline on income recognition and loan impairment as well as its debt-to-income ratio requirement. Furthermore, banks have been encouraged to be flexible with respect to the application of IFRS9. Banks have also been encouraged to provide moratoriums to existing borrowers to help them contain the effects of the shock on their indebtedness level, with the proviso that these moratoriums would not entail penalties in the Mauritius Credit Information Bureau.

Regulatory measures taken by the Bank included putting on hold of the Guideline on Credit Impairment Measurement and Income Recognition, which was introduced in January 2020. The objective was to allow commercial banks to support enterprises facing cash flow and working capital difficulties. The Bank has also reviewed two other of its guidelines, namely the Guideline on Standardised Approach to Credit Risk and the Guideline on the Computation of Debt-to-Income Ratio for Residential Property Loans. With relation to its Guideline on Scope of Application of Basel III and Eligible Capital, the Bank has deferred the implementation of the last tranche of the Capital Conservation Buffer (CCB) amounting to 0.625 per cent to 1 January 2021. These measures are aimed at releasing more capital to banks whilst also giving them more flexibility in terms of funding capacity and support they can provide to customers.

Source: Financial Stability report, Bank of Mauritius, June 2020

Financial Results And Business Activities

The Bank's total assets was Rs 31.50 billion as at 30 June 2020 against Rs 26.82 billion as at 30 June 2019 whilst gross loans and advances to customers stood at Rs 16.00 billion as at 30 June 2020 compared to Rs 15.49 billion at 30 June 2019. On the other hand, the Bank has experienced an increase in its deposit base from Rs 23.06 billion at 30 June 2019 to Rs 26.31 billion, an increase of 14%.

The Bank ended the year 30 June 2020 with a profit after tax of Rs 108.20 million against a loss of Rs 346.54 million for the last year.

Please refer to the Management Discussion and Analysis on page 146 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. 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 (Reinstated 4 April 2018)
viii. Procurement Committee (Constituted on 10 May 2019)

Moreover, 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 2020, 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 18,302,379** for year ended 30 June 2020 compared to Rs 17,799,220 for the year ended 30 June 2019 and Rs 21,961,779 for the period ended 30 June 2018.

Directors' Service Contracts

The Bank has an employment contract with its executive director, Mr Premchand Mungar who was appointed Chief Executive Officer with effect from 23 November 2018.

Directors' Share Interests

The directors have no interest in the share capital of the Bank, whether directly or indirectly.

Auditor

In its fifth year as External Auditor, Deloitte acted as external auditors of the Group and the Bank for the year ended 30 June 2020 and its remuneration for audit and other services payable, inclusive of Value Added Tax, is as follows:

	The Group			The Bank		
	Year ended 30 June 2020	**Year ended 30 June 2019**	**Year ended 30 June 2018**	**Year ended 30 June 2020**	**Year ended 30 June 2019**	**Year ended 30 June 2018**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Audit fees	**4,512,600**	4,048,000	3,691,500	**4,382,650**	3,910,000	3,565,000
Other services	**287,500**	4,629,009	1,932,000	**287,500**	4,629,009	1,932,000
TOTAL	**4,800,100**	8,677,009	5,623,500	**4,670,150**	8,539,009	5,497,000

Other services payable for the year ended 30 June 2020 to Deloitte relates to:

- Control review of loan disbursement procedures for a customer

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

The Audit Committee meets regularly with the external auditors (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 Auditors by the Board / Board members, without the presence of Management, at least once a year, if required.

Prospects Ahead

MauBank Ltd's operational activities span across four main pillars, namely SME, Retail, Corporate and International Banking and continues to expand its business in these areas. The Bank has been rolling out its digital transformation strategy with a view to further penetrate the market with innovative and state of the art solutions, tailored to customer needs.

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 consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments 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.

Acknowledgements

The Bank is grateful for the support given by the Government as ultimate shareholder, the Honourable Prime Minister and the Financial Secretary. The Bank is also grateful to management and the employees for their support. The Bank wishes to convey its special thanks to its customers and depositors for their continued support, relationship and trust.

Mr. Gooroodeo Sookun
Chairman
On behalf of Board of Directors

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

Mr. Ashvin Jain Gokhool
Chairman of Audit Committee
On behalf of Board of Directors

Date: 30 Sept 2020

Ebene 72201, Republic of 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 of Management Forums, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations.

The abovementioned 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 endeavored towards attaining, adhering and maintaining throughout the financial year 2019-2020, 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 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, 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 Managements 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. 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 (Reinstated 4 April 2018)
viii. Procurement Committee (Constituted on 10 May 2019)

The CEO together with management executives are responsible for the day to day operations of the Bank. The CEO 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.

Furthermore, the Bank ensures adherence to all its policies and procedures which are in line with the Guidelines issued by the Bank of Mauritius. An Anti-Money Laundering Unit, forming part of the Compliance Department, is specifically mandated to safeguard the reputation and integrity of the Bank.

The operating model of the Bank ensures segregation of duties and also clear cut 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:

- Approval and review of Accounts;
- Approval and review of annual Budget
- Approval and review of Corporate Strategy;
- Approval of Board Charter and Committees Terms of References;
- 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 and
- Approval of budgeted and unbudgeted expenses

Corporate Governance Report

Corporate Governance Applied (contd)

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;
- Code of Conduct and Ethics policy;
- Organisation Chart;
- Directors details;
- Statement of Accountabilities (can be found in the Annual Report); and
- Board Charter.

2.1.3 Statement of Compliance to Principle 1

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements under Principle 1 of the Code of Corporate Governance, with no material deviation to be highlighted."

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."

2.2.1 Board Size and Composition

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

The Board of MauBank is a unitary Board that currently comprises of five (5) Independent Directors, representing 63 percent of the Board composition, two (2) Non-Executive Directors and one (1) Executive Director, who are all Mauritian residents. The Board includes directors from various industries and backgrounds which the Board believes are sufficient towards effective decision making. Moreover, with no alternate director discussions at Board and Committee levels, discussions are more productive and decisions more effective.

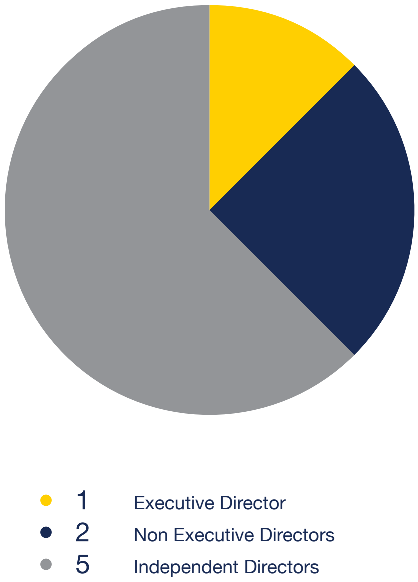
Currently with the membership of eight (8) Directors, the Board believes that it is commensurate to the Bank's current business activities. The Directors are appointed on the Board in accordance with laws of Mauritius and the constitution of the Bank. The Directors' membership are renewed on an annual basis during the Annual Meeting of Shareholders. The last Annual Meeting was held on 31 December 2019. The last director to be appointed on the Board of Directors was Mr Sookun, who was appointed by way of written resolution on 10 June 2020. Mr Sookun was elected as Chairperson of the Board on 30 June 2020.

The Bank is in its transformation phase and high caliber Executives have been recruited, including a Deputy Chief Executive Officer. For the financial year ended 30 June 2020, the Chief Executive Officer was the only Executive Director at the Bank and he was supported by a robust executive management team.

Also, recognising the importance of diversity, MauBank is currently engaged in creating new and inspiring possibilities for women within the Bank, as such the appointment of women at Board Level is under consideration. Discussions regarding the appointment of women on the Board have been held with the main shareholder of the Bank, namely MauBank Holdings Limited. The Bank has been informed by the latter that such appointments are currently under process pending the selection of the right candidate(s).

Further, work has been initiated in this field where two women form part at the Executive Committee level.

2.2.2 Board Composition



Composition

- Mr. Gooroodeo Sookun
  Independent Director & Chairman
  Appointed on 10 June 2020
- Mr. Mungar Premchand
  Executive Director
  Appointed on 23 November 2018
- Mr. Nicolas Jean Marie Cyril
  Independent Director
- Mr. Gokhool Ashvin Jain
  Independent Director
- Mr. Nilamber Anoop Kumar
  Independent Director
- Mr. Codabux Muhammad Javed
  Independent Director
- Mr. Rampersad Rabin
  Non-Executive Director
  Appointed on 19 September 2019
- Mr. Sokappadu Ramanaidoo
  Non-Executive Director
  Appointed on 03 October 2019
- Mr. Burkutoola Mahmadally
  Independent Director & Chairman
  Cessation on 11 October 2019
- Dr. Paligadu Dharamraj
  Non-Executive Director
  Cessation on 06 August 2019
- Mr. Putchay Vassoo Allymootoo
  Non-Executive Director
  Cessation on 05 September 2019

Corporate Governance Report

Corporate Governance Applied (contd)

2.2.3 The Board and 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 judgment 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 CEO 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 companies. 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.

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 2020:

Members	Date of Appointment	Date of Cessation	Board Status	Meeting Attendance
SOOKUN Gooroodeo (Chairperson)	10-Jun-2020	-	Independent Director	1/1
MUNGAR Premchand	23-Nov-2018	-	Executive Director	19/20
NICOLAS Jean Marie Cyril	13-Mar-2015	-	Independent Director	20/20
GOKHOOL Ashvin Jain	23-Feb-2016	-	Independent Director	12/20
NILAMBER Anoop Kumar	22-Mar-2016	-	Independent Director	11/20
CODABUX Muhammad Javed	10-Mar-2017	-	Independent Director	20/20
RAMPERSAD Rabin	19-Sep-2019	-	Non-Executive Director	10/13
SOKAPPADU Ramanaidoo	3-Oct-2019	-	Non-Executive Director	12/12
BURKUTOOLA Mahmadally	19-Mar-2019	11-Oct-2019	Independent Director	8/8
Dr. PALIGADU Dharamraj	7-Mar-2015	06-Aug-2019	Non-Executive Director	2/2
PUTCHAY Vassoo Allymootoo	20-Jan-2016	05-Sep-2019	Non-Executive Director	5/5

Corporate Governance Report

Corporate Governance Applied (contd)

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 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 4 April 2018. The Procurement Committee was constituted on 10 May 2019.

The main objectives, responsibilities and the membership of the Board Committees, as at 30 June 2019, are set out below:

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.

Current Composition:

- Mr. Gokhool Ashvin Jain (Chairman)
- Mr. Codabux Muhammad Javed
- Mr. Nicolas Jean Marie Cyril
- Mr. Nilamber Anoop

Committee Attendance

The Directors who served on the Audit Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
GOKHOOL Ashvin Jain *(Chairperson)*	Independent Director	10/10
NICOLAS Jean Marie Cyril	Independent Director	10/10
NILAMBER Anoop Kumar	Independent Director	3/10
CODABUX Muhammad Javed	Independent Director	9/10

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 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 review 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.

Current composition:

- Mr. Codabux Muhammad Javed (Chairman)
- Mr. Mungar Premchand
- Mr. Gokhool Ashvin Jain
- Mr. Nicolas Jean Marie Cyril

Committee Attendance

The Directors who served on the Conduct Review Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	5/5
MUNGAR Premchand	Executive Director	5/5
NICOLAS Jean Marie Cyril	Independent Director	5/5
GOKHOOL Ashvin Jain	Independent Director	4/5
BURKUTOOLA Mahmadally *(until 11 October 2019)*	Independent Director	2/2

Corporate Governance Report

Corporate Governance Applied (contd)

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 Officer 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.

Current Composition

- Mr. Rampersad Rabin (Chairman)
- Mr. Mungar Premchand
- Mr Anoop Nilamber
- Mr. Nicolas Jean Marie Cyril
- Mr. Sokappadu Ramanaidoo
- Mr. Codabux Muhammad Javed

Committee Attendance

The Directors who served on the Nomination and Remuneration Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
RAMPERSAD Rabin *(Chairperson)*	Non-Executive Director	2/2
MUNGAR Premchand	Executive Director	4/4
NICOLAS Jean Marie Cyril	Independent Director	4/4
NILAMBER Anoop Kumar	Independent Director	3/3
CODABUX Muhammad Javed	Independent Director	1/1
SOKAPPADU Ramanaidoo	Non-Executive Director	3/3
BURKUTOOLA Mahmadally *(until 11 October 2019)*	Independent Director	1/1

Corporate Governance Report

Corporate Governance Applied (contd)

2.2.4.4 Board Investment and Credit Committee

Mandate

The Board Credit Committee reviews and approves credit proposals above Rs. 40 million. This Committee is held as and when the need arises.

Current Composition

- Mr. Nilamber Anoop Kumar (Chairman)
- Mr. Mungar Premchand
- Mr. Nicolas Jean Marie Cyril
- Mr. Rampersad Rabin
- Mr. Sokappadu Ramanaidoo

Committee Attendance

The Directors who served on the Board Investment & Credit Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
Anoop Kumar NILAMBER *(Chairperson)*	Independent Director	11/13
Ramanaidoo SOKAPPADU	Non-Executive Director	7/8
Rabin RAMPERSAD	Non-Executive Director	8/9
Premchand MUNGAR	Executive Director	13/13
Jean Marie Cyril NICOLAS	Independent Director	13/13
Mahmadally BURKUTOOLA *(until 11 October 2019)*	Independent Director	4/5
Dr. Dharamraj PALIGADU *(until 06 August 2019)*	Non-Executive Director	2/2
Vassoo Allymootoo PUTCHAY *(until 05 September 2019)*	Non-Executive Director	3/3

2.2.4.5 Risk Management Committee

Mandate

The main responsibilities of the Risk Management Committee is the identification and oversight of the principle 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.

Current Composition

- Mr. Nilamber Anoop Kumar (Chairman)
- Mr. Mungar Premchand
- Mr. Nicolas Jean Marie Cyril
- Mr. Gokhool Ashvin Jain
- Mr. Codabux Muhammad Javed

Committee Attendance

The Directors who served on the Risk Management Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
Anoop Kumar NILAMBER *(Chairperson)*	Independent Director	2/3
Premchand MUNGAR	Executive Director	4/4
Jean Marie Cyril NICOLAS	Independent Director	4/4
Ashvin Jain GOKHOOL	Independent Director	4/4
Muhammad Javed CODABUX	Independent Director	4/4
Mahmadally BURKUTOOLA *(until 11 October 2019)*	Independent Director	1/1

Corporate Governance Report

Corporate Governance Applied (contd)

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 shall 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 shall be to:

- Determine, agree and develop the Bank's general policy on corporate governance in accordance with applicable Code of Corporate Governance and legislations;
- Ensure that the corporate governance report to be published in the Bank's annual report is in compliance with provisions of the Code of Corporate Governance;
- Ensure that disclosures are made in the annual report in compliance with the disclosure provisions in the Code of Corporate Governance;
- Consider any other corporate governance matters as directed by the Board.

Current Composition

- Mr. Codabux Muhammad Javed (Chairman)
- Mr. Mungar Premchand
- Mr. Gokhool Ashvin Jain
- Mr. Nilamber Anoop
- Mr. Nicolas Jean Marie Cyril
- Mr. Rampersad Rabin

Committee Attendance

The Directors who served on the Corporate Governance Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
CODABUX Muhammad Javed *(Chairperson)*	Independent Director	2/2
NILAMBER Anoop Kumar	Independent Director	1/1
MUNGAR Premchand	Executive Director	2/2
NICOLAS Jean Marie Cyril	Independent Director	1/1
GOKHOOL Ashvin Jain	Independent Director	2/2
RAMPERSAD Rabin	Non-Executive Director	1/1
BURKUTOOLA Mahmadally *(until 11 October 2019)*	Independent Director	1/1

2.2.4.7 Strategy and Finance Committee

Mandate

The duties of the Committee shall be to advise 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.

Current Composition

- Mr. Mungar Premchand
- Mr. Ashvin Jain Gokhool
- Mr. Codabux Muhammad Javed

Committee Attendance

The Directors who served on the Strategy and Finance Committee and their attendance at committee meetings during FY 2019/20 are as follows:-

Members	Board Status	Meeting Attendance
MUNGAR Premchand	Executive Director	1/1
CODABUX Muhammad Javed	Independent Director	1/1
GOKHOOL Ashvin Jain	Independent Director	1/1
BURKUTOOLA Mahmadally (until 11 October 2019)	Independent Director	1/1

Corporate Governance Report

Corporate Governance Applied (contd)

2.2.4.8 Procurement Committee

Mandate

The duties of the Committee shall be to review certain revenue and capital expenditures 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.

Current Composition

- Mr. Nicolas Jean Marie Cyril (Chairman)
- Mr. Mungar Premchand
- Mr. Rampersad Rabin
- Mr. Codabux Muhammad Javed
- Mr. Nilamber Anoop Kumar

Committee Attendance

The Directors who served on the Procurement Committee and their attendance at committee meetings during FY 2019/20 are as follows:

Members	Board Status	Meeting Attendance
NICOLAS Jean Marie Cyril *(Chairperson)*	Independent Director	5/5
MUNGAR Premchand	Executive Director	5/5
CODABUX Muhammad Javed	Independent Director	3/3
RAMPERSAD Rabin	Non-Executive Director	2/2
NILAMBER Anoop Kumar	Independent Director	1/1
BURKUTOOLA Mahmadally *(until 11 October 2019)*	Independent Director	3/3
Dr. PALIGADU Dharamraj *(until 06 August 2019)*	Non-Executive Director	2/2
PUTCHAY Vassoo Allymootoo *(until 05 September 2019)*	Non-Executive Director	3/3

2.2.5 Directors' Independence

With 63% of Independent Directors on its Board, the Bank ensures that the decision taking processes are independently, 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. 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 organisation 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 for more than nine continuous years from the date of his first election?

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 that are being 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 (contd)

2.2.6 Company Secretary

The Bank's Secretary to the Board is guided by its Constitution, the 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 161.

2.2.7 Statement of Compliance to Principle 2

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements of Principle 2 of the Code of Corporate Governance, with no material deviation to be highlighted, in all material respects."

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."

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 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 new Directors are given a well thought out induction programme that help them 'hit the ground running'. 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.

Moreover, to better discharge their responsibilities as Directors, regular training programs are arranged for all the Bank's directors. In this respect, the Directors' attended a workshop delivered by the Mauritius Institute of Directors ("MIoD") on 'An overview of Corporate Governance in the Banking Sector' on the 22 August 2017. The Directors also attended a 'Training on new Technologies' on the 27 November 2018. Recognising the need to be kept abreast of the latest development in AML/CFT, the Board requested that a training on same be conducted for all directors. Accordingly, a training on AML/CFT was organized on 26 February 2020 for the directors of the Bank and the directors of MauBank Holdings Ltd. The training was delivered by the Financial Services Institute.

In its fifth year of operations, MauBank's Directors adheres to the provision provided in the Guideline on Corporate Governance which allows a Director to serve for a maximum term of six years. However, recognizing the need to have a formal succession plan at the Bank, a 'Succession Planning for Directors' has been drafted and implemented as of April 2018 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:

- Biographies of each director

2.3.4 Statement of Compliance to Principle 3

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements of Principle 3 of the Code of Corporate Governance and that the Board assumes full responsibilities for succession planning and for the appointment and induction of new directors to the Board."

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."

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 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 Board is aware of the need for its members to be kept abreast of the latest development in AML/CFT. In this context, a training on AML/CFT was organized on 26 February 2020 for the directors of the Bank and the directors of MauBank Holdings Ltd. The training was delivered by the Financial Services Institute.

Moreover, at its Board meeting held on 13 September 2019, the Board approved that Mr Premchand Mungar, the Chief Executive Officer of the Bank, attend the Finacle Conclave 2019, the Annual Banking Leadership Summit which will be held from 12 November 2019 to 14 November 2019 in Dubai. Finacle Conclave 2019 is designed to help banks discover practical insights, potential strategies and solutions, to deliver truly digital transformation at scale and therefore, Finacle Conclave 2019 is the perfect platform to provide the Chief Executive Officer of the Bank with the insight, experience and knowledge to better develop strategies and solutions for the Bank to deliver truly digital transformation at scale.

Evaluations of the Board have been carried out from time to time during a number of different Board meetings during the financial year ended 30 June 2019 e.g. At its Board meeting of 10 May 2019, the Board noted that the Board needed more diversity and the Board should have directors from both genders as members of the Board i.e. male and female directors. The Board agreed that female director(s) should be appointed. Generally, the evaluations were in relation to the following:

Corporate Governance Report

Corporate Governance Applied (contd)

2.4.2 Evaluation of the Board, its Committees and Individual Directors

- 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.

Moreover, in September 2019, a Board evaluation questionnaire was circulated to all members of the Board. The evaluation was in respect of the board composition, effectiveness of the Board, regulatory environment, and the Bank's strategic goals to match the corporate plan. Further, a Board evaluation by an external consultant was expected to be conducted during the second quarter of 2020. However, due to travel restrictions, the evaluation of the Board could not be completed by the external consultant. Given that the travel restrictions are still in place, the Board decided to proceed with a self assessment. Accordingly, in September 2020, all Directors were invited to do a self-assesment by completing a self-evaluation questionnaire which covers, amongst others, the following:

(i) The performance of the Board;
(ii) The Board's relationship with the Chief Executive; and
(iii) Each individual Director's performance.

The results of the above assessment are expected to be tabled at a Board meeting in October 2020.

2.4.3 Directors' Interests and Dealings in Shares

The Company Secretary maintains an interests register and is available for consultation to shareholders upon request. The Directors have no interest in the share capital of the Bank, whether directly or indirectly. The shares of the Bank are unquoted and hence there were no dealings in shares by the Directors 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 revised 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 Forum, Conduct Review, Risk Management and Corporate Governance Committees.

Exposure of the Bank's top six related parties as at 30 June 2020 were Rs 251.30 Mn, Rs 190.78 Mn, Rs 8.07 Mn, Rs 7.27 Mn, Rs 6.77 Mn and Rs 6.63 Mn. These balances represented 12.39%, 9.41%, 0.40%, 0.36%, 0.33% and 0.33% respectively of the Bank's Tier 1 capital. The total top six related parties represented Rs 470.78 Mn or 24.78% of Tier 1 capital.

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. These information are provided in a timely manner and are inclusive of reports from various departments of the Bank. Moreover, Directors receive independent reports through the Bank's Internal Auditors, Compliance Department and also through the Bank's external auditors.

Directors have access to all required documentation and have direct access to the Company Secretary for any eventual queries and need for additional information.

2.4.6 Information Technology and Information Security

The strategic projects and a highlevel implementation plan is 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 period review.

As part of the Business Continuity Plan, 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 presented to the Board for information.

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 and standards are carried out and reported to Management of the Bank.

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

2.4.7 Directors' Remuneration

The fees payable to the Chairman of the Board of directors and the other directors of MauBank Ltd have been determined by the Ministry of Finance and Economic Development. The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 18,302,379** for the year ended 30 June 2020 compared to Rs 17,799,220 for the year ended 30 June 2019.

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.

The remuneration of the Non-Executive Directors and the Executive Director, on an individual basis, is as follows:

	Year Ended 30 June 2020	Year Ended 30 June 2019
	(Rs)	(Rs)
Non-Executive Directors	**3,343,000**	4,310,500
Executive Directors	**14,959,379**	13,488,720
	18,302,379	17,799,220

Due to privacy considerations, the renumeration paid to each individual director has not been disclosed.

Corporate Governance Report

Corporate Governance Applied (contd)

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 retain and attract qualified and experienced management and executives to meet the Bank's goals. The Bank also closely evaluates any practice by which remuneration is paid to both directors and executives. The remuneration packages are determined based on a number of factors inclusive of, qualification, skills, market conditions and responsibility shouldered.

The Board regularly monitors and evaluates compliance with its code of conduct and ethics policy. The Bank's Code of Conduct and Ethics Policy was reviewed in June 2019.

2.4.9 Website

The following Bank Policies can be found on the Bank's Website;

- Bank's Code of Conduct and Ethics

2.4.10 Statement Of Compliance To Principle 4

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements of Principle 4 of the Code of Corporate Governance and that the Board is aware of its legal duties and regularly monitors and evaluates its compliance with the Bank's Code of Ethics. The Board of Directors also affirm that an information, information technology and information security policy exists."

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

The risk management framework and process is set out pages 148 to 157 in the management and discussion analysis report.

2.5.1 Whistleblowing Policy

The Whistleblowing Policy was approved by the Board on 29 November 2016 and last reviewed by the Board on 06 September 2019.

This Policy is designed to enable employees of the Bank 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.

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.
- Let employees know the Bank is serious about adherence to its Code of Conduct & Ethics Policy and the other Bank's policies.

2.5.2 Statement Of Compliance to Principle 5

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements of Principle 5 of the Code of Corporate Governance in all material respects."

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."

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 consolidated financial position, consolidated performance and consolidated cash flows of the Bank.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments 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.

2.6.2 Corporate Social Responsibility

As a responsible business organization, MauBank recognises the integral role and responsibilities it has towards society. Driven by a strong commitment to improve the wellbeing of the communities in which we operate, the bank has conscientiously carried forward its CSR programme alongside its business activities. For us, this means pursuing financial growth, but not without keeping an eye on social and environmental concerns that require action. The overall aim of MauBank CSR programme is to bring positive change and impact on society as a whole, while maximising the creation of shared value for the owners of the business, employees, shareholders and stakeholders.

The Bank leverages CSR as an important strategy to further create engagement with stakeholders. This rests upon the adoption of a corporate culture which actively encourages employees to consider how the company can give back to the community and to do better in the world.

Recognizing the important role NGOs play in the advancement of social initiatives, MauBank has supported projects implemented by them which will collectively contribute towards the Sustainable Development Goals (SDG) Mauritius has committed to achieve.

Thus, during the financial year 2019/20, the Bank has funded five (5) projects with regards to vulnerable children and/or children with special needs, under the care of three (3) NGOs.

Project 1: Structured Healthy living activities
NGO: SOS children's Village
Objectives: To enhance the mental and social well-being of the sheltered vulnerable children.
Outcome: Children have a better self-esteem, and are more confident about themselves for successful re-integration in society.
Number of beneficiaries: 50
SDGs 10 & 3: Reduced Inequalities and Good Health & Well Being

Corporate Governance Report

2.6.2 Corporate Social Responsibility (contd)

Project 2: Vocational Training for adolescents living in shelters
NGO: SOS children's Village
Objectives: Provide access to Education for employability.
Outcome: The beneficiaries become economically independent for a successful transition from shelter to their own livelihood.
Number of beneficiaries: 4
SDGs 1 & 8: No Poverty/Decent work and Economic growth

Project 3: Mixed Farming Project
NGO: SOS children's Village
Objectives: Provide hands-on experience to children to start their own cultivation for food security.
Outcome: Children are now doing subsistence farming to meet their personal food requirements.
Number of beneficiaries: 65
SDGs 2 & 10: Zero Hunger and Reduced Inequalities

Project 4: Parental Guidance Programme
NGO: The Trevor Huddleston Association (Care-Co) Rodrigues
Objectives: Individual skills training by qualified staff to parents whose children have hearing or visual impairment.
Outcome: Children benefit from enhanced special care from their parents for optimal growth and development
Number of beneficiaries: 54
SDG 10: Reduced Inequalities

Project 5: Shelter Infrastructure and Facilities Enhancement
NGO: Association des Amis de Don Bosco
Objectives: To provide vulnerable children a decent place to live which meet hygiene, safety, and security standards, conducive to healthy growth.
Outcome: Children to overcome the trauma of previous assault and homelessness by forging relationships in an environment of care, dignity, and belonging.
Number of beneficiaries: 32
SDGs 1, 5 & 10: No Poverty, Gender Equality and Reduced Inequalities.

Staff Engagement Activities

1. MauBank Trash Tag Challenge

MauBank was proud to introduce the Trash Tag challenge in Mauritius last year, which is a global movement to encourage people to clean the community in which they live and sensitize on the prevention of littering and dumping ahead of getting the country prepared to host the Indian Ocean Island Games. A cleaning contest – the 'Trash Tag Challenge' - organized on Social Media to stimulate community participation in environmental clean up met a high level of participation, resulting in many spots around the island cleaned by civil society groups.

To set the example, the staff of MauBank actively participated to this action and teamed up to clean three spots in Ebene, Reduit and Wooton respectively.

2. Fun activity organized at Association des Amis de Don Bosco with the kids during school holidays

A fun activity was organized at Association des Amis de Don Bosco a shelter for children deprived of parental care. Gearing up towards the Indian Ocean Island Games, the bank, as an official sponsor of the event, gave our small friends the priviledge to meet and interact with Krouink the mascot on their premises. Staff of the bank got the opportunity time with children for a distribution of Easter eggs, some entertainment activities including face painting and games.

3. Sheltered/vulnerable children attending JIOI

In the context of the Indian Ocean Island Games held in July 2019, the Bank as a sponsor, distributed 100 tickets to three NGO's namely Association of Disability Service Providers, SOS Children village and Association des Amis de Don Bosco. Staff members organized trips and accompanied the children beneficiaries of these partner NGOs to live an exceptional and memorable experience at the stadium. Most of the children had never experienced the JIOI in Mauritius as they were not yet born in 2003 and the idea was to give them the chance to support their country during the games.

4. Staff contribution towards two NGOs.

The NGO SOS Children Village was having difficulties to meet the running cost of their day-to-day and they had to sell lottery tickets as fund raising activity. They were invited to sell their lottery tickets in the premises of the Bank and staff bought most of the tickets as an act of solidarity to help the NGO overcome the difficult period.

The Bank also welcomed the NGO "Elles C Nous Association" in November 2019 at its premises for a sale exhibition of paintings for fund raising. The children of the association crafted the paintings and the sale was organized for the NGO to meet its end of year expenses and the cost of school materials for the children for the coming year. The Bank's staff & clients purchased the paintings and contributed towards a good cause.

5. Staff contributing to COVID-19 Solidarity Fund

At the Bank, we have always believed in uplifting and protecting our community. With the impact of the Covid-19 pandemic, the Government created the COVID-19 Solidarity Fund. The Bank promptly mobilized its staff to raise contribute to the funds. Staff members reacted positively and donated generously to the Covid-19 Solidarity Fund to support the Government in its endeavor to help those whose households and organizations were most affected by the pandemic.

2.6.3 Statement of Compliance to Principle 6

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements of Principle 6 of the Code of Corporate Governance."

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."

Corporate Governance Report

Corporate Governance Applied (contd)

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

The plan is executed by the Head of Internal Audit, who is adequately supported by staff members, all of whom have the requisite experience in banking, finance and audit. Progress reports on the execution of the plan are tabled in each Audit Committee meeting.

After each assignment, an audit report is prepared and tabled in the Audit Committee. Once approved by the Audit Committee, the audit reports are issued to the respective Head of Business Units. The report contains findings with their associated risks, recommendations to address control deficiencies and enhancements 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 effected subsequently to obtain status on implementation of recommendations made.

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, on the number of findings and severity of the risks.

All high risk units and the medium risk units were covered satisfactorily as part of annual audit plan 2019/2020.

2.7.2 External Auditors

In its fifth year as External Auditor, Deloitte acted as external auditors of the Group and the Bank for the year ended 30 June 2020 and its remuneration for audit and other services payable, inclusive of Value Added Tax, is as follows:

	The Group			The Bank		
	Year ended 30 June	Year ended 30 June	Year ended 30 June	Year ended 30 June	Year ended 30 June	Year ended 30 June
	2020	2019	2018	2020	2019	2018
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**4,512,600**	4,048,000	3,691,500	**4,382,650**	3,910,000	3,565,000
Other services	**287,500**	4,629,009	1,932,000	**287,500**	4,629,009	1,932,000
TOTAL	**4,800,100**	5,623,500	5,623,500	**4,670,150**	8,539,009	5,497,000

Other services payable for the year ended 30 June 2020 to Deloitte relates to:

- Control review of loan disbursement procedures for a customer

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

2.7.3 Statement of Compliance to Principle 7

"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 of Principle 7 of the Code of Corporate Governance, in all material respects".

2.8 Principle 8: Relations with Shareholders and other Key Stakeholders

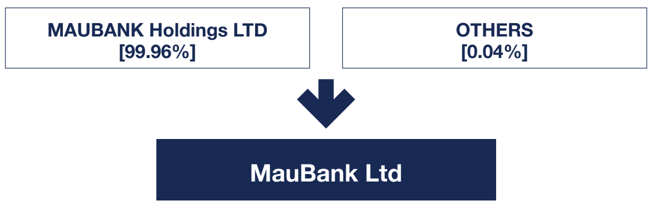
"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose."

2.8.1 Shareholding

As at 30 June 2020, the share 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 shares register with MauBank Holdings Ltd ("Holdings") holding 99.96% interest in the Bank and the remaining shares being held by 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 Holding Structure of the Bank as at 30 June 2019 is shown below:



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

- Mr. Beejan Manickchand
- Ms. Sumputh Vijaya Kumaree
- Mr. Chellapermal Radhakrishna (resigned on 01 August 2020)
- Mrs. Ranmondhur-Ruggoo Khuroona (Appointed on 16 October 2019)

2.8.3 Shareholders Diary

The last annual meeting of shareholders was held on 31 December 2019.

2.8.4 Statement of Compliance

"We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with its obligations and requirements of Principle 8 of the Code of Corporate Governance."

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 2020

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

Mr. Gooroodeo Sookun
Chairman
On behalf of Board of Directors

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

Mr. Ashvin Jain Gokhool
Chairman of Audit Committee
On behalf of Board of Directors

Date: 30 Sept 2020

Ebene 72201, Republic of Mauritius

Statement of Management's Responsibility for Financial Reporting

for year ended 30 June 2020

The financial statements for the Bank's operations presented in this Annual Report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and Bank of Mauritius Guideline on Public Disclosure of Information 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, Risk Management 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 coordination with the Bank's external auditors. 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
Chairman
On behalf of Board of Directors

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

Mr. Ashvin Jain Gokhool
Chairman of Audit Committee
On behalf of Board of Directors

Date: 30 Sept 2020

Ebene 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 2020.

Mr. RAMJUNUM GAURAVSINGH
Secretary

Date: 30 Sept 2020

Ebene 72201, Republic of Mauritius

Independent Auditor's Report to the Shareholders 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" or the "Public Interest Entity") and its subsidiary (collectively the "Group") set out on pages 31 to 145, which comprise the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and 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 2020, 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 and the Financial Reporting 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 Audit of the consolidated and separate financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our 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, 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. The key audit matters noted below relate to the consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses	
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. The effect of these matters is that, as part of our risk assessment, we determined that the ECL on loans and advances to customers has a high degree of estimation uncertainty. The credit risk section of the financial statements disclose the sensitivities estimated by the Bank. Also refer note 4 of the financial statements.	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: a) the appropriateness of the macro- economic forecasts used; b) the appropriateness of PD, LGD and EAD used in the ECL calculation; c) the reasonableness of the model predictions by comparing them against actual results; d) key data sources and assumptions including economic forecasts, PD, LGD assumptions and qualitative adjustments impacting ECL calculations; e) the completeness and accuracy of data used for ECL calculation through sample testing; We found the judgments and assumptions used in determining the expected credit loss to be reasonable and appropriate.

Independent Auditor's Report to the Shareholders of MauBank Ltd

The 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 subsidiaries 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.

The 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 issued by Bank of Mauritius in relation to banks; and

- the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Statement of Management's Responsibility for Financial Reporting, Report from the Secretary, Management Discussion and Analysis and Administrative Information, which we obtained prior to the date of this auditor's report. The other information 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 or 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.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 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.

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 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.

Independent Auditor's Report to the Shareholders of MauBank Ltd

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.

- 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

R. Srinivasa Sankar

R. Srinivasa Sankar, FCA
Licensed by FRC

30 September 2020

Statements of Financial Position

as at

	Notes	The Group			The Bank		
		30 June 2020	**30 June 2019**	**30 June 2018**	**30 June 2020**	**30 June 2019**	**30 June 2018**
		Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
ASSETS							
Cash and cash equivalents	8(a)	**4,287,385,039**	4,117,331,280	1,329,205,952	**4,287,385,039**	4,117,331,280	1,329,205,952
Loans to and placements with banks	9	**2,447,872**	73,722,466	314,467,714	**2,447,872**	73,722,466	314,467,714
Derivative assets	29	**45,718,645**	2,830,728	1,006,361	**45,718,645**	2,830,728	1,006,361
Trading assets	10	**3,637,975,739**	1,620,255,263	1,192,675,454	**3,637,975,739**	1,620,255,263	1,192,675,454
Investment securities	11	**3,568,483,878**	1,927,225,589	2,928,036,240	**3,568,483,878**	1,927,225,589	2,928,036,240
Loans and advances to customers	12	**15,406,607,530**	14,935,784,208	11,177,109,838	**15,597,383,181**	15,146,836,349	11,404,531,039
Property, plant and equipment	13(a)	**1,782,530,259**	1,723,756,990	1,791,989,667	**1,479,141,150**	1,484,210,276	1,541,772,716
Intangible assets	13(b)	**196,854,243**	215,650,705	220,608,500	**196,854,243**	215,650,705	220,608,500
Right of use	13(c)	**112,090,590**	-	-	**212,919,603**	-	-
Investment properties	14	**79,300,000**	66,460,000	66,460,000	**79,300,000**	66,460,000	66,460,000
Investment in subsidiary	15	**-**	-	-	**100,000**	100,000	100,000
Current tax assets	38(c)	**5,613,241**	6,920,064	1,621,967	**5,081,483**	6,293,906	836,872
Deferred tax assets	38(d)	**44,034,416**	77,699,731	380,941,082	**54,366,696**	76,340,528	380,128,812
Receivable from fellow subsidiary	16	**-**	-	5,097,577,730	**-**	-	5,097,577,730
Other assets	17	**2,294,404,529**	2,048,901,636	2,075,455,065	**2,332,427,701**	2,086,924,806	2,113,478,233
Total assets		**31,463,445,981**	26,816,538,660	26,577,155,570	**31,499,585,230**	26,824,181,896	26,590,885,623
Liabilities							
Deposits from customers	18	**26,313,109,402**	23,056,443,423	22,336,114,499	**26,314,518,873**	23,064,500,010	22,346,501,200
Derivative liabilities	29	**289,498,366**	2,382,221	531,529	**289,498,366**	2,382,221	531,529
Other borrowed funds	19	**1,089,390,019**	198,345,266	399,431,739	**1,089,390,019**	198,345,266	399,431,739
Lease liabilities	20	**74,526,375**	-	-	**203,309,885**	-	-
Payable to fellow subsidiary	41	**10,141,366**	38,180,968	-	**10,141,366**	38,180,968	-
Other liabilities	21	**564,861,615**	647,754,912	676,545,270	**564,256,445**	647,184,796	675,999,158
Retirement benefits obligations	22	**127,035,127**	109,812,754	65,214,969	**127,035,127**	109,812,754	65,214,969
Total liabilities		**28,468,562,270**	24,052,919,544	23,477,838,006	**28,598,150,081**	24,060,406,015	23,487,678,595
SHAREHOLDERS' EQUITY							
Stated capital	23	**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	24	**1,619,995**	1,619,995	1,619,995	**1,619,995**	1,619,995	1,619,995
(Accumulated losses)/Retained earmings	25	**(158,302,462)**	(271,066,429)	135,936,241	**(175,273,101)**	(279,941,657)	130,793,712
Net owned funds		**2,309,738,489**	2,196,974,522	2,603,977,192	**2,292,767,850**	2,188,099,294	2,598,834,663
General banking reserve	26	**90,709,840**	90,709,840	90,709,840	**90,709,840**	90,709,840	90,709,840
Fair value reserve	11(d)	**(21,167,091)**	(2,510,450)	(21,739,662)	**(21,167,091)**	(2,510,450)	(21,739,662)
Other reserve	27 (b)	**12,809,247**	5,978,082	-	**12,809,247**	5,978,082	-
Revaluation reserve	27 (a)	**602,793,226**	472,467,122	426,370,194	**526,315,303**	481,499,115	435,402,187
Total equity attributable to equity holders of the parent		**2,994,883,711**	2,763,619,116	3,099,317,564	**2,901,435,149**	2,763,775,881	3,103,207,028
Total liabilities and equity		**31,463,445,981**	26,816,538,660	26,577,155,570	**31,499,585,230**	26,824,181,896	26,590,885,623

The notes on pages 31 to 145 form an integral part of these financial statements.

Statements of Financial Position

as at

	Notes	The Group			The Bank		
		30 June 2020	**30 June 2019**	**30 June 2018**	**30 June 2020**	**30 June 2019**	**30 June 2018**
		Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Contingent liabilities							
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	28(b)	**1,981,028,082**	1,300,989,705	1,364,714,537	**1,981,028,082**	1,300,989,705	1,364,714,537
Credit commitments	30	**1,908,076,512**	2,260,463,823	2,617,580,952	**1,908,076,512**	2,260,463,823	2,617,580,952

Approved by the Board of Directors and authorised for issue on 30 Sept 2020 and signed on its behalf by

Mr. Gooroodeo Sookun
Chairman
On behalf of Board of Directors

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

Mr. Ashvin Jain Gokhool
Chairman of Audit Committee
On behalf of Board of Directors

Date: 30 Sept 2020

Ebene 72201, Republic of Mauritius

The notes on pages 31 to 145 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	**Year ended 30 June 2020**	**Year ended 30 June 2019**	**Year ended 30 June 2018**	**Year ended 30 June 2020**	**Year ended 30 June 2019**	**Year ended 30 June 2018**
		Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Interest income		**1,022,567,961**	1,042,446,380	1,228,682,402	**1,034,815,135**	1,056,574,734	1,244,066,344
Interest expense		**(443,779,554)**	(458,530,017)	(534,955,443)	**(447,614,361)**	(458,530,017)	(534,955,443)
Net interest income	31	**578,788,407**	583,916,363	693,726,959	**587,200,774**	598,044,717	709,110,901
Fee and commission income		**245,444,634**	247,563,800	109,938,827	**245,444,634**	247,563,800	109,938,827
Fee and commission expense		**(46,381,840)**	(42,882,639)	(42,666,717)	**(46,381,840)**	(42,882,639)	(42,666,717)
Net fee and commission income	32	**199,062,794**	204,681,161	67,272,110	**199,062,794**	204,681,161	67,272,110
Net trading income	33	**253,953,093**	176,188,288	130,736,190	**253,953,093**	176,188,288	130,736,190
Net gain from derecognition of financial assets measured at FVTOCI		**76,513,331**	63,243,771	44,941,009	**76,513,331**	63,243,771	44,941,009
Other income	34	**40,859,821**	25,956,727	202,256,191	**40,859,821**	25,956,727	202,256,191
		371,326,245	265,388,786	377,933,390	**371,326,245**	265,388,786	377,933,390
Operating income		**1,149,177,446**	1,053,986,310	1,138,932,459	**1,157,589,813**	1,068,114,664	1,154,316,401
Personnel expenses	36	**(515,504,836)**	(541,210,930)	(449,362,844)	**(515,504,836)**	(541,210,930)	(449,362,844)
Operating lease expenses	44	**(16,416,286)**	(42,596,467)	(48,526,213)	**(16,416,286)**	(73,512,306)	(79,474,130)
Depreciation and amortisation	13	**(147,701,532)**	(157,176,216)	(151,069,547)	**(171,852,378)**	(146,505,977)	(141,155,402)
Other expenses	37	**(274,995,202)**	(300,493,635)	(282,198,578)	**(269,681,907)**	(299,857,292)	(281,252,603)
Profit before impairment and income tax		**194,559,590**	12,509,062	207,775,277	**184,134,406**	7,028,159	203,071,422
Net impairment (loss)/reversal on financial assets	35	**(56,354,532)**	(732,062)	(166,617,172)	**(56,354,532)**	(732,062)	(166,617,172)
Profit after impairment but before income tax		**138,205,058**	11,777,000	41,158,105	**127,779,874**	6,296,097	36,454,250
Income tax expense	38(b)	**(21,905,722)**	(354,581,772)	(27,278,364)	**(19,575,949)**	(352,833,568)	(25,654,284)
Profit/(Loss) for the year attributable to equity holders of the parent	39	**116,299,336**	(342,804,772)	13,879,741	**108,203,925**	(346,537,471)	10,799,966
Earnings /(Loss) per share	40	**0.02**	0.00	0.03	**0.02**	0.00	0.03

The notes on pages 31 to 145 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

for year ended (contd)

		The Group			The Bank		
	Notes	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
		Rs	Rs	Rs	Rs	Rs	Rs
Profit/(loss) for the year		**116,299,336**	(342,804,772)	13,879,741	**108,203,925**	(346,537,471)	10,799,966
Other comprehensive (loss)/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)**	-	-
Effect of tax rate change on deferred tax on revaluation of property, plant and equipment	27(a)	**-**	45,278,393	-	**-**	45,278,393	-
Gain on revaluation of Right-of-use assets	27(a)	**39,233,806**	-	-	**12,811,074**	-	-
Actuarial loss for the year	22(iii)	**(3,721,441)**	(34,294,652)	(10,631,732)	**(3,721,441)**	(34,294,652)	(10,631,732)
Deferred tax on actuarial loss	38(d)	**186,072**	1,714,733	1,807,394	**186,072**	1,714,733	1,807,394
Items that may be classified subsequently to profit or loss:							
Change in fair value of assets at FVTOCI	11(d)	**(18,656,641)**	19,229,212	-	**(18,656,641)**	19,229,212	-
Change in fair value of available-for-sale financial assets	11(d)	**-**	-	(167,415,281)	**-**	-	(167,415,281)
Credit impairment charge on financial assets at FVTOCI	27(b)	**6,831,165**	4,135,850	-	**6,831,165**	4,135,850	-
Other comprehensive income/(loss) for the year, net of tax		**114,965,259**	36,063,536	(176,239,619)	**29,455,343**	36,063,536	(176,239,619)
Total comprehensive income/loss for the year attributable to equity holders of the parent		**231,264,595**	(306,741,236)	(162,359,878)	**137,659,268**	(310,473,935)	(165,439,653)
Transfer to Statutory Reserve	24	**-**	-	(1,619,995)	**-**	-	(1,619,995)

Approved by the Board of Directors and authorised for issue on 30 Sept 2020 and signed on its behalf by

Mr. Gooroodeo Sookun
Chairman
On behalf of Board of Directors

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

Mr. Ashvin Jain Gokhool
Chairman of Audit Committee
On behalf of Board of Directors

Date: 30 Sept 2020

Ebene 72201, Republic of Mauritius

The notes on pages 31 to 145 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 attributable to equity holders of the parent
	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**
Transfer to statutory reserve (Note 24)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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 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/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
The Group								
At 01 July 2018	2,466,420,956	1,619,995	135,936,241	90,709,840	(21,739,662)	-	426,370,194	3,099,317,564
Impact of transition to IFRS 9	-	-	(30,799,444)	-	-	1,842,232	-	(28,957,212)
	2,466,420,956	1,619,995	105,136,797	90,709,840	(21,739,662)	1,842,232	426,370,194	3,070,360,352
Loss for the year	-	-	(342,804,772)	-	-	-	-	(342,804,772)
Transfer from revaluation reserve to retained earnings	-	-	(818,535)		-	-	818,535	-
Transfer to statutory reserve (Note 24)	-	-	-	-	-	-	-	-
Effect of tax rate change on deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	45,278,393	45,278,393
Change in fair value of financial assets held at FVTOCI	-	-	-	-	19,229,212	-	-	19,229,212
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	4,135,850	-	4,135,850
Actuarial loss for the year	-	-	(34,294,652)	-	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	1,714,733	-	-	-	-	1,714,733
At 30 June 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

The notes on pages 31 to 145 form an integral part of these financial statements.

Statements of Changes in Equity

for year ended

	Stated Capital	Statutory Reserve	Retained earings/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group							
At 01 July 2017	6,670,858,232	-	(4,071,936,443)	90,709,840	145,675,619	426,370,194	3,261,677,442
Capital reduction (Note 23)	(4,204,437,276)	-	4,204,437,276	-	-	-	-
Profit for the year	-	-	13,879,741	-	-	-	13,879,741
Transfer to statutory reserves	-	1,619,995	(1,619,995)	-	-	-	-
Gain on fair value of available-for-sale financial assets	-	-	-	-	(167,415,281)	-	(167,415,281)
Actuarial loss for the year	-	-	(10,631,732)	-	-	-	(10,631,732)
Deferred tax on actuarial loss	-	-	1,807,394	-	-	-	1,807,394
At 30 June 2018	2,466,420,956	1,619,995	135,936,241	90,709,840	(21,739,662)	426,370,194	3,099,317,564

The notes on pages 31 to 145 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 attributable to equity holders of the parent
	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**
Transfer to statutory reserve (Note 24)	-	-	-	-	-	-	-	-
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 reversal on financial assets at FVTOCI	-	-	-	-	-	**6,831,165**	-	**6,831,165**
Actuarial loss for the year	-	-	**(3,721,441)**	-	-	-	-	**(3,721,441)**
Deferred tax 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**

	Stated Capital	Statutory Reserve	Retained earnings/ (Accumulated losses)	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank								
At 01 July 2018	2,466,420,956	1,619,995	130,793,712	90,709,840	(21,739,662)	-	435,402,187	3,103,207,028
Impact of transition to IFRS 9	-	-	(30,799,444)	-	-	1,842,232	-	(28,957,212)
	2,466,420,956	1,619,995	99,994,268	90,709,840	(21,739,662)	1,842,232	435,402,187	3,074,249,816
Loss for the year	-	-	(346,537,471)	-	-	-	-	(346,537,471)
Transfer from revaluation reserve to retained earnings	-	-	(818,535)	-	-	-	818,535	-
Transfer to statutory reserve (Note 24)	-	-	-	-	-	-	-	-
Effect of tax rate change on deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	-	45,278,393	45,278,393
Change in fair value of financial assets held at FVTOCI	-	-	-	-	19,229,212	-	-	19,229,212
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	4,135,850	-	4,135,850
Actuarial loss for the year	-	-	(34,294,652)	-	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	1,714,733	-	-	-	-	1,714,733
At 30 June 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

The notes on pages 31 to 145 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	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank							
At 01 July 2017	6,670,858,232	-	(4,073,999,197)	90,709,840	145,675,619	435,402,187	3,268,646,681
Capital reduction (Note 23)	(4,204,437,276)	-	4,204,437,276	-	-	-	-
Profit for the year	-	-	10,799,966	-	-	-	10,799,966
Transfer to statutory reserve	-	1,619,995	(1,619,995)	-	-	-	-
Gain on fair value of available-for-sale financial assets	-	-	-	-	(167,415,281)	-	(167,415,281)
Actuarial loss for the year	-	-	(10,631,732)	-	-	-	(10,631,732)
Deferred tax on actuarial loss	-	-	1,807,394	-	-	-	1,807,394
At 30 June 2018	2,466,420,956	1,619,995	130,793,712	90,709,840	(21,739,662)	435,402,187	3,103,207,028

The notes on pages 31 to 145 form an integral part of these financial statements.

Statements of Cash Flows

for year ended

		The Group			The Bank		
	Notes	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
		Rs	Rs	Rs	Rs	Rs	Rs
Cash from operating activities							
Profit before income tax		**138,205,058**	11,777,000	41,158,105	**127,779,874**	6,296,097	36,454,250
Adjustments for:							
Finance charge	20	**1,964,193**	-	-	**5,799,000**	-	-
Impairment losses on loans and advances	35	**70,597,541**	13,270,754	180,266,854	**70,597,541**	13,270,754	180,266,854
Depreciation of property,plant and equipment	13(a)	**84,702,299**	112,735,865	107,189,283	**75,544,696**	102,065,626	97,275,138
Amortisation of intangible assets	13(b)	**40,761,489**	44,440,351	43,880,264	**40,761,489**	44,440,351	43,880,264
Depreciation of right-of-use assets	13(c)	**22,237,744**	-	-	**55,546,193**	-	-
Loss/(profit) on disposal of property, plant and equipment	34	**-**	283,776	(416,308)	**-**	283,776	(416,308)
(Profit)/loss on revaluation of investment securities at FVTPL	34	**(6,406,590)**	(5,396,743)	3,527,975	**(6,406,590)**	(5,396,743)	3,527,975
Profit on revaluation of investment properties	14	**(12,840,000)**	-	-	**(12,840,000)**	-	-
Retirement benefit obligations		**13,500,932**	10,303,133	(43,830,148)	**13,500,932**	10,303,133	(43,830,148)
		352,722,666	187,414,136	331,776,025	**370,283,135**	171,262,994	317,158,025
Changes in operating assets and liabilities							
(Increase)/decrease in trading assets		**(2,012,612,597)**	(423,578,399)	908,791,669	**(2,012,612,597)**	(423,578,399)	908,791,669
Decrease/(increase) in derivative		**244,228,228**	26,325	550,260	**244,228,228**	26,325	550,260
(Increase)/decrease in loans and advances to customers		**(535,219,521)**	(3,809,879,753)	4,998,823,249	**(514,943,031)**	(3,793,510,696)	5,011,459,612
Decrease/(increase) in receivable from fellow subsidiary	16	**-**	5,135,758,698	(5,097,577,729)	**-**	5,135,758,698	(5,097,577,729)
Decrease in payable to fellow subsidiary		**(28,039,602)**	-	-	**(28,039,602)**	-	-
Increase in deposits from customers		**3,256,665,980**	720,328,923	393,863,464	**3,250,018,863**	717,998,810	397,016,250
(Increase)/decrease in other assets		**(245,502,893)**	26,553,434	(361,584,006)	**(245,502,894)**	26,553,434	(363,728,113)
(Decrease)/increase in other liabilities		**(82,377,636)**	(29,849,972)	259,596,063	**(82,412,687)**	(29,873,974)	259,516,451
Cash generated from operations		**949,864,625**	1,806,773,392	1,434,238,995	**981,019,415**	1,804,637,192	1,433,186,425
Tax paid	38(c)	**(8,368,692)**	(8,378,332)	(3,618,469)	**(5,096,451)**	(5,457,034)	(955,269)
Tax refund received	38(c)	**6,935,034**	785,098	2,543,451	**6,308,873**	-	834,563
Net cash from operating activities		**948,430,967**	1,799,180,158	1,433,163,977	**982,231,837**	1,799,180,158	1,433,065,719
Cash from investing activities							
Decrease/(increase) in securities		**(1,658,616,219)**	1,033,682,343	(643,923,784)	**(1,658,616,219)**	1,033,682,343	(643,923,784)
Net placements with correspondent banks		**71,390,637**	240,628,904	(282,584,778)	**71,390,637**	240,628,904	(282,584,778)
Acquisition of property, plant and equipment	13(a)	**(37,697,123)**	(63,035,735)	(29,107,465)	**(35,886,502)**	(63,035,735)	(29,009,207)
Acquisition of intangibles	13(b)	**(21,965,027)**	(28,931,545)	(66,522,535)	**(21,965,027)**	(28,931,545)	(66,522,535)
Proceeds from disposal of property, plant and equipment		**-**	7,697,761	1,210,868	**-**	7,697,761	1,210,868
Net cash (used in)/from investing activities		**(1,646,887,732)**	1,190,041,728	(1,020,927,694)	**(1,645,077,111)**	1,190,041,728	(1,020,829,436)
Cash from financing activities							
Net increase/(decrease) in other borrowed funds	8(b)	**891,044,753**	(201,086,473)	68,853,087	**891,044,753**	(201,086,473)	68,853,087
Proceeds from issue of shares		**-**	-	-	**-**	-	-
Decrease in lease liabilities	20	**(22,532,346)**	-	-	**(58,143,837)**	-	-
Decrease in subordinated liabilities	8(b)	**-**	-	(162,622,782)	**-**	-	(162,622,782)
Net cash from/(used in) financing activities		**868,512,407**	(201,086,473)	(93,769,695)	**832,900,916**	(201,086,473)	(93,769,695)
Net increase in cash and cash equivalents		**170,055,642**	2,788,135,413	318,466,588	**170,055,642**	2,788,135,413	318,466,588
Cash and cash equivalents, at start of the year		**4,117,341,365**	1,329,205,952	1,010,739,364	**4,117,341,365**	1,329,205,952	1,010,739,364
Cash and cash equivalents, at end of the year	8	**4,287,397,007**	4,117,341,365	1,329,205,952	**4,287,397,007**	4,117,341,365	1,329,205,952

The notes on pages 31 to 145 form an integral part of these financial statements.

Notes to the Financial Statements

For year ended 30 June 2020

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

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, Ebene, 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.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

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

In the current year, the Group and the Bank has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for accounting period beginning on 01 July 2019 and relevant to its operations.

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Except for IFRS 16 their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 12	Income Taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of (dividends)
IAS 19	Employee Benefits - Amendments regarding plan amendments, curtailments or settlements
IAS 23	Borrowing Costs - Amendments resulting from Annual Improvements 2015–2017 Cycle (borrowing costs eligible for capitalisation)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
IFRS 16	Leases - Original issue
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty over Income Tax Treatments

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

2.1 New and revised IFRSs applied with no material effect on the financial statements (contd)

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 July 2019.

The Group has applied IFRS 16 using the modified retrospective approach with lease liability at 01 July 2019 measured as the present value of remaining lease payments and rights use based on the lease liability.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 July 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

Notes to the Financial Statements

For year ended 30 June 2020

2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (contd)

2.1 New and revised IFRSs applied with no material effect on the financial statements (contd)

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group’s consolidated financial statements.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Because of this change, the Group has reclassified certain of its sub-lease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses has been recognised on the finance lease receivables.

(d) Financial impact of initial application of IFRS 16

IFRS 16 has impacted a high volume of transactions and judgements were required in identifying and accounting for leases. At 01 July 2019, the Group has assessed the impact of these and other accounting changes that arose under IFRS 16 and the amount of adjustment for each financial statement line item affected by the implementation of IFRS 16 is illustrated below.

	IFRS 16 Impact	Adjusted	IFRS 16 Impact	Adjusted
	The Group	The Group	The Bank	The Bank
Statement of financial position	Rs	Rs	Rs	Rs
Assets				
Right-of-use assets	70,800,998	70,800,998	62,824,927	62,824,927
Impact on total assets	70,800,998	70,800,998	62,824,927	62,824,927
Liabilities				
Lease liabilities	70,800,998	70,800,998	62,824,927	62,824,927
Impact on total liabilities	70,800,998	70,800,998	62,824,927	62,824,927

The impact of IFRS 16 on the statement of profit or loss for the year ended 30 June 2020 is as follows:

	The Group	The Bank
	Rs	Rs
Increase in finance charge on leases	(1,964,192)	(5,799,000)
Decrease in operating lease expenses	22,532,345	58,143,837
Increase in depreciation and amortisation	(22,237,744)	(55,546,193)
Net impact on profit for the year	(1,669,591)	(3,201,356)

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

2.1 New and revised IFRSs applied with no material effect on the financial statements (contd)

(d) Financial impact of initial application of IFRS 16 (contd)

The following table shows the operating lease commitments disclosed applying IAS 17 at 30 June 2019, discounted using the incremental borrowing rate of 2.62% at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	The Group	The Bank
	Rs	Rs
Operating lease commitments at 30 June 2019	100,549,974	90,215,136
Short-term leases	(8,063,455)	(8,063,455)
Not falling under scope of IFRS 16	(15,802,958)	(15,802,958)
Effect of discounting the above amounts	(5,882,563)	(3,523,796)
Lease liabilities at 01 July 2019	**70,800,998**	**62,824,927**

The Bank has recognised Rs 62,824,92 of right-of-use-assets and Rs 62,824,927 of lease liabilities upon transition to IFRS 16.

The Group has recognised Rs 70,800,998 of right-of-use assets and Rs 70,800,998 of lease liabilities upon transition to IFRS 16.

2.2 New and revised Standards in issue but not yet effective

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

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020)
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)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)
IFRS 9	Financial instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)
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 2020)
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020)

The directors anticipate that these amendments will be applied in the Group's and the Bank's financial statements at the above effective dates in future periods.

Notes to the Financial Statements

For year ended 30 June 2020

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.

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 IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3. Summary of significant accounting policies (contd)

3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments 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 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

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. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being 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.

3.4 Cash and cash equivalents

Cash and cash equivalents consist cash in hand, balances with banks in Mauritius and abroad, unrestricted balances with the Central Bank and short term loans and placements with banks maturing within 90 days from date of origination.

3.5 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 Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures 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.

Notes to the Financial Statements

For year ended 30 June 2020

3. Summary of significant accounting policies (contd)

3.5 Financial instruments (contd)

Financial assets

(i) Classification and subsequent measurement

From 1 July 2018, the Bank has 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 Bank's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its 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 trading income'. 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 'Interest income' using the effective interest method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether 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 Bank in determining the business model for a Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Bank considers 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3. Summary of significant accounting policies (contd)

3.5 Financial instruments (contd)

Financial assets (contd)

(i) Classification and subsequent measurement (contd)

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 Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. 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 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 Bank assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises 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 5.1.3 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does 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.
- 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 Bank derecognises 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 Bank also assesses 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 Bank recalculates 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 5.1.7.

Notes to the Financial Statements

For year ended 30 June 2020

3. Summary of significant accounting policies (contd)

3.5 Financial instruments (contd)

Financial assets (contd)

(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 Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters 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 Bank:

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

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains 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 Bank retains a subordinated residual interest.

Financial liabilities

(i) Classification and subsequent measurement

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

The Group's financial liabilities include deposits from customers, subordinated liabilities, 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 Bank and its 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.

(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 5.1.4.1); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

3. Summary of significant accounting policies (contd)

3.6 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 decrease 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.

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”.

3.7 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.

3.8 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 3.6 above.

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

Notes to the Financial Statements

For year ended 30 June 2020

3. Summary of significant accounting policies (contd)

3.9 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.

3.10 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' and 'Net income from other financial instruments at FVTPL'.

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)). 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 and expense in the Group's consolidated statement of profit or loss also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk interest income and expense, the effective portion of fair value changes of the designated derivatives as well as the fair value changes of the designated risk of the hedged item are also included in interest income and expense.

3.11 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 consolidated 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.

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

3.12 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 has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense and dividends.

3.13 Foreign currency

(a) Functional and presentation currency

The financial statements are presented in Mauritian Rupees ("MUR" or "Rs"), which is also the Group's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, 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.

3. Summary of significant accounting policies (contd)

3.13 Foreign currency (contd)

(c) 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 investments 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', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve

3.14 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"), Special Levy and One-off charge not recognised in other comprehensive income or directly in equity.

(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 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.

Deferred tax assets and liabilities are offset only when the Group has 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.

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

The Group is subject to CSRF and the contribution is at a rate of 2% on the chargeable income of the preceeding 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 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.

Notes to the Financial Statements

For year ended 30 June 2020

3. Summary of significant accounting policies (contd)

3.15 Retirement and other post retirement benefits

(a) Defined contribution plan

The Group contributes 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 has 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.

(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 Aon Hewitt Ltd. 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 Employment Rights Act is calculated and provided for, where material. The obligation arising under this item is not funded.

(c) State plan

Contributions to the National Pension Scheme are expensed to the consolidated statement of profit or loss and other comprehensive income in the period in which they fall due.

3.16 Provisions and contingent liabilities

Provisions are recognised when the Group has 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 advices. 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.

3.17 Leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises 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 recognises 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 uses its incremental borrowing rate.

3. Summary of significant accounting policies (contd)

3.17 Leases (contd)

(a) The Group as lessee (contd)

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 consolidated 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 remeasures 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 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 incurs 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.

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 expects 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 applies IAS 36 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 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 has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates 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 nonlease components.

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties.

Leases for which the Group is a lessor 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.When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

Notes to the Financial Statements

For year ended 30 June 2020

3. Summary of significant accounting policies (contd)

IAS 17 was applicable until 30 June 2019 and the following accounting policies were applied:

(a) The Group as a lessor

Finance leases

Under finance leases, amount due from lessees are recorded under loans and advances as net investment in the statement of financial position. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. Rental income is recognised on a straight line basis over the lease term.

(b) The Group as a lessee

Rental payable under operating leases is charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the term of the relevant lease. Associated costs, such as maintenance and insurance, are expensed as incurred

3.18 Segment reporting

The Group's business is organised under two segments, namely Segment A and Segment B. Segment B relates to the banking business that gives rise to "foreign sourced income". All other banking businesses are classified under Segment A. For the years ended 30 June 2018, 30 June 2019 and 30 June 2020, information on Segment B was not significant in relation to the entire business of the Group and was consequently not disclosed.

3.19 Repossessed property

In certain circumstances, property is repossessed following the foreclosure of loans that are in default. Repossessed properties are measured at carrying amount 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.

3.20 Acceptances

Acceptances comprise the commitment of the Group to pay bills of exchange drawn on customers. The Group expects 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 issues various forms of guarantees to support its 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 enters 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 does 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.

3.23 Hedging

The Group designates certain hedging instruments, which include derivatives in respect of interest rate risk, as cash flow hedge. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item , along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (loans and deposits) and for portfolios of financial instruments (in particular deposits and fixed rate loans).

Changes in the fair value of hedging instruments that are designated and qualify as fair value hedges are recognised in the statement of profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If a hedging relationship no longer meets the criteria for fair value hedge, the cumulative adjustment to the carrying amount of the hedged item is amortised to the statement of profit or loss over the residual period to maturity based on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is released to the statement of profit or loss immediately.

3. Summary of significant accounting policies (contd)

3.23 Hedging (contd)

Derivative financial instruments

Derivative financial instruments are initially recorded at fair value and are remeasured at fair value at subsequent reporting dates. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timimg of the recognition in profit or loss depends on the nature of the hedge relationship.

3.24 Impairment of assets

At each reporting date, the Group reviews 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.

3.25 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 available-for-sale financial assets.

Revaluation reserves comprise the unrealised gains arising out of the revaluation of property, plant and equipment.

Other reserves represent statutory and non-statutory reserves.

3.26 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 considers 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 or loss immediately.

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

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

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 determines 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 monitors 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.

(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 takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Notes to the Financial Statements

For year ended 30 June 2020

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

(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 monitors 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 uses 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.

(vi) Going concern assumption

The directors have assessed the going concern of the Group and the Bank and believe that they are still a going concern.

Estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group'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.

(b) 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.

(c) 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.

(d) 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.

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

(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) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

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Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk

Risk management objectives and policies

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Financial assets						
Financial assets at fair value through profit or loss:						
Derivative assets	**45,718,645**	2,830,728	1,006,361	**45,718,645**	2,830,728	1,006,361
Trading assets	**3,637,975,739**	1,620,255,263	1,192,675,454	**3,637,975,739**	1,620,255,263	1,192,675,454
Equity investments	**17,283,415**	15,984,705	-	**17,283,415**	15,984,705	-
	3,700,977,799	1,639,070,696	1,193,681,815	**3,700,977,799**	1,639,070,696	1,193,681,815
Financial assets at fair value through OCI:						
Government securities	**1,826,016,276**	1,462,109,523	2,903,627,049	**1,826,016,276**	1,462,109,523	2,903,627,049
Other securities	**1,725,184,187**	449,131,361	24,409,191	**1,725,184,187**	449,131,361	24,409,191
	3,551,200,463	1,911,240,884	2,928,036,240	**3,551,200,463**	1,911,240,884	2,928,036,240
Financial assets at amortised cost:						
Cash and cash equivalents	**4,287,385,039**	4,117,331,280	1,329,205,952	**4,287,385,039**	4,117,331,280	1,329,205,952
Loans to and placements with banks	**2,447,872**	73,722,466	314,467,714	**2,447,872**	73,722,466	314,467,714
Loans and advances to customers	**15,406,607,530**	14,935,784,208	11,177,109,838	**15,597,383,181**	15,146,836,349	11,404,531,039
Receivable from fellow subsidiary	**-**	-	5,097,577,730	**-**	-	5,097,577,730
Other assets	**138,769,714**	166,829,863	230,352,809	**176,792,884**	204,853,033	268,375,979
	19,835,210,155	19,293,667,817	18,148,714,043	**20,064,008,976**	19,542,743,128	18,414,158,414
Total financial assets	**27,087,388,417**	22,843,979,397	22,270,432,098	**27,316,187,238**	23,093,054,708	22,535,876,469
Financial liabilities						
Financial liabilities at fair value through profit or loss:						
Derivative liabilities	**289,498,366**	2,382,221	531,529	**289,498,366**	2,382,221	531,529
Financial liabilities measured at amortised cost:						
Deposits from customers	**26,313,109,402**	23,056,443,423	22,336,114,499	**26,314,518,873**	23,064,500,010	22,346,501,200
Other borrowed funds	**1,089,390,019**	198,345,266	399,431,739	**1,089,390,019**	198,345,266	399,431,739
Lease liabilities	**74,526,375**	-	-	**203,309,885**	-	-
Payable to fellow subsidiary	**10,141,366**	38,180,968	-	**10,141,366**	38,180,968	-
Other liabilities	**551,069,614**	624,250,166	670,972,416	**550,857,264**	624,076,166	670,822,416
	28,038,236,776	23,917,219,823	23,406,518,654	**28,168,217,407**	23,925,102,410	23,416,755,355
Total financial liabilities	**28,327,735,142**	23,919,602,044	23,407,050,183	**28,457,715,773**	23,927,484,631	23,417,286,884

The Group's and the Bank's activities expose it 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.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

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 its 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, Risk Management and Corporate Governance 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.

5.1 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.

5.1.1 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 5.1.3.3 for more details.

The Bank uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Bank use 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.

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.1 Credit risk measurement (contd)

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.

5.1.2 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 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.

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.

(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.

5 Financial instrument risk (contd)

5.1 Credit risk analysis (contd)

5.1.3(a) Impairment and provisioning policies

In line with the Bank of Mauritius Guideline on Credit Impairment and Income Recognition, the Group and the Bank have its Credit Impairment and Income Recognition Policy, where the impairment and provisioning policies are defined. 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.

5.1.3(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 5.1.3.1 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'. Refer to note 5.1.3.2 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 5.1.3.3 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 5.1.3.4 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).

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 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 17 Mn has been made in this regard.

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

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.3(b) Expected credit loss measurement (contd)

5.1.3.1 Significant increase in credit risk (SICR) (contd)

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.

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 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.

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 Bank has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2020.

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.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.3(b) Expected credit loss measurement (contd)

5.1.3.1 Significant increase in credit risk (SICR) (contd)

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.

5.1.3.2 Definition of default and credit-impaired assets

The Bank's definition of default is aligned with the Bank of Mauritius guidelines 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.

5.1.3.3 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.

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.3(b) Expected credit loss measurement (contd)

5.1.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (contd)

- 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 12 month 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 5.1.3.4 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.

5.1.3.4 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 judgment 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, adverse and good. 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.

Sensitivity analysis

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 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.4 Exposure to Credit Risk

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

	Retail					
	2020				2019	2018
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Credit grade						
Performing	51,427,211	-	-	51,427,211	41,308,180	35,710,660
Special mention	-	30,557,108	-	30,557,108	24,807,558	26,396,292
Impaired	-	-	20,973,169	20,973,169	10,047,923	1,049,381
Gross carrying amount	**4,587,489,212**	**179,956,846**	**46,102,269**	**4,813,548,327**	**4,550,646,117**	**3,968,320,564**
Loss allowance	(51,427,211)	(30,557,108)	(20,973,169)	(102,957,488)	(76,163,661)	(63,156,333)
Carrying amount	**4,536,062,001**	**149,399,738**	**25,129,100**	**4,710,590,839**	**4,474,482,456**	**3,905,164,231**

	Corporate					
	2020				2019	2018
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Credit grade						
Performing	72,079,162	-	-	72,079,162	77,002,429	90,269,225
Special mention	-	32,398,008	-	32,398,008	28,940,705	29,920,665
Impaired	-	-	196,987,949	196,987,949	159,813,966	146,174,148
Gross carrying amount	**10,356,087,945**	**221,419,937**	**611,261,773**	**11,188,769,655**	**10,938,472,232**	**7,760,314,328**
Loss allowance	(72,079,162)	(32,398,008)	(196,987,949)	(301,465,119)	(265,757,100)	(266,364,038)
Carrying amount	**10,284,008,783**	**189,021,929**	**414,273,824**	**10,887,304,536**	**10,672,715,132**	**7,493,950,290**

	Investment securities					
	2020				2019	2018
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Credit grade						
Investment grade	6,759,063	-	-	6,759,063	5,978,082	1,842,232
Below investment grade	6,050,185	-	-	6,050,185	-	-
Special mention	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
Gross carrying amount	**7,206,459,617**	**-**	**-**	**7,206,459,617**	**3,547,480,852**	**4,120,711,694**
Loss allowance	(12,809,248)	-	-	(12,809,248)	(5,978,082)	(1,842,232)
Carrying amount	**7,193,650,369**	**-**	**-**	**7,193,650,369**	**3,541,502,770**	**4,118,869,462**

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.4 Exposure to Credit Risk (contd)

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

	Off balance sheet					
	2020				2019	2018
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Credit grade						
Bank guarantee	514,791	-	-	514,791	394,168	416,221
Letters of credit	378	-	-	378	118,840	363,820
Acceptances on account of customers	764	-	-	764	92,609	467,503
Outward bills for collection	28,011	-	-	28,011	453,993	1,317,919
Gross carrying amount	**1,981,028,082**	**-**	**-**	**1,981,028,082**	**1,300,989,705**	**1,364,714,537**
Loss allowance	(543,944)	-	-	(543,944)	(1,059,610)	(2,565,463)
Carrying amount	**1,980,484,138**	**-**	**-**	**1,980,484,138**	**1,299,930,095**	**1,362,149,074**

	Bank placements					
	2020				2019	2018
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	Total	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Credit grade						
Investment grade	12,270	-	-	12,270	126,431	858,661
Below investment grade	-	-	-	-	-	-
Special mention	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
Gross carrying amount	**2,997,072,814**	**-**	**-**	**2,997,072,814**	**1,484,949,327**	**817,978,174**
Loss allowance	(12,270)	-	-	(12,270)	(126,431)	(858,661)
Carrying amount	**2,997,060,544**	**-**	**-**	**2,997,060,544**	**1,484,822,896**	**817,119,513**

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.4 Exposure to Credit Risk (contd)

5.1.4.2 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		
	2020	**2019**	**2018**
	Maximum exposure to credit risk	**Maximum exposure to credit risk**	**Maximum exposure to credit risk**
	Rs	**Rs**	**Rs**
Financial assets designated at fair value:			
Investment securities	**3,655,259,154**	1,636,239,968	1,192,675,454

5.1.4.3 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:

(i) Collaterals and other credit enhancements

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.

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:

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**

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.4 Exposure to Credit Risk (contd)

5.1.4.3 Risk limit control and mitigation policies (contd)

2019	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	Rs	Rs	Rs	Rs
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	1,824,309	1,824,309	-	-
- Term loans	8,656,732	3,168,342	5,488,390	18,854,301
- Mortgages	10,005,996	5,055,272	4,950,724	24,474,305
Loans to corporate entities:				
- Large corporate customers	536,360,638	154,542,029	381,818,610	1,030,854,584
- Small and medium-sized enterprises (SMEs)	153,538,114	5,271,937	148,266,177	372,739,192
Total credit-impaired assets	**710,385,789**	**169,861,888**	**540,523,901**	**1,446,922,382**

5.1.5 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 releasesfor financial instruments de-recognised 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;
- Impacts 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.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.5 Loss Allowance (contd)

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 1 July 2018	**35,710,661**	**26,396,292**	**1,049,381**	**63,156,334**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1				
Transfer from Stage 1 to Stage 2	(1,621,957)	15,648,779	-	**14,026,822**
Transfer from Stage 1 to Stage 3	(154,072)	-	7,436,997	**7,282,925**
Transfer from Stage 2 to Stage 1	1,613,241	(15,900,965)	-	**(14,287,724)**
Transfer from Stage 2 to Stage 3	-	(664,317)	1,962,904	**1,298,587**
Transfer from Stage 3 to Stage 1	5,486	-	(576)	**4,910**
Transfer from Stage 3 to Stage 2	-	-	-	**-**
New financial assets originated or purchased	9,915,101	3,807,620	633,407	**14,356,128**
Change in existing	1,205,637	(893,285)	-	**312,352**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Unwind of discount	-	-	-	**-**
FX and other movements	-	-	-	**-**
Total net P&L charge during the period	-	-	-	**-**
Other movements with no P&L impact	-	-	-	**-**
Financial assets derecognized during the period	(5,365,917)	(3,586,566)	(1,034,191)	**(9,986,674)**
Closed Accounts	-	-	-	**-**
Write-offs	-	-	-	**-**
Loss allowance as at 30 June 2019	**41,308,180**	**24,807,558**	**10,047,922**	**76,163,660**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1			-	-
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**
Modification of contractual cash flows of financial assets	**-**	**-**	**-**	**-**
Unwind of discount	**-**	**-**	**-**	**-**
FX and other movements	**-**	**-**	**-**	**-**
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)**
Closed Accounts	**-**	**-**	**-**	**-**
Write-offs	**-**	**-**	**-**	**-**
Loss allowance as at 30 June 2020	**51,440,252**	**30,557,108**	**20,960,127**	**102,957,487**

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For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.5 Loss Allowance (contd)

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
Corporate				
Loss allowance as at 1 July 2018	**90,269,225**	**29,920,665**	**146,174,148**	**266,364,038**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	-	-	-	-
Transfer from Stage 1 to Stage 2	(3,267,689)	19,998,990	-	16,731,301
Transfer from Stage 1 to Stage 3	(654,543)	-	11,063,007	10,408,464
Transfer from Stage 2 to Stage 1	2,003,409	(18,276,315)	-	(16,272,906)
Transfer from Stage 2 to Stage 3	-	(204,405)	444,674	240,269
Transfer from Stage 3 to Stage 1	2,764,245	-	(4,590,108)	(1,825,863)
Transfer from Stage 3 to Stage 2	-	16,125	(168,466)	(152,341)
New financial assets originated or purchased	30,328,428	2,836,381	10,072,805	43,237,614
Change in existing	(18,109,368)	(3,198,562)	(1,184,050)	(22,491,980)
Modification of contractual cash flows of financial assets	-	-	-	-
Unwind of discount	-	-	-	-
FX and other movements	-	-	-	-
Total net P&L charge during the period	-	-	-	-
Other movements with no P&L impact	-	-	-	-
Transfers	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period	(26,331,279)	(2,152,173)	(1,998,044)	(30,481,496)
Write-offs	-	-	-	-
Closed Accounts	-	-	-	-
Loss allowance as at 30 June 2019	**77,002,428**	**28,940,706**	**159,813,966**	**265,757,100**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1	**-**	**-**	**-**	**-**
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)**	**(1,233,039)**	**(18,551,657)**	**(34,424,144)**
Modification of contractual cash flows of financial assets	**-**	**-**	**-**	**-**
Unwind of discount	**-**	**-**	**-**	**-**
FX and other movements	**-**	**-**	**-**	**-**
Total net P&L charge during the period				**-**
Other movements with no P&L impact				**-**
Transfer from Stage 1 to Stage 2	**-**	**-**	**-**	**-**
Financial assets derecognized during the period	**(6,680,732)**	**(1,140,267)**	**(33,956)**	**(7,854,955)**
Write-offs	**-**	**-**	**-**	**-**
Closed Accounts	**-**	**-**	**-**	**-**
Loss allowance as at 30 June 2020	**72,079,160**	**32,401,009**	**196,963,686**	**301,443,855**

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.5 Loss Allowance (contd)

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	Rs	Rs	Rs	Rs	Rs
Investment securities					
Loss allowance as at 1 July 2018	**1,842,232**	**-**	**-**	**-**	**1,842,232**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	**-**
New financial assets originated or purchased	4,467,257	-	-	-	**4,467,257**
Modification of contractual cash flows of financial assets	-	-	-	-	**-**
Unwind of discount	-	-	-	-	**-**
FX and other movements	-	-	-	-	**-**
Changes in existing	152,397	-	-	-	**152,397**
Total net P&L charge during the period	-	-	-	-	**-**
Other movements with no P&L impact	-	-	-	-	**-**
Transfers					
Transfer from Stage 1 to Stage 2	-	-	-	-	**-**
Financial assets derecognized during the period	(483,804)	-	-	-	**(483,804)**
Write-offs	-	-	-	-	**-**
Loss allowance as at 30 June 2019	**5,978,082**	**-**	**-**	**-**	**5,978,082**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	**-**	**-**	**-**	**-**	-
New financial assets originated or purchased	**7,013,669**	**-**	**-**	**-**	7,013,669
Financial assets derecognized during the period	**(312,669)**				(312,669)
Modification of contractual cash flows of financial assets	**-**	**-**	**-**	**-**	-
Unwind of discount	**-**	**-**	**-**	**-**	-
FX and other movements	**-**	**-**	**-**	**-**	-
Changes in existing	**130,166**	**-**	**-**	**-**	130,166
Total net P&L charge during the period					-
Other movements with no P&L impact					-
Transfers					
Transfer from Stage 1 to Stage 2	**-**	**-**	**-**	**-**	-
Financial assets derecognized during the period	**-**	**-**	**-**	**-**	-
Write-offs	**-**	**-**	**-**	**-**	-
Loss allowance as at 30 June 2020	**12,809,248**	**-**	**-**	**-**	**12,809,248**

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5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.5 Loss Allowance (contd)

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 1 July 2018	**3,836,027,612**	**130,602,091**	**1,690,861**	**3,968,320,564**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	72,882,276	(79,585,796)	-	**(6,703,520)**
Transfer from Stage 1 to Stage 3	(14,046,089)	-	13,119,487	**(926,602)**
Transfer from Stage 1 to Stage 2	(85,813,524)	79,240,418	-	**(6,573,106)**
Transfer from Stage 2 to Stage 3	-	(2,927,884)	2,543,822	**(384,062)**
Transfer from Stage 3 to Stage 2	-	-	-	**-**
Transfer from Stage 3 to Stage 1	394,049	-	(506,845)	**(112,796)**
Financial assets derecognized during the period other than write-offs	(486,804,587)	(17,128,603)	(481,406)	**(504,414,596)**
New financial assets originated or purchased	1,369,837,108	19,152,869	4,097,915	**1,393,087,892**
Modification of contractual cash flows of financial assets	-	-	-	**-**
Change in existing	(288,217,668)	(3,453,191)	23,203	**(291,647,656)**
FX and other movements	-	-	-	**-**
Closed accounts	-	-	-	**-**
Gross carrying amount as at 30 June 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 2	**-**	**-**	**-**	**-**
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**
Modification of contractual cash flows of financial assets	**-**	**-**	**-**	**-**
Change in existing	**(266,420,954)**	**(2,655,120)**	**291,176**	**(268,784,898)**
FX and other movements	**-**	**-**	**-**	**-**
Closed accounts	**-**	**-**	**-**	**-**
Gross carrying amount as at 30 June 2020	**4,587,929,701**	**180,064,237**	**45,554,387**	**4,813,548,325**

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.5 Loss Allowance (contd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Corporate				
Gross carrying amount as at 1 July 2018	**6,916,908,929**	**146,184,962**	**697,220,438**	**7,760,314,329**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(125,378,435)	124,022,507	-	(1,355,928)
Transfer from stage 2 to stage 1	63,161,500	(76,718,217)	-	(13,556,717)
Transfer from stage 1 to stage 3	(46,354,871)	-	39,038,266	(7,316,605)
Transfer from stage 2 to stage 3	-	(1,881,799)	1,680,632	(201,167)
Transfer from stage 3 to stage 1	41,036,171	-	(49,587,324)	(8,551,153)
Transfer from stage 3 to stage 2	-	106,317	(1,216,355)	(1,110,038)
Financial assets derecognized during the period other than write-offs	(2,640,785,876)	(17,021,676)	(156,172,621)	(2,813,980,173)
New financial assets originated or purchased	6,084,464,024	30,257,353	199,274,583	6,313,995,960
Modification of contractual cash flows of financial assets	-	-	-	-
Changes in existing	(240,532,648)	(8,894,759)	(40,338,865)	(289,766,272)
FX and other movements	-	-	-	-
Closed accounts	-	-	-	-
Write offs	-	-	-	-
Gross carrying amount as at 30 June 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**
Modification of contractual cash flows of financial assets	**-**	**-**	**-**	**-**
Changes in existing	**(61,857,937)**	**(1,757,063)**	**38,879,391**	**(24,735,609)**
FX and other movements	**-**	**-**	**-**	**-**
Closed accounts	**-**	**-**	**-**	**-**
Write offs	**-**	**-**	**-**	**-**
Gross carrying amount as at 30 June 2020	**10,441,759,301**	**221,581,775**	**666,604,890**	**11,329,945,966**

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For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.5 Loss Allowance (contd)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Rs	Rs	Rs	Rs
Investment securities				
Gross carrying amount as at 1 July 2018	**4,120,711,694**	**-**	**-**	**4,120,711,694**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(2,002,549,013)	-	-	(2,002,549,013)
New financial assets originated or purchased	2,046,842,141	-	-	2,046,842,141
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Changes in existing	(617,523,970)	-	-	(617,523,970)
Gross carrying amount as at 30 June 2019	**3,547,480,852**	**-**	**-**	**3,547,480,852**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**-**	**-**	**-**	**-**
Financial assets derecognized during the period other than write-offs	**-**	**-**	**-**	**-**
New financial assets originated or purchased	**16,008,313,997**	**-**	**-**	**16,008,313,997**
Financial assets derecognized during the period other than write-offs	**(12,402,617,258)**			**(12,402,617,258)**
Modification of contractual cash flows of financial assets	**-**	**-**	**-**	**-**
FX and other movements	**-**	**-**	**-**	**-**
Changes in existing	**53,282,026**	**-**	**-**	**53,282,026**
Gross carrying amount as at 30 June 2020	**7,206,459,617**	**-**	**-**	**7,206,459,617**

5.1.6 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.

5.1.7 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.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.7 Modification of financial assets (contd)

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 advance to customers	Loans and advance to customers
	2020	**2019**
Retail	**Rs**	**Rs**
Amortised cost before modification	**405,616,194**	191,404,182
Net modification (loss)/gain	**(150,957)**	1,027,402

5.1.8 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 5.1.3.3, 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 5.1.3.1 to 5.1.3.4

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.9 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 2020	**30 June 2019**	**30 June 2018**	**30 June 2020**	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Cash and cash equivalents	**4,013,028,794**	3,969,826,577	1,150,303,600	**4,013,028,794**	3,969,826,577	1,150,303,600
Loans to and placements with banks	**2,447,872**	73,722,466	314,467,714	**2,447,872**	73,722,466	314,467,714
Derivative assets	**45,718,645**	2,830,728	1,006,361	**45,718,645**	2,830,728	1,006,361
Trading assets	**3,637,975,739**	1,620,255,263	1,192,675,454	**3,637,975,739**	1,620,255,263	1,192,675,454
Investment securities	**3,568,483,878**	1,927,225,589	2,928,036,240	**3,568,483,878**	1,927,225,589	2,928,036,240
Loans and advances to customers	**15,406,607,530**	14,935,784,208	11,177,109,838	**15,597,383,181**	15,146,836,349	11,404,531,039
Receivable from fellow subsidiary	**-**	-	5,097,577,730	**-**	-	5,097,577,730
Other assets*	**138,769,714**	166,829,863	230,352,809	**176,792,884**	204,853,033	268,375,979
	26,813,032,172	22,696,474,694	22,091,529,746	**27,041,830,993**	22,945,550,005	22,356,974,117

*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 2020	**30 June 2019**	**30 June 2018**	**30 June 2020**	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**1,981,028,082**	1,300,989,705	1,364,714,537	**1,981,028,082**	1,300,989,705	1,364,714,537
Credit commitments	**1,908,076,512**	2,260,463,823	2,617,580,952	**1,908,076,512**	2,260,463,823	2,617,580,952

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2020, 30 June 2019 and 30 June 2018, 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:

- **92.9%** (2019:90.20%; 2018: 79.09%) of the loans and advances portfolio is backed by collaterals:
- **90.93%** (2019:90.43%; 2018: 82.27%) of the loans and advances portfolio is considered to be neither past due nor impaired; and
- **Rs 1,452Mn** (2019: Rs 1,481Mn; 2018: Rs 2,077Mn) of the loans and advances are assessed on an individual basis, Rs 657Mn (2019:Rs 710Mn; 2018: Rs 699Mn) is considered impaired.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.10 Loans and advances

Loans and advances are summarised as follows:

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**14,359,093,393**	13,797,028,695	9,424,436,853	**14,549,869,044**	14,008,080,836	9,651,858,054
Past due but not impaired	**795,041,474**	770,651,724	1,377,885,708	**795,041,474**	770,651,724	1,377,885,708
Individually impaired	**657,407,464**	710,385,789	698,891,130	**657,407,464**	710,385,789	698,891,130
Gross amount	**15,811,542,331**	15,278,066,208	11,501,213,691	**16,002,317,982**	15,489,118,349	11,728,634,892
Less allowance for credit impairment	**(404,934,801)**	(342,282,000)	(324,103,853)	**(404,934,801)**	(342,282,000)	(324,103,853)
Net amount	**15,406,607,530**	14,935,784,208	11,177,109,838	**15,597,383,181**	15,146,836,349	11,404,531,039

At 30 June 2020, the total impairment provision for loans and advances was **Rs 404,934,801** (2019: Rs 342,282,000 and 2018: Rs 324,103,853) of which **Rs 217,961,119** (2019: Rs 169,861,888 and 2018: Rs 147,243,528) represented the specific provision on impaired loans and the remaining amount of **Rs 186,973,682** (2019: Rs 172,420,112 and 2018: Rs 176,860,325) represented the expected credit allowance for stage 1 and 2, and restructuring allowance. Further information on the allowance for credit impairment on loans and advances are provided in Note 12.

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.

(a) Loans and advances past due but not impaired

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Past due up to 90 days	**795,041,474**	770,651,724	1,377,885,708
Past due 91-180 days	**-**	-	-
Past due more than 180 days	**-**	-	-
	795,041,474	770,651,724	1,377,885,708

(b) Loans and advances individually impaired

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2020, 30 June 2019 and 30 June 2018, The gross amount of individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held along with the fair value of related collaterals held by the Group and the Bank as security is as follows:

	30 June 2020	30 June 2019	30 June 2018
The Group and the Bank	Rs	Rs	Rs
Individually impaired loans	**657,407,462**	710,385,789	698,891,130
Fair value of collaterals	**1,948,359,351**	1,562,442,382	1,624,146,969

(c) 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 9,298,765** (30 June 2019: Rs 7,287,664 and 30 June 2018: Rs 333,998,897) for the period under review.

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1 Credit risk analysis (contd)

5.1.11 Repossessed collaterals

During the year under review, the Group and the Bank obtained assets by taking possession of collaterals held as security and the carrying amount of repossessed collaterals is as follows:

Nature of assets

	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Land and buildings	-	11,005,785	12,400,000

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.

5.1.12 Concentration of loans and advances with credit risk exposure

The following table breaks down the Group's and the Bank's main credit exposure for loans and advances at their gross amounts, as categorised by the industry sectors:

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	**972,915,324**	999,251,288	1,159,785,684	**972,915,324**	999,251,288	1,159,785,684
Manufacturing	**736,788,069**	633,071,394	560,217,678	**736,788,069**	633,071,394	560,217,678
Tourism	**838,502,009**	859,213,727	1,140,970,797	**838,502,009**	859,213,727	1,140,970,797
Transport	**376,123,859**	350,220,489	319,278,373	**376,123,859**	350,220,489	319,278,373
Construction	**4,328,144,954**	4,136,330,100	3,394,685,709	**4,518,920,605**	4,347,382,241	3,622,106,910
Financial and Business Services	**4,998,050,177**	4,945,850,445	1,423,094,383	**4,998,050,177**	4,945,850,445	1,423,094,383
Traders	**1,053,149,453**	1,028,811,324	1,126,165,789	**1,053,149,453**	1,028,811,324	1,126,165,789
New Economy	**16,771,031**	29,754,170	24,501,954	**16,771,031**	29,754,170	24,501,954
Personal	**1,529,660,023**	1,394,744,818	1,013,576,507	**1,529,660,023**	1,394,744,818	1,013,576,507
Education	**136,422,874**	130,053,382	202,413,003	**136,422,874**	130,053,382	202,413,003
Professional	**45,199,612**	30,632,144	32,219,808	**45,199,612**	30,632,144	32,219,808
Others	**779,814,946**	740,132,927	1,104,304,006	**779,814,946**	740,132,927	1,104,304,006
	15,811,542,331	15,278,066,208	11,501,213,691	**16,002,317,982**	15,489,118,349	11,728,634,892

5.1.13 Country risk management

During the year under review, the Group and the Bank obtained assets by taking possession of collaterals held as security and the 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.

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 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.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.1.13 Country risk management (contd)

At 30 June 2019, 42.29 % of the risk weighted exposures were in AA+u countries, 40.98 % were in BB countries, 14.54 % were in AAu countries, and the remaining 2.19 % spread between A to BBB-u. The highest exposures were in Africa represented by 40.98 %, 43.69 % in North America, 14.60 % in Europe, and the remaining were spread among East Asia (0.59 %), and India (0.14 %).

At 30 June 2018, 28.53 % of the risk weighted exposures were in AA+ countries, 19.12 % were in AA countries, 26.84 % were in BB+ countries, 17.83% were in BBB- and the remaining 7.68 % spread between A- to B+. The highest exposures were in Africa represented by 30.73 %, 29.66 % in North America, 19.4 % in Europe, 17.83% in India and the remaining were spread among East Asia (2.26 %), and Middle East (0.12 %).

5.2 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.

5.2.1 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 2020.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies. The following table summarises the Group's exposure to the foreign exchange rate risk at 30 June 2020, 30 June 2019 and 30 June 2018.

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5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

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
Loans to and 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
Receivable from fellow subsidiary	-	-	-	-	-	-
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

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

At 30 June 2019 (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	2,121,045	103,733	1,829,804	45,957	16,802	4,117,341
Loans to and placements with banks	71,418	-	-	-	2,421	73,839
Derivative assets	2,831	-	-	-	-	2,831
Trading assets	1,620,255	-	-	-	-	1,620,255
Investment securities	1,919,726	-	7,500	-	-	1,927,226
Loans and advances to customers	13,612,598	956,277	496,610	212,517	64	15,278,066
Receivable from fellow subsidiary	-	-	-	-	-	-
Other assets	138,963	-	27,867	-	-	166,830
Total assets	19,486,836	1,060,010	2,361,781	258,474	19,287	23,186,388
Less allowance for credit impairment	(342,408)	-	-	-	-	(342,408)
	19,144,428	1,060,010	2,361,781	258,474	19,287	22,843,980
Liabilities						
Deposits from customers	19,486,891	468,914	2,896,785	177,357	26,496	23,056,443
Derivative liabilities	2,382	-	-	-	-	2,382
Other borrowed funds	-	198,345	-	-	-	198,345
Payable to fellow subsidiary	38,181	-	-	-	-	38,181
Other liabilities	610,543	1,324	11,164	1,166	53	624,250
Subordinated liabilities	-	-	-	-	-	-
Total liabilities	20,137,997	668,583	2,907,949	178,523	26,549	23,919,601
Net on-balance sheet position	(993,569)	391,427	(546,168)	79,951	(7,262)	(1,075,621)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,300,990
Credit commitments						2,260,464
Total off-balance sheet amount						3,561,454

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For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

At 30 June 2018 (The Group)	MUR	EURO	USD	GBP	OTHER	TOTAL
	Rs'000	Rs'000 equivalent	Rs'000 equivalent	Rs'000 e quivalent	Rs'000 equivalent	Rs'000 equivalent
Assets						
Cash and cash equivalents	324,083	108,341	835,467	26,483	34,832	1,329,206
Loans to and placements with banks	-	-	282,542.00	25,183.00	6,743	314,468
Derivative assets	1,006	-	-	-	-	1,006
Trading assets	1,192,675	-	-	-	-	1,192,675
Investment securities	2,927,316	-	720	-	-	2,928,036
Loans and advances to customers	10,263,365	695,103	318,204	224,482	61	11,501,215
Receivable from fellow subsidiary	5,097,578	-	-	-	-	5,097,578
Other assets	198,185	6,075	26,093	-	-	230,353
Total assets	20,004,208	809,519	1,463,026	276,148	41,636	22,594,537
Less allowance for credit impairment	(324,104)	-	-	-	-	(324,104)
	19,680,104	809,519	1,463,026	276,148	41,636	22,270,433
Liabilities						
Deposits from customers	19,746,946	576,231	1,751,881	222,205	38,851	22,336,114
Derivative liabilities	532	-	-	-	-	532
Other borrowed funds	150,280	249,152	-	-	-	399,432
Other liabilities	662,823	2,509	4,063	1,486	91	670,972
Subordinated liabilities	-	-	-	-	-	-
Total liabilities	20,560,581	827,892	1,755,944	223,691	38,942	23,407,050
Net on-balance sheet position	(880,477)	(18,373)	(292,918)	52,457	2,694	(1,136,617)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,364,715
Credit commitments						2,617,581
Total off-balance sheet amount						3,982,296

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

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
Loans to and 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
Receivable from fellow subsidiary	-	-	-	-	-	-
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

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

At 30 June 2019 (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	2,121,045	103,733	1,829,804	45,957	16,802	4,117,341
Loans to and placements with banks	71,418	-	-	-	2,421	73,839
Derivative assets	2,831	-	-	-	-	2,831
Trading assets	1,620,255	-	-	-	-	1,620,255
Investment securities	1,919,726	-	7,500	-	-	1,927,226
Loans and advances to customers	13,823,650	956,277	496,610	212,517	64	15,489,118
Receivable from fellow subsidiary	-	-	-	-	-	-
Other assets	176,986	-	27,867	-	-	204,853
Total assets	19,735,911	1,060,010	2,361,781	258,474	19,287	23,435,463
Less allowance for credit impairment	(342,408)	-	-	-	-	(342,408)
	19,393,503	1,060,010	2,361,781	258,474	19,287	23,093,055
Liabilities						
Deposits from customers	19,494,948	468,914	2,896,785	177,357	26,496	23,064,500
Derivative liabilities	2,382	-	-	-	-	2,382
Other borrowed funds	-	198,345	-	-	-	198,345
Payable to fellow subsidiary	38,181	-	-	-	-	38,181
Other liabilities	610,369	1,324	11,164	1,166	53	624,076
Subordinated liabilities	-	-	-	-	-	-
Total liabilities	20,145,880	668,583	2,907,949	178,523	26,549	23,927,484
Net on-balance sheet position	(752,377)	391,427	(546,168)	79,951	(7,262)	(834,429)
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

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

At 30 June 2018 (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	324,083	108,341	835,467	26,483	34,832	1,329,206
Loans to and placements with banks	-	-	282,542	25,183	6,743	314,468
Derivative assets	1,006	-	-	-	-	1,006
Trading assets	1,192,675	-	-	-	-	1,192,675
Investment securities	2,927,316	-	720	-	-	2,928,036
Loans and advances to customers	10,490,785	695,103	318,204	224,482	61	11,728,635
Receivable from fellow subsidiary	5,097,578	-	-	-	-	5,097,578
Other assets	236,208	6,075	26,093	-	-	268,376
Total assets	20,269,651	809,519	1,463,026	276,148	41,636	22,859,980
Less allowance for credit impairment	(324,104)	-	-	-	-	(324,104)
	19,945,547	809,519	1,463,026	276,148	41,636	22,535,876
Liabilities						
Deposits from customers	19,757,333	576,231	1,751,881	222,205	38,851	22,346,501
Derivative liabilities	532	-	-	-	-	532
Other borrowed funds	150,280	249,152	-	-	-	399,432
Other liabilities	662,673	2,509	4,063	1,486	91	670,822
Subordinated liabilities	-	-	-	-	-	-
Total liabilities	20,570,818	827,892	1,755,944	223,691	38,942	23,417,287
Net on-balance sheet position	(625,271)	(18,373)	(292,918)	52,457	2,694	(881,411)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,364,715
Credit commitments						2,617,581
Total off-balance sheet amount						3,982,296

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

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 2020:

	30 June 2020	30 June 2019	30 June 2018
	% change	% change	% change
The Group and the Bank			
United States Dollar	**13.00%**	2.00%	1.00%
EURO	**11.00%**	0.00%	3.00%
Great Britain Pound	**9.00%**	1.00%	2.00%
Australian Dollar	**10.00%**	3.00%	3.00%
Canadian Dollar	**8.00%**	4.00%	1.00%
Danish Krone	**11.00%**	0.00%	3.00%
Hong Kong Dollar	**14.00%**	3.00%	0.00%
Indian Rupee	**3.00%**	1.00%	5.00%
Japanese Yen	**13.00%**	5.00%	2.00%
New Zealand Dollar	**8.00%**	2.00%	7.00%
Singapore Dollar	**9.00%**	3.00%	2.00%
South African Rand	**8.00%**	0.00%	5.00%
Swiss Franc	**16.00%**	4.00%	3.00%
Saudi Arabian Riyal	**13.00%**	2.00%	1.00%
United Arab Emirates Dirham	**13.00%**	2.00%	1.00%
Chinese Yuan	**10.00%**	1.00%	3.00%

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 2020.

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.1 Foreign currency sensitivity (contd)

	30 June 2020		30 June 2019		30 June 2018	
	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	**386,678,121**	**(386,678,121)**	368,745	(368,745)	(2,400,252)	2,400,252
Euro	**23,435,018**	**(23,435,018)**	-	-	(2,320,091)	2,320,091
Great Britain Pound	**(333,284)**	**333,284**	717	(717)	720,019	(720,019)
Australian Dollar	**219,741**	**(219,741)**	(196)	196	(4,952)	4,952
Canadian Dollar	**(26,049)**	**26,049**	(411)	411	355	(355)
Danish Krone	**-**	**-**	-	-	-	-
Hong Kong Dollar	**14,034**	**(14,034)**	939	(939)	-	-
Indian Rupee	**(83,749)**	**83,749**	2,282	(2,282)	(59,094)	59,094
Japanese Yen	**1,322,554**	**(1,322,554)**	(534)	534	(640)	640
New Zealand Dollar	**11,323**	**(11,323)**	2,641	(2,641)	9,982	(9,982)
Singapore Dollar	**(232,259)**	**232,259**	4,085	(4,085)	6,602	(6,602)
South African Rand	**68,353**	**(68,353)**	-	-	5,280	(5,280)
Swiss Franc	**74,125**	**(74,125)**	6,284	(6,284)	3,777	(3,777)
Saudi Arabian Riyal	**2,382**	**(2,382)**	2,037	(2,037)	288	(288)
United Arab Emirates Dirham	**(496)**	**496**	(68)	68	(33)	33
Chinese Yuan	**5,372**	**(5,372)**	709	(709)	15,916	(15,916)
Total	**411,155,186**	**(411,155,186)**	387,230	(387,230)	(4,022,843)	4,022,843

5.2.2 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 Group's Asset and Liability Management Committee.

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

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	-	-	-	-	-	1,292,773	4,287,398
Loans to and 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
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
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	1,494,545	27,492,337
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(404,947)
Total assets	14,510,298	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,494,545	27,087,390

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	643,836	(1,240,345)

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2019:

At 30 June 2019 (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	-	1,411,111	-	-	-	-	-	2,706,230	4,117,341
Loans to and placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	-	-	-	-	-	-	2,831	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	13,948,154	71,622	58,285	14,172	44,679	677,619	463,535	-	15,278,066
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	166,830	166,830
Total Assets	13,948,154	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,891,876	23,186,388
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(342,408)
Total assets	13,948,154	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,891,876	22,843,980

At 30 June 2019	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	18,058,580	493,487	517,128	1,145,825	742,553	1,036,045	1,062,825	-	23,056,443
Derivative liabilities	-	-	-	-	-	-	-	2,382	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Payable to fellow subsidiary	-	-	-	-	-	-	-	38,181	38,181
Other liabilities	-	-	-	-	-	-	-	624,250	624,250
Total liabilities	18,058,580	493,487	677,179	1,171,354	753,629	1,037,734	1,062,825	664,813	23,919,601
Net on-balance sheet interest sensitivity gap	(4,110,426)	1,224,490	(29,002)	(1,039,410)	516,910	137,599	339,563	2,227,063	(1,075,621)

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2018:

At 30 June 2018 (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	-	382,727	120,784	-	-	-	-	825,695	1,329,206
Loans to and placements with banks	-	-	2,248	206,796	105,424	-	-	-	314,468
Derivative assets	-	-	-	-	-	-	-	1,006	1,006
Trading assets	-	283,321	171,308	493,809	244,237	-	-	-	1,192,675
Investment securities	-	-	304,083	302,130	531,869	860,619	926,993	2,342	2,928,036
Loans and advances to customers	10,386,399	1,126	165,031	8,744	39,561	689,397	210,957	-	11,501,215
Receivable from fellow subsidiary	-	5,097,578	-	-	-	-	-	-	5,097,578
Other assets	-	-	-	-	-	-	-	230,353	230,353
Total Assets	10,386,399	5,764,752	763,454	1,011,479	921,091	1,550,016	1,137,950	1,059,396	22,594,537
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(324,104)
Total assets	10,386,399	5,764,752	763,454	1,011,479	921,091	1,550,016	1,137,950	1,059,396	22,270,433

At 30 June 2018	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	18,054,694	700,788	518,508	518,385	506,556	1,455,306	581,877	-	22,336,114
Derivative liabilities	-	-	-	-	-	-	-	532	532
Other borrowed funds	-	150,029	23	25,430	25,732	198,218	-	-	399,432
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	670,972	670,972
Total liabilities	18,054,694	850,817	518,531	543,815	532,288	1,653,524	581,877	671,504	23,407,050
Net on-balance sheet interest sensitivity gap	(7,668,295)	4,913,935	244,923	467,664	388,803	(103,508)	556,073	387,892	(1,136,617)

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

The table below summarises the Group'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
Loans to and 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
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
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)
Total assets	14,701,074	4,098,133	1,718,460	982,856	1,820,851	982,464	1,884,730	1,532,568	27,316,189

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	682,071	(1,141,527)

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2019:

At 30 June 2019 (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	-	1,411,111	-	-	-	-	-	2,706,230	4,117,341
Loans to and placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	-	-	-	-	-	-	2,831	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	14,159,206	71,622	58,285	14,172	44,679	677,619	463,535	-	15,489,118
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	204,853	204,853
Total Assets	14,159,206	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,929,899	23,435,463
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(342,408)
Total assets	14,159,206	1,717,977	648,177	131,944	1,270,539	1,175,333	1,402,388	2,929,899	23,093,055

At 30 June 2019	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	18,066,637	493,487	517,128	1,145,825	742,553	1,036,045	1,062,825	-	23,064,500
Derivative liabilities	-	-	-	-	-	-	-	2,382	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Payable to fellow subsidiary	-	-	-	-	-	-	-	38,181	38,181
Other liabilities	-	-	-	-	-	-	-	624,076	624,076
Total liabilities	18,066,637	493,487	677,179	1,171,354	753,629	1,037,734	1,062,825	664,639	23,927,484
Net on-balance sheet interest sensitivity gap	(3,907,431)	1,224,490	(29,002)	(1,039,410)	516,910	137,599	339,563	2,265,260	(834,429)

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2018:

At 30 June 2018 (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	-	382,727	120,784	-	-	-	-	825,695	1,329,206
Loans to and placements with banks	-	-	2,248	206,796	105,424	-	-	-	314,468
Derivative assets	-	-	-	-	-	-	-	1,006	1,006
Trading assets	-	283,321	171,308	493,809	244,237	-	-	-	1,192,675
Investment securities	-	-	304,083	302,130	531,869	860,619	926,993	2,342	2,928,036
Loans and advances to customers	10,386,398	1,126	165,031	8,744	39,561	689,397	438,378	-	11,728,635
Receivable from fellow subsidiary	-	5,097,578	-	-	-	-	-	-	5,097,578
Other assets	-	-	-	-	-	-	-	268,376	268,376
Total Assets	10,386,398	5,764,752	763,454	1,011,479	921,091	1,550,016	1,365,371	1,097,419	22,859,980
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(324,104)
Total assets	10,386,398	5,764,752	763,454	1,011,479	921,091	1,550,016	1,365,371	1,097,419	22,535,876

At 30 June 2018	**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	18,065,081	700,788	518,508	518,385	506,556	1,455,306	581,877	-	22,346,501
Derivative liabilities	-	-	-	-	-	-	-	532	532
Other borrowed funds	-	150,029	23	25,430	25,732	198,218	-	-	399,432
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	670,822	670,822
Total liabilities	18,065,081	850,817	518,531	543,815	532,288	1,653,524	581,877	671,354	23,417,287
Net on-balance sheet interest sensitivity gap	(7,678,683)	4,913,935	244,923	467,664	388,803	(103,508)	783,494	426,065	(881,411)

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (contd)

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 2020 given an increase or a decrease of 2% in interest rates.

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Increase	**53,511**	11,839	216,538	**53,511**	11,839	216,538

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 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**	**N/A**
Borrowings from Central Bank	**0.68**	**N/A**	**N/A**	**N/A**
Other borrowings	**N/A**	**N/A**	**N/A**	**2.65**

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.2 Market risk analysis (contd)

5.2.2 Interest rate sensitivity (Contd)

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2019				
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	N/A	N/A	3.95
- FVTPL	N/A	N/A	N/A	3.37
Loans and advances to customers	4.34	5.17	3.85	6.21
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.26	0.18	1.36	1.88
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Subordinated debt	N/A	N/A	N/A	N/A
Borrowings from Central Bank	0.70	N/A	N/A	N/A

	EURO	USD	GBP	MUR
	%	%	%	%
The Group and the Bank				
At 30 June 2018				
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:				
- Held-to-maturity	N/A	N/A	N/A	N/A
- Available for Sale	N/A	N/A	N/A	4.25
- Held for trading	N/A	N/A	N/A	3.57
Loans and advances to customers	4.06	4.76	3.61	7.86
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	0.09	1.28	0.51	2.48
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	N/A
Subordinated debt	N/A	N/A	N/A	N/A
Borrowings from Central Bank	0.63	N/A	N/A	N/A

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.3 Liquidity analysis

Liquidity risk is defined within the Group's policy framework as 'the risk that, at any time, the Group does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Group 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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5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.3 Liquidity analysis (contd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Company, slotted as per the rules defined by the Bank of Mauritius.

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
Loans to and 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
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
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)
Total assets	4,289,846	1,422,933	3,701,478	1,351,066	1,929,985	2,104,335	12,536,640	156,053	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	(395,017)	(1,240,345)

At 30 June 2019 (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	4,117,341	-	-	-	-	-	-	-	4,117,341
Loans to and placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	2,831	-	-	-	-	-	-	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	-	420,644	2,379,155	155,925	169,291	1,653,147	10,499,904	-	15,278,066
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	166,830	166,830
	4,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,438,757	182,815	23,186,388
Less allowance for credit losses	-	-	-	-	-	-	-	-	(342,408)
Total assets	4,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,438,757	182,815	22,843,980
Liabilities									
Deposits from customers	557,017	2,311,332	1,512,975	2,267,042	2,587,173	4,658,996	9,161,908	-	23,056,443
Derivative liabilities	-	2,382	-	-	-	-	-	-	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Payable to fellow subsidiary	-	38,181	-	-	-	-	-	-	38,181
Other liabilities	15,113	-	-	-	-	-	-	609,137	624,250
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	572,130	2,351,895	1,673,026	2,292,571	2,598,249	4,660,685	9,161,908	609,137	23,919,601
Net on-balance sheet liquidity gap	3,545,211	(1,693,176)	1,296,021	(2,018,874)	(1,203,098)	(2,509,824)	2,276,849	(426,322)	(1,075,621)

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.3 Liquidity analysis (contd)

At 30 June 2018 (The Group)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	1,208,422	-	120,784	-	-	-	-	-	1,329,206
Loans to and placements with banks	-	2,248	-	206,796	105,424	-	-	-	314,468
Derivative assets	-	1,006	-	-	-	-	-	-	1,006
Trading assets	-	283,321	171,308	493,809	244,237	-	-	-	1,192,675
Investment securities	-	-	304,083	302,130	531,869	860,619	926,993	2,342	2,928,036
Loans and advances to customers	-	588,352	2,222,757	264,321	696,974	1,535,780	6,193,031	-	11,501,215
Receivable from fellow subsidiary	-	5,097,578	-	-	-	-	-	-	5,097,578
Other assets	-	-	-	-	-	-	-	230,353	230,353
	1,208,422	5,972,505	2,818,932	1,267,056	1,578,504	2,396,399	7,120,024	232,695	22,594,537
Less allowance for credit losses	-	-	-	-	-	-	-	-	(324,104)
Total assets	1,208,422	5,972,505	2,818,932	1,267,056	1,578,504	2,396,399	7,120,024	232,695	22,270,433
Liabilities									
Deposits from customers	450,036	2,012,709	1,709,648	1,444,710	2,682,617	5,005,473	9,030,921	-	22,336,114
Derivative liabilities	-	532	-	-	-	-	-	-	532
Other borrowed funds	150,029	-	23	25,430	25,732	198,218	-	-	399,432
Other liabilities	-	-	-	349,668	-	-	-	321,304	670,972
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	600,065	2,013,241	1,709,671	1,819,808	2,708,349	5,203,691	9,030,921	321,304	23,407,050
Net on-balance sheet liquidity gap	608,357	3,959,264	1,109,261	(552,752)	(1,129,845)	(2,807,292)	(1,910,897)	(88,609)	(1,136,617)

At 30 June 2020 (The Bank)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	**4,287,398**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,287,398**
Loans to and 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**
Receivable from fellow subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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)**
Total assets	**4,289,846**	**1,422,933**	**3,701,478**	**1,351,066**	**1,929,985**	**2,120,910**	**12,710,841**	**194,076**	**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**	**(356,782)**	**(1,141,528)**

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.3 Liquidity analysis (contd)

	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
At 30 June 2019 (The Bank)	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	4,117,341	-	-	-	-	-	-	-	4,117,341
Loans to and placements with banks	-	2,421	-	-	71,418	-	-	-	73,839
Derivative assets	-	2,831	-	-	-	-	-	-	2,831
Trading assets	-	79,960	589,892	117,772	832,631	-	-	-	1,620,255
Investment securities	-	152,863	-	-	321,811	497,714	938,853	15,985	1,927,226
Loans and advances to customers	-	420,644	2,379,155	155,925	169,291	1,653,147	10,710,956	-	15,489,118
Receivable from fellow subsidiary	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	204,853	204,853
	4 ,117,341	658,719	2,969,047	273,697	1,395,151	2,150,861	11,649,809	220,838	23,435,463
Less allowance for credit losses	-	-	-	-	-	-	-	-	(342,408)
Total assets	4,117,341	658,719	2,969,047	73,697	1,395,151	2,150,861	11,649,809	220,838	23,093,055
Liabilities									
Deposits from customers	557,178	2,311,976	1,513,217	2,267,284	2,587,898	4,660,204	9,166,743	-	23,064,500
Derivative liabilities	-	2,382	-	-	-	-	-	-	2,382
Other borrowed funds	-	-	160,051	25,529	11,076	1,689	-	-	198,345
Payable to fellow subsidiary	-	38,181	-	-	-	-	-	-	38,181
Other liabilities	15,113	-	-	-	-	-	-	608,963	624,076
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	572,291	2,352,539	1,673,268	2,292,813	2,598,974	4,661,893	9,166,743	608,963	23,927,484
Net on-balance sheet liquidity gap	3,545,050	1,693,820)	1,295,779	(2,019,116)	(1,203,823)	(2,511,032)	2,483,066	(388,125)	(834,429)

	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
At 30 June 2018 (The Bank)	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets									
Cash and cash equivalents	1,208,422	-	120,784	-	-	-	-	-	1,329,206
Loans to and placements with banks	-	2,248	-	206,796	105,424	-	-	-	314,468
Derivative assets	-	1,006	-	-	-	-	-	-	1,006
Trading assets	-	283,321	171,308	493,809	244,237	-	-	-	1,192,675
Investment securities	-	-	304,083	302,130	531,869	860,619	926,993	2,342	2,928,036
Loans and advances to customers	-	588,351	2,222,757	264,321	696,974	1,535,780	6,420,452	-	11,728,635
Receivable from fellow subsidiary	-	5,097,578	-	-	-	-	-	-	5,097,578
Other assets	-	-	-	-	-	-	-	268,376	268,376
	1,208,422	5,972,504	2,818,932	1,267,056	1,578,504	2,396,399	7,347,445	270,718	22,859,980
Less allowance for credit losses	-	-	-	-	-	-	-	-	(324,104)
Total assets	1,208,422	5,972,504	2,818,932	1,267,056	1,578,504	2,396,399	7,347,445	270,718	22,535,876
Liabilities									
Deposits from customers	451,074	2,014,786	1,710,687	1,445,749	2,683,656	5,006,512	9,034,037	-	22,346,501
Derivative liabilities	-	532	-	-	-	-	-	-	532
Other borrowed funds	150,029	-	23	25,430	25,732	198,218	-	-	399,432
Other liabilities	-	-	-	349,668	-	-	-	321,154	670,822
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	601,103	2,015,318	1,710,710	1,820,847	2,709,388	5,204,730	9,034,037	321,154	23,417,287
Net on-balance sheet liquidity gap	607,319	3,957,186	1,108,222	(553,791)	(1,130,884)	(2,808,331)	(1,686,592)	(50,436)	(881,411)

Notes to the Financial Statements

For year ended 30 June 2020

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.3 Liquidity analysis (contd)

(ii) The table below shows the remaining contractual maturities of financial liabilities:

	On Demand Rs'000	Up to 1 month" Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
The Group									
Financial liabilities									
Deposits from customers	**17,516,991**	**1,017,978**	**1,716,817**	**678,390**	**1,550,494**	**2,762,151**	**1,070,289**	**-**	**26,313,110**
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**
30 June 2020	**17,591,996**	**2,330,121**	**1,725,484**	**683,895**	**1,560,820**	**2,797,566**	**1,086,783**	**551,070**	**28,327,735**
30 June 2019	14,823,781	775,935	1,000,528	1,620,073	1,232,863	2,602,412	1,254,872	609,137	23,919,601
30 June 2018	13,394,650	675,956	1,150,332	1,260,469	1,493,190	3,332,713	1,778,436	321,304	23,407,050

	Demand Rs'000	Up to 1 month" Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
The Bank									
Financial liabilities									
Deposits from customers	**17,518,400**	**1,017,978**	**1,716,817**	**678,390**	**1,550,494**	**2,762,151**	**1,070,289**	**-**	**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**
Subordinated liabilities	**-**	**-**	**14,569**	**13,730**	**26,937**	**103,200**	**44,874**	**-**	**203,310**
30 June 2020	**17,593,405**	**2,330,121**	**1,733,267**	**692,120**	**1,577,431**	**2,865,351**	**1,115,163**	**550,858**	**28,457,716**
30 June 2019	14,831,838	775,935	1,000,528	1,620,073	1,232,863	2,602,412	1,254,872	608,963	23,927,484
30 June 2018	13,405,037	675,956	1,150,332	1,260,469	1,493,190	3,332,713	1,778,436	321,154	23,417,287

5 Financial instrument risk (contd)

Risk management objectives and policies (contd)

5.3 Liquidity analysis (contd)

At 30 June 2020, 30 June 2019 and 30 June 2018, off-balance sheet financial facilities have contractual maturity dates not exceeding three years.

6 Fair value measurement

6.1 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 2020	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	**-**	**3,655,259,154**	**-**	**3,655,259,154**
Financial assets at FVTOCI	11(a)	**-**	**3,551,200,463**	**-**	**3,551,200,463**
Derivative financial assets	29	**-**	**45,718,645**	**-**	**45,718,645**
Derivative financial liabilities	29	**-**	**(289,498,366)**	**-**	**(289,498,366)**
Fair value		**-**	**6,962,679,896**	**-**	**6,962,679,896**

30 June 2019	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Financial assets at FVTPL	10 and 11(b)	-	1,636,239,968	-	1,636,239,968
Financial assets at FVTOCI	11(a)	-	1,911,240,884	-	1,911,240,884
Derivative financial assets	29	-	2,830,728	-	2,830,728
Derivative financial liabilities	29	-	(2,382,221)	-	(2,382,221)
Fair value		-	3,547,929,359	-	3,547,929,359

30 June 2018	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs	**Rs**	**Rs**	**Rs**
Assets/(liabilities)					
Trading assets	10	-	1,192,675,454	-	1,192,675,454
Available-for-sale financial assets	11	-	2,925,694,016	-	2,925,694,016
Derivative financial assets	29	-	1,006,361	-	1,006,361
Derivative financial liabilities	29	-	(531,529)	-	(531,529)
Fair value		-	4,118,844,302	-	4,118,844,302

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For year ended 30 June 2020

6 Fair value measurement (contd)

6.1 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) Trading assets and available-for-sale financial assets

The fair values of the Group's investments in Treasury Bills 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.

6.2 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 6.3 below) and non-financial liabilities . The financial assets and financial liabilities are measured at level 3 on the fair value hierarchy.

	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
Total financial assets	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

6 Fair value measurement (contd)

6.2 Fair value of financial assets and liabilities not carried at fair value (contd)

	30 June 2019			
	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	4,117,331,280	4,117,331,280	4,117,331,280	4,117,331,280
Loan to and placement with banks	73,722,466	73,722,466	73,722,466	73,722,466
Loans and advances to customers	14,935,784,208	14,936,132,866	15,146,836,349	15,147,185,007
Other assets	166,829,863	166,829,863	204,853,033	204,853,033
	19,293,667,817	19,294,016,475	19,542,743,128	19,543,091,786
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	23,056,443,423	23,111,633,140	23,064,500,010	23,119,689,727
Other borrowed funds	198,345,266	198,345,266	198,345,266	198,345,266
Payable to fellow subsidiary	38,180,968	38,180,968	38,180,968	38,180,968
Other liabilities	624,250,166	624,250,166	624,076,166	624,076,166
Total liabilities	23,917,219,823	23,972,409,540	23,925,102,410	23,980,292,127

	30 June 2018			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets at fair value through OCI:				
Other securities	2,342,224	2,342,224	2,342,224	2,342,224
Financial assets at amortised cost				
Cash and cash equivalents	1,329,205,952	1,329,205,952	1,329,205,952	1,329,205,952
Loan to and placement with banks	314,467,714	314,467,714	314,467,714	314,467,714
Loans and advances to customers	11,177,109,838	11,178,298,788	11,404,531,039	11,405,719,989
Other assets	230,352,809	230,352,809	268,375,979	268,375,979
Receivable from fellow subsidiary	5,097,577,730	5,097,577,730	5,097,577,730	5,097,577,730
	18,148,714,043	18,149,902,993	18,414,158,414	18,415,347,364
Total financial assets	18,151,056,267	18,152,245,217	18,416,500,638	18,417,689,588
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	22,336,114,499	22,404,453,158	22,346,501,200	22,414,839,859
Other borrowed funds	399,431,739	399,431,739	399,431,739	399,431,739
Other liabilities	670,972,416	670,972,416	670,822,416	670,822,416
Total liabilities	23,406,518,654	23,474,857,313	23,416,755,355	23,485,094,014

Notes to the Financial Statements

For year ended 30 June 2020

6 Fair value measurement (contd)

6.3 Fair value measurement of non-financial assets

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	**-**	**-**	**66,460,000**	**66,460,000**

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	**-**	**-**	**66,460,000**	**66,460,000**

30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,547,960,527	1,547,960,527
Investment properties	-	-	66,460,000	66,460,000

30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,317,901,260	1,317,901,260
Investment properties	-	-	66,460,000	66,460,000

30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
The Group	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,581,693,597	1,581,693,597
Investment properties	-	-	66,460,000	66,460,000

30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
The Bank	**Rs**	**Rs**	**Rs**	**Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,346,574,330	1,346,574,330
Investment properties	-	-	66,460,000	66,460,000

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 perfomed in the year ended 30 June 2020.

The appraisal are 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.

7 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 has been deferred to 01 January 2021 such that banks are required to maintain a capital conservation of 1.875% until 31 December 2020.

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 2020

- 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

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7 Capital management policies and procedures (contd)

The following table summarises the composition of regulatory capital and the ratios of the Bank as at 30 June 2020, 30 June 2019 and 30 June 2018 respectively. During the year ended 30 June 2020, the Bank complied with all of the externally imposed capital requirements to which it is subject. At 30 June 2020, capital adequacy ratio was 14.22% as compared to 15.29% at 30 June 2019 and 16.87% at 30 June 2018.

	The Bank		
	30 June 2020	**30 June 2019**	**30 June 2018**
	Rs'000	**Rs'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
Accumulated profit/(losses)	**(175,273)**	(279,941)	130,794
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	**(6,738)**	5,087	-20120
Common equity Tier 1 Capital before regulatory adjustments	**2,284,410**	2,191,567	2,577,095
Common equity Tier 1 Capital: regulatory adjustments	**(255,974)**	(296,095)	(601,408)
Common equity Tier 1 Capital after regulatory adjustments	**2,028,436**	1,895,472	1,975,687
Additional Tier 1 Capital: instrument	**-**	-	-
Additional Tier 1 Capital: regulatory adjustments	**-**	-	-
Additional Tier 1 capital	**-**	-	-
Tier 1 Capital	**2,028,436**	1,895,472	1,975,687
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Instruments issued by the Bank that meet the criteria for inclusion in Tier 2 Capital	**-**	-	-
Provisions and loan loss reserves	**195,989**	170,507	156,223
Surplus arising from revaluation of land and buildings owned by the Bank	**231,077**	216,675	195,931
Tier 2 Capital before regulatory adjustments	**427,066**	387,182	352,154
Tier 2 Capital: regulatory adjustments	**(4,752)**	(4,103)	(671)
Tier 2 Capital	**422,314**	383,079	351,483
Total Regulatory Capital (Rs)	**2,450,750**	2,278,551	2,327,170
Risk Weighted Assets (Rs)	**17,238,223**	14,903,808	13,794,028
Common Equity Tier 1 Capital Adequacy Ratio (%)	**11.77**	12.72	14.32
Tier 1 Capital Adequacy Ratio (%)	**11.77**	12.72	14.32
Capital Adequacy Ratio (%)	**14.22**	15.29	16.87

8(a) Cash and cash equivalents

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Cash in hand	**246,082,612**	129,173,347	158,848,687
Foreign currency notes and coins	**28,285,598**	18,341,441	20,053,665
Balances with banks in Mauritius and abroad	**1,011,482,690**	688,458,916	399,414,307
Unrestricted balances with the Central Bank (Note (a))	**6,921,467**	1,870,257,145	247378833
Loans to and placements with banks (Note (b))	**2,994,624,640**	1,411,110,516	503,510,460
	4,287,397,007	4,117,341,365	1,329,205,952
Expected credit losses	**(11,968)**	(10,085)	-
	4,287,385,039	4,117,331,280	1,329,205,952

(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 up to three months.

8(b) 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.

	01 July 2019	Financing cash inflows	Financing cash outflows	30 June 2020
	Rs	Rs	Rs	Rs
Other borrowed funds (Note 19)	**198,345,266**	**2,172,504,109**	**(1,281,459,356)**	**1,089,390,019**

	01 July 2018	Financing cash inflows	Financing cash outflows	30 June 2019
	Rs	Rs	Rs	Rs
Other borrowed funds (Note 19)	399,431,739	3,447,450,602	(3,648,537,075)	198,345,266

9 Loans to and placements with banks

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Placements with overseas banks	**2,448,174**	73,838,811	314,467,714
Expected credit losses	**(302)**	(116,345)	-
	2,447,872	73,722,466	314,467,714
Remaining term to maturity			
- Within 3 months	**2,448,174**	2,420,944	2,248,312
- Over 3 and up to 6 months	**-**	-	206,795,890
- Over 6 months	**-**	71,417,867	105,423,512
	2,448,174	73,838,811	314,467,714

10 Trading assets

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Securities held at FVTPL:			
Treasury bills	**3,637,975,739**	1,620,255,263	1,192,675,454
Remaining terms to maturity			
- Within 3 months	**1,700,437,962**	669,851,525	454,629,572
- Over 3 and up to 6 months	**651,969,170**	117,771,505	493,809,377
- Over 6 and up to 12 months	**1,285,568,607**	832,632,233	244,236,505
	3,637,975,739	1,620,255,263	1,192,675,454

Notes to the Financial Statements

For year ended 30 June 2020

11 Investment securities

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Financial assets at FVTOCI (Note (a) below)	**3,551,200,463**	1,911,240,884	-
Equity investments at FVTPL (Note (b) below)	**17,283,415**	15,984,705	-
Available-for-sale financial assets (Note (c) below)	**-**	-	2,928,036,240
	3,568,483,878	1,927,225,589	2,928,036,240

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Remaining terms to maturity			
- Within 3 months	**189,610,083**	152,863,450	304,082,735
- Over 3 and up to 6 months	**328,242,431**	-	302130163
- Over 6 and up to 12 months	**508,656,379**	271,660,621	531,869,073
- Over 1 and up to 3 years	**947,858,846**	563,849,078	862,961,495
- Over 3 and up to 5 years	**1,027,587,787**	525,788,426	193257536
- Over 5 years	**566,528,352**	413,064,014	733,735,238
	3,568,483,878	1,927,225,589	2,928,036,240

(a) Financial assets at FVTOCI

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Government Stocks	**260,655,451**	662,675,017	-
Treasury Notes	**1,185,490,661**	799,434,506	-
BOM Bonds	**379,870,164**	-	-
Corporate Bonds	**502,882,238**	449,131,361	-
Foreign Bonds	**1,021,664,827**	-	-
Foreign Treasury Bills	**200,637,122**	-	-
	3,551,200,463	1,911,240,884	-

(b) Financial assets at FVTPL

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Equity investments	**17,283,415**	15,984,705	-

(c) Available-for-sale financial assets

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Government Stocks	-	-	1,181,223,567
Treasury Notes	-	-	1,722,403,482
Corporate Bonds	-	-	22,066,967
Other securities	-	-	2,342,224
	-	-	2,928,036,240

11 Investment securities (contd)

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
(d) Fair value reserve			
Balance at start of year	**(2,510,450)**	(21,739,662)	145,675,619
Change in fair value of assets held at FVTOCI	**(18,656,641)**	19,229,212	-
Change in fair value of available-for-sale financial assets	**-**	-	(167,415,281)
Balance at end of year	**(21,167,091)**	(2,510,450)	(21,739,662)

12 Loans and advances to customers

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Retail customers						
Credit cards	**77,599,927**	84,571,104	82,349,451	**77,599,927**	84,571,104	82,349,451
Mortgages	**3,023,016,262**	2,805,144,743	2,824,655,611	**3,023,016,262**	2,805,144,743	2,824,655,611
Other retail loans	**1,738,776,197**	1,655,021,013	936,760,692	**1,738,776,197**	1,655,021,013	936,760,692
Corporate customers	**10,597,419,452**	10,633,424,422	7,430,496,175	**10,788,195,103**	10,844,476,563	7,657,917,376
Global Business Entities	**307,258,933**	93,995,670	102,396,952	**307,258,933**	93,995,670	102,396,952
Other	**67,471,560**	5,909,256	124,554,810	**67,471,560**	5,909,256	124,554,810
	15,811,542,331	15,278,066,208	11,501,213,691	**16,002,317,982**	15,489,118,349	11,728,634,892
Less allowance for credit impairment	**(404,934,801)**	(342,282,000)	(324,103,853)	**(404,934,801)**	(342,282,000)	(324,103,853)
Net	**15,406,607,530**	14,935,784,208	11,177,109,838	**15,597,383,181**	15,146,836,349	11,404,531,039

(a) Remaining term to maturity

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**3,188,643,240**	2,799,799,041	2,811,108,198	**3,188,643,240**	2,799,799,041	2,811,108,198
- Over 3 and up to 6 months	**370,855,036**	155,925,287	264,320,671	**370,855,036**	155,925,287	264,320,671
- Over 6 and up 12 months	**135,760,167**	169,291,379	696,974,438	**135,760,167**	169,291,379	696,974,438
- Over 1 and up to 3 years	**1,173,760,096**	1,653,146,694	1,535,779,967	**1,190,334,599**	1,653,146,694	1,535,779,967
- Over 3 and up to 5 years	**1,574,910,966**	1,638,719,303	1,470,200,885	**1,574,910,966**	1,638,719,303	1,470,200,885
- Over 5 years	**9,367,612,826**	8,861,184,504	4,722,829,532	**9,541,813,974**	9,072,236,645	4,950,250,733
	15,811,542,331	15,278,066,208	11,501,213,691	**16,002,317,982**	15,489,118,349	11,728,634,892

Notes to the Financial Statements

For year ended 30 June 2020

12 Loans and advances to customers (contd)

(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				
2020				
Gross investment in finance leases	**280,931,937**	**743,826,667**	**87,132,846**	**1,111,891,450**
Less unearned finance income	**(46,476,224)**	**(76,195,862)**	**(3,061,451)**	**(125,733,537)**
Net investment in finance leases	**234,455,713**	**667,630,805**	**84,071,395**	**986,157,913**
2019				
Gross investment in finance leases	258,553,111	620,176,483	73,046,453	951,776,047
Less unearned finance income	(48,949,967)	(80,239,542)	(3,719,030)	(132,908,539)
Net investment in finance leases	209,603,144	539,936,941	69,327,423	818,867,508
2018				
Gross investment in finance leases	399,529,934	462,685,594	49,268,293	911,483,821
Less unearned finance income	(44,937,098)	(55,471,323)	(2,872,771)	(103,281,192)
Net investment in finance leases	354,592,836	407,214,271	46,395,522	808,202,629

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) Credit concentration of risk by industry sectors (Credit exposures to any one customer or group of connected counterparties for amounts aggregating more than 10% of Tier 1 capital)

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture and Fishing	**400,494**	710,879	1,088,112	**400,494**	710,879	1,088,112
Tourism	**-**	251,486	278,053	**-**	251,486	278,053
Construction	**496,106**	475,533	238,924	**686,882**	686,585	238,924
Financial and Business Services	**1,022,153**	1,289,230	925,743	**1,022,153**	1,289,230	925,743.00
Traders	**-**	259,792	-	**-**	259,792	-
Others (Infrastructure, public non-financial, Personal, transport & Other Customers)	**156,721**	185,931	418,497	**156,721**	185,931	418,497
	2,075,474	3,172,851	2,949,329	**2,266,250**	3,383,903	2,949,329

12 Loans and advances to customers (contd)

(d) Allowance for credit impairment

	Specific allowances for impairment	Portfolio allowance and general provision for impairment	Rescheduled advances allowances	Total
	Rs	Rs	Rs	Rs
The Group and the Bank				
Balance at 01 July 2017	1,669,610,494	199,481,596	1,284,282	1,870,376,372
Shortfall on loan and advances settlement	(16,978,086)	-	-	(16,978,086)
Provision for /(Reversal of) credit impairment for the year (Note (d) (i) and (ii) below)	203,555,132	(24,009,911)	104,358	179,649,579
Specific provision reversed on carved out adjustment (Note (e) below)	(1,708,944,012)	-	-	(1,708,944,012)
Balance at 30 June 2018	147,243,528	175,471,685	1,388,640	324,103,853
Impact of IFRS 9 transition	-	6,805,159	-	6,805,159
Provision for /(Reversal of)credit impairment for the year (Note (d) (i) and (ii) below)	22,618,360	(10,217,970)	(1,027,402)	11,372,988
Balance at 30 June 2019	**169,861,888**	**172,058,874**	**361,238**	**342,282,000**
Provision for credit impairment for the year (Note (d) (i) and (ii) below)	**48,099,230**	**14,402,614**	**150,957**	**62,652,801**
Balance at 30 June 2020	**217,961,118**	**186,461,488**	**512,195**	**404,934,801**

(i) Portfolio provision

For the year ended 30 June 2018, the Bank made portfolio provision as per table below after offsetting collateral of liquid assets in the portfolio

	30 June 2020	30 June 2019	30 June 2018
	%	%	%
Sector			
Construction Housing	**-**	-	1.505
Commercial, Residential & Land parcelling	**-**	-	2.005
Tourism	**-**	-	2.005
Personal	**-**	-	2.005
Others	**-**	-	1.005

With the introduction of IFRS 9 as from financial year starting 01 July 2018, portfolio provision was replaced by stage 1 and stage 2 expected credit losses.

(ii) Specific allowances for impairment

When principal and interest are overdue by 90 days, loans are classified as non-performing. Allowances are provided for non-performing loans to reflect their net estimated recoverable amount.

Specific allowances are calculated using the carrying amount gross of interest receivable net of recoverable amount.

Notes to the Financial Statements

For year ended 30 June 2020

12 Loans and advances to customers (contd)

(d) Allowance for credit impairment (cont)

(iii) Allowance for credit impairment by industry sectors

	Gross amount of loans 30 June 2020	Non-Performing loans 30 June 2020	Expected credit loss stage 3 30 June 2020	Expected credit loss stage 1-2 30 June 2020	Restructuring allowances 30 June 2020	Total allowances for credit impairment 30 June 2020	Total allowances for credit impairment 30 June 2019	Total allowances for credit impairment 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Group								
Agriculture and Fishing	972,915,324	102,165,577	49,680,312	7,355,142	-	57,035,454	15,461,587	12,707,511
Manufacturing	736,788,069	163,528,652	128,218,495	8,742,199	5,800	136,966,494	133,705,110	117,713,763
Tourism	838,502,009	6,630	6,630	16,859,011	35,954	16,901,595	11,865,018	19,985,185
Transport	376,123,859	2,366,106	661,622	21,992,448	-	22,654,070	6,317,558	3,372,093
Construction	4,328,144,954	30,074,404	7,336,313	65,996,466	437,162	73,769,941	73,996,478	77,177,371
Financial and Business Services	4,998,050,177	291,235,689	-	6,329,644	-	6,329,644	38,816,691	34,167,906
Traders	1,053,149,453	16,816,481	9,130,697	16,310,377	-	25,441,074	22,987,559	18,324,818
Information Technology	16,771,031	1,067,462	66,257	159,138	-	225,395	250,430	494,467
Personal	1,529,660,023	19,176,496	11,644,674	20,793,406	33,279	32,471,359	21,554,071	21,569,087
Education	136,422,874	330,221	48,933	7,029,876	-	7,078,809	6,557,086	2,171,295
Professional	45,199,612	832,730	830,670	675,475	-	1,506,145	926,190	341,407
Others	779,814,946	29,807,016	10,336,515	14,218,306	-	24,554,821	9,844,222	16,078,950
	15,811,542,331	657,407,464	217,961,118	186,461,488	512,195	404,934,801	342,282,000	324,103,853

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12 Loans and advances to customers (contd)

(d) Allowance for credit impairment (contd)

(iii) Allowance for credit impairment by industry sectors (contd)

	Gross amount of loans 30 June 2020	Non-Performing loans 30 June 2020	Expected credit loss stage 3 30 June 2020	Expected credit loss stage 1-2 30 June 2020	Restructuring allowances 30 June 2020	Total allowances for credit impairment 30 June 2020	Total allowances for credit impairment 30 June 2019	Total allowances for credit impairment 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
The Bank								
Agriculture and Fishing	**972,915,324**	**102,165,577**	**49,680,312**	**7,355,142**	**-**	**57,035,454**	15,461,587	12,707,511
Manufacturing	**736,788,069**	**163,528,652**	**128,218,495**	**8,742,199**	**5,800**	**136,966,494**	133,705,110	117,713,763
Tourism	**838,502,009**	**6,630**	**6,630**	**16,859,011**	**35,954**	**16,901,595**	11,865,018	19,985,185
Transport	**376,123,859**	**2,366,106**	**661,622**	**21,992,448**	**-**	**22,654,070**	6,317,558	3,372,093
Construction	**4,518,920,605**	**30,074,404**	**7,336,313**	**65,996,466**	**437,162**	**73,769,941**	73,996,478	77,177,371
Financial and Business Services	**4,998,050,177**	**291,235,689**	**-**	**6,329,644**	**-**	**6,329,644**	38,816,691	34,167,906
Traders	**1,053,149,453**	**16,816,481**	**9,130,697**	**16,310,377**	**-**	**25,441,074**	22,987,559	18,324,818
Information Technology	**16,771,031**	**1,067,462**	**66,257**	**159,138**	**-**	**225,395**	250,430	494,467
Personal	**1,529,660,023**	**19,176,496**	**11,644,674**	**20,793,406**	**33,279**	**32,471,359**	21,554,071	21,569,087
Education	**136,422,874**	**330,221**	**48,933**	**7,029,876**	**-**	**7,078,809**	6,557,086	2,171,295
Professional	**45,199,612**	**832,730**	**830,670**	**675,475**	**-**	**1,506,145**	926,190	341,407
Others	**779,814,946**	**29,807,016**	**10,336,515**	**14,218,306**	**-**	**24,554,821**	9,844,222	16,078,950
	16,002,317,982	**657,407,464**	**217,961,118**	**186,461,488**	**512,195**	**404,934,801**	342,282,000	324,103,853

(e) Sale of portfolio of loans and advances

Pursuant to a Sale and Purchase agreement between MauBank Ltd and EAMC Ltd dated 30 June 2018, "EAMC" has acquired part of the portfolio of loans and advances for an agreed consideration as at that date.

Details of the fair value of the portfolio transferred are provided as hereunder:

	Rs
Loans and advances portfolio disposed	**(6,456,853,435)**
Fair value of consideration	**4,747,909,423**
Loss on disposal of loans and advances portfolio	**(1,708,944,012)**
Specific provision realised on disposal	**1,708,944,012**
Net loss on disposal	**-**

MauBank shall continue to retain the legal title to the receivables due in relation to the Loan Agreements, while, the economic benefit, the risk and rewards associated with same shall vest with EAMC Ltd.

In addition, Maubank Ltd shall continue to manage the portfolio in conformity with applicable laws, and also ensure the recovery functions for the ultimate economic benefit of the Buyer in consideration for the payment of a Management Fee and a Recovery Fee computed in accordance with the principles set out in the agreement.

Notes to the Financial Statements

For year ended 30 June 2020

13(a) Property, plant and equipment

	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs
The Group					
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 surplus 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**

	Freehold land and buildings	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs
The Group					
Cost/Valuation					
At 01 July 2018	1,608,618,900	553,824,287	489,273,482	12,066,870	2,663,783,539
Retirement	-	(386,178,097)	(190,572,755)	(142,665)	(576,893,517)
Reclassification	-	(27,528,658)	13,767,484	-	(13,761,174)
Additions during the year	-	51,348,068	7,437,668	4,250,000	63,035,736
Disposal during the year	(6,915,957)	-	-	(3,117,447)	(10,033,404)
At 30 June 2019	1,601,702,943	191,465,600	319,905,879	13,056,758	2,126,131,180
Depreciation					
At 01 July 2018	26,925,303	462,921,275	375,436,044	6,511,250	871,793,872
Retirement	-	(386,178,097)	(190,572,755)	(142,665)	(576,893,517)
Reclassification	-	(10,065,735)	6,855,572	-	(3,210,163)
Charge for the year	26,946,554	39,774,593	45,392,283	622,435	112,735,865
Disposal during the year	(129,441)	-	-	(1,922,426)	(2,051,867)
At 30 June 2019	53,742,416	106,452,036	237,111,144	5,068,594	402,374,190
Carrying amount					
At 30 June 2019	1,547,960,527	85,013,564	82,794,735	7,988,164	1,723,756,990

13(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 2017	1,608,618,900	543,215,943	471,493,354	15,641,291	2,638,969,488
Additions during the year	-	10,668,248	17,780,128	659,089	29,107,465
Disposal during the year	-	(59,904)	-	(4,233,510)	(4,293,414)
At 30 June 2018	1,608,618,900	553,824,287	489,273,482	12,066,870	2,663,783,539
Depreciation					
At 01 July 2017	-	428,169,789	331,608,348	8,325,306	768,103,443
Charge for the year	26,925,303	34,802,654	43,827,696	1,633,630	107,189,283
Disposal during the year	-	(51,168)	-	(3,447,686)	(3,498,854)
At 30 June 2018	26,925,303	462,921,275	375,436,044	6,511,250	871,793,872
Carrying amount					
At 30 June 2018	1,581,693,597	90,903,012	113,837,438	5,555,620	1,791,989,667

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**

Notes to the Financial Statements

For year ended 30 June 2020

13(a) Property, plant and equipment (contd)

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 2018	1,368,439,633	535,576,898	477,424,957	9,708,911	2,391,150,399
Retirement	-	(385,830,878)	(190,572,755)	(142,665)	(576,546,298)
Reclassification	-	(13,761,174)	-	-	(13,761,174)
Additions during the year	-	51,348,067	7,437,667	4,250,000	63,035,734
Disposal during the year	(6,915,957)	-	-	(3,117,447)	(10,033,404)
At 30 June 2019	1,361,523,676	187,332,913	294,289,869	10,698,799	1,853,845,257
Depreciation					
At 01 July 2018	21,865,303	451,268,486	369,898,331	6,345,563	849,377,683
Retirement	-	(385,830,878)	(190,572,755)	(142,665)	(576,546,298)
Reclassification	-	(3,210,163)	-	-	(3,210,163)
Charge for the year	21,886,554	38,133,442	41,423,195	622,435	102,065,626
Disposal during the year	(129,441)	-	-	(1,922,426)	(2,051,867)
At 30 June 2019	43,622,416	100,360,887	220,748,771	4,902,907	369,634,981
Carrying amount					
At 30 June 2019	1,317,901,260	86,972,026	73,541,098	5,795,892	1,484,210,276

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 2017	1,368,439,633	525,066,812	459,644,829	13,283,332	2,366,434,606
Additions during the year	-	10,569,990	17,780,128	659,089	29,009,207
Disposal during the year	-	(59,904)	-	(4,233,510)	(4,293,414)
At 30 June 2018	1,368,439,633	535,576,898	477,424,957	9,708,911	2,391,150,399
Depreciation					
At 01 July 2017	-	419,796,760	327,645,020	8,159,619	755,601,399
Charge for the year	21,865,303	31,522,894	42,253,311	1,633,630	97,275,138
Disposal during the year	-	(51,168)	-	(3,447,686)	(3,498,854)
At 30 June 2018	21,865,303	451,268,486	369,898,331	6,345,563	849,377,683
Carrying amount					
At 30 June 2018	1,346,574,330	84,308,412	107,526,626	3,363,348	1,541,772,716

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		
	2020	2019	2018	2020	2019	2018
	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	**(128,116,118)**	(108,850,762)	(89,585,406)	**(99,462,469)**	(85,474,751)	(71,487,033)
	1,022,833,971	1,042,099,327	1,061,364,683	**787,605,701**	801,593,419	815,581,137

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.

13(b) Intangible assets

The Group and the Bank	Computer software	Total
	Rs	Rs
Cost		
At 01 July 2017	601,093,225	601,093,225
Additions during the year	66,522,535	66,522,535
At 30 June 2018	667,615,760	667,615,760
Retirement	(144,206,703)	(144,206,703)
Reclassification	13,761,174	13,761,174
Additions during the year	28,931,545	28,931,545
At 30 June 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**
Amortisation		
At 01 July 2017	403,126,996	403,126,996
Charge for the year	43,880,264	43,880,264
At 30 June 2018	447,007,260	447,007,260
Retirement	(144,206,703)	(144,206,703)
Reclassification	3,210,163	3,210,163
Charge for the year	44,440,351	44,440,351
At 30 June 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**
Carrying amount		
At 30 June 2020	**196,854,243**	**196,854,243**
At 30 June 2019	215,650,705	215,650,705
At 30 June 2018	220,608,500	220,608,500

13(c) Right of Use assets

The Group	Land & Building	Total
	Rs	Rs
Cost/Valuation		
On application of IFRS 16 on 01 July 2019	**70,800,999**	**70,800,999**
Additions during the year	**24,293,529**	**24,293,529**
Revaluation during the year	**39,233,806**	**39,233,806**
At 30 June 2020	**134,328,334**	**134,328,334**
Accumulated Depreciation		
Charge for the year	**22,237,744**	**22,237,744**
At 30 June 2020	**22,237,744**	**22,237,744**
Carrying amount		
At 30 June 2020	**112,090,590**	**112,090,590**

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For year ended 30 June 2020

13(c) Right of Use assets (contd)

The Bank	Land & Building	Total
	Rs	Rs
Cost/Valuation		
On application of IFRS 16 on 01 July 2019	**62,824,927**	**62,824,927**
Additions during the year	**192,829,795**	**192,829,795**
Revaluation during the year	**12,811,074**	**12,811,074**
At 30 June 2020	**268,465,796**	**268,465,796**
Accumulated Depreciation		
Charge for the year	**55,546,193**	**55,546,193**
At 30 June 2020	**55,546,193**	**55,546,193**
Carrying amount		
At 30 June 2020	**212,919,603**	**212,919,603**

14 Investment properties

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Balance at start of year	**66,460,000**	66,460,000	66,460,000
Revaluation gain (Note 34)	**12,840,000**	-	-
Balance at end of year	**79,300,000**	66,460,000	66,460,000

No rental income was received and no operation expenses were incurred during the year under review towards the investment property (Year ended 30 June 2019 and 30 June 2018: Rs Nil). 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 of the Bank's investment properties is made every three years.

15 Investment in subsidiary

15.1 Unquoted and at cost

	The Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Balance at end of year	**100,000**	100,000	100,000

15.2 Details of the subsidiary are as follows:

Name of subsidiary	Principal activity	Type of shares	% holding	30 June 2020	30 June 2019	30 June 2018
				Rs	Rs	Rs
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	100,000	100,000	100,000

15.3 The subsidiary was incorporated in the Republic of Mauritius on 17 March 2014 as a private company with liability limited by shares.

15.4 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.

15.5 The cost of the investment is considered to be a reflection of its fair value.

16 Receivable from fellow subsidiary

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Receivable from EAMC Ltd						
- On sale of portfolio of loans and advances (Note 12 (e))	-	-	4,747,909,423	-	-	4,747,909,423
- On sale of other assets	-	-	349,668,307	-	-	349,668,307
	-	-	5,097,577,730	-	-	5,097,577,730

The receivable from fellow subsidiary carried interest at the rate of 5% p.a.

17 Other assets

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Mandatory balances with Central Bank (Note (i) below)	**2,097,155,819**	1,817,364,475	1,776,990,532	**2,097,155,819**	1,817,364,475	1,776,990,532
Due from the subsidiary (Note (ii) below)	**-**	-	-	**32,805,779**	32,805,779	32,805,779
Due from holding company (Note (ii) below)	**189,637**	-	18,923	**189,637**	-	18,923
Due from fellow subsidiary (Note (iii) below)	**169**	1,417,022	-	**169**	1,417,022	-
Balances due in clearing	**19,229,219**	27,203,982	72,785,301	**19,229,219**	27,203,982	72,785,301
Project costs	**8,775,160**	19,943,927	22,651,845	**8,775,160**	19,943,927	22,651,845
Prepayments	**38,707,653**	39,271,477	42,028,172	**38,707,653**	39,271,477	42,028,172
Receivables	**85,099,400**	59,316,073	59,588,381	**90,316,793**	64,533,464	64,805,769
Repossessed properties	**33,377,531**	33,386,886	24,667,957	**33,377,531**	33,386,886	24,667,957
Others	**11,869,941**	50,997,794	76,723,954	**11,869,941**	50,997,794	76,723,955
	2,294,404,529	2,048,901,636	2,075,455,065	**2,332,427,701**	2,086,924,806	2,113,478,233

(i) At 30 June 2020, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to **Rs 2,097,155,819** (2019: Rs 1,817,364,475 and 2018: Rs 1,776,990,532). These funds are not available for daily business.

(ii) The amount due from the subsidiary and holding company is interest free, unsecured and repayable on demand.

(iii) The amount due from the fellow subsidiary is interest free, unsecured and repayable on demand.

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For year ended 30 June 2020

18 Deposits from customers

Retail, corporate and government

		The Group			The Bank		
		30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
		Rs	Rs	Rs	Rs	Rs	Rs
(a)	Demand	**4,933,120,698**	3,252,489,722	2,314,292,145	**4,934,530,169**	3,260,546,309	2,324,678,846
	Savings	**12,583,869,649**	11,556,178,614	10,930,328,866	**12,583,869,649**	11,556,178,614	10,930,328,866
	Time deposits	**8,796,119,055**	8,247,775,087	9,091,493,488	**8,796,119,055**	8,247,775,087	9,091,493,488
		26,313,109,402	23,056,443,423	22,336,114,499	**26,314,518,873**	23,064,500,010	22,346,501,200
(b)	Time deposits with remaining term to maturity:						
	- Within 3 months	**2,734,795,306**	1,575,849,073	1,825,733,535	**2,734,795,306**	1,575,849,073	1,825,733,535
	- Over 3 and up to 6 months	**678,390,297**	1,594,543,996	885,371,370	**678,390,297**	1,594,543,996	885,371,370
	- Over 6 and up to 12 months	**1,550,494,478**	1,221,787,381	1,467,458,076	**1,550,494,478**	1,221,787,381	1,467,458,076
	- Over 1 and up to 3 years	**2,762,151,107**	2,600,722,661	3,134,494,674	**2,762,151,107**	2,600,722,661	3,134,494,674
	- Over 3 and up to 5 years	**1,014,464,737**	1,205,926,642	1,731,484,333	**1,014,464,737**	1,205,926,642	1,731,484,333
	- Over 5 years	**55,823,130**	48,945,334	46,951,500	**55,823,130**	48,945,334	46,951,500
		8,796,119,055	8,247,775,087	9,091,493,488	**8,796,119,055**	8,247,775,087	9,091,493,488

19 Other borrowed funds

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Borrowings from the Central Bank	**1,881,098**	198,345,266	249,151,600
Borrowings from banks in Mauritius	**1,087,508,921**	-	150,027,940
Borrowings from non-bank financial institution	**-**	-	252,199
	1,089,390,019	198,345,266	399,431,739
Remaining term to maturity			
- Within 3 months	**1,089,390,019**	-	150,051,322
- Over 3 and up to 6 months	**-**	185,580,629	25,429,780
- Over 6 and up to 12 months	**-**	11,075,553	25,732,286
- Over 1 and up to 3 years	**-**	1,689,084	198,218,351
- Over 3 and up to 5 years	**-**	-	-
	1,089,390,019	198,345,266	399,431,739

At 30 June 2020, the borrowings from the Central Bank and part of borrowings from banks in Mauritius were secured against government stocks. As at 30 June 2019 and 30 June 2018, only the borrowings from the Central Bank were secured against government stocks.

20 Lease liabilities

	The Group	The Bank
	30 June 2020	30 June 2020
	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)
Closing balance	74,526,375	203,309,885

Remaining term to maturity

	The Group	The Bank
- Within 3 months	6,786,034	14,569,159
- Over 3 and up to 6 months	5,505,386	13,730,342
- Over 6 and up to 12 months	10,326,201	26,937,485
- Over 1 and up to 3 years	35,415,148	103,199,192
- Over 3 and up to 5 years	9,921,414	44,873,707
- Over 5 years	6,572,192	-
	74,526,375	203,309,885

21 Other liabilities

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Cheques in clearance	53,044,009	108,238,028	99,847,496	53,044,009	108,238,028	99,847,496
Due on extinction of guarantees	202,660,240	238,792,651	349,668,307	202,660,240	238,792,651	349,668,307
Other payables and accruals	292,770,668	299,664,623	227,029,467	292,165,498	299,094,507	226,483,355
Overdrawn balances on nostro account	15,842,754	-	-	15,842,754	-	-
Provisions for other liabilities	543,944	1,059,610	-	543,944	1,059,610	-
	564,861,615	647,754,912	676,545,270	564,256,445	647,184,796	675,999,158

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22 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 30 July 2020 and 19 August 2020 respectively.

(i) Amounts recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2020	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**
The Group and the Bank			
Present value of funded obligations	**(194,867,540)**	(183,612,772)	(136,896,338)
Fair value of plan assets	**67,832,413**	73,800,018	71,681,369
Liabilities in the statement of financial position	**(127,035,127)**	(109,812,754)	(65,214,969)

(ii) Amounts recognised in the statements of profit or loss and other comprehensive income:

	The Group and the Bank		
	30 June 2020	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**
The Group and the Bank			
Current service cost	**7,416,452**	6,046,445	5,109,320
Past service cost	**-**	36,000	(35,529,000)
Scheme expenses	**20,000**	20,000	750,123
Cost of insuring benefits	**228,696**	263,064	263,064
Interest cost	**9,433,277**	8,362,038	8,153,005
Expected return on plan assets	**(3,597,493)**	(4,424,414)	(3,426,530)
Total included in pension and other costs	**13,500,932**	10,303,133	(24,680,018)
Actual return on plan assets	**3,566,788**	3,628,713	3,752,530

(iii) Movements in the liability recognised in the statements of financial position:

	The Group and the Bank		
	30 June 2020	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**
The Group and the Bank			
At start	**(109,812,754)**	(65,214,969)	(98,413,385)
Total expenses as above	**(13,500,932)**	(10,303,133)	24,680,018
Actuarial losses recognised in other comprehensive income	**(3,721,441)**	(34,294,652)	(10,631,732)
Employer contributions	**-**	-	19,150,130
At end	**(127,035,127)**	(109,812,754)	(65,214,969)

22 Retirement benefits Obligations (contd)

Pension plan (contd)

(iv) Movements in defined benefit obligations:

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
The Group and the Bank			
At start	**(183,612,772)**	(136,896,338)	(158,067,070)
Current service cost	**(7,416,452)**	(6,046,445)	(5,109,320)
Interest cost	**(9,433,277)**	(8,362,038)	(8,153,004)
Actuarial losses	**(10,667,736)**	(35,599,951)	(2,128,944)
Past service cost	**-**	(36,000)	35,529,000
Benefits paid	**16,262,697**	3,328,000	1,033,000
At end	**(194,867,540)**	(183,612,772)	(136,896,338)

(v) Movements in the fair value of plan assets:

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
The Group and the Bank			
At start	**73,800,018**	71,681,369	59,653,685
Expected return on plan assets	**3,597,493**	4,424,414	3,426,530
Actuarial gain/(losses)	**6,946,295**	1,305,299	(8,502,789)
Employer contributions	**-**	-	18,931,130
Scheme expenses	**(20,000)**	(20,000)	(750,123)
Cost of insuring risks benefits	**(228,696)**	(263,064)	(263,064)
Benefits paid	**(16,262,697)**	(3,328,000)	(814,000)
At end	**67,832,413**	73,800,018	71,681,369

(vi) Analysis of amount recognized in Other Comprehensive Income:

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
The Group and the Bank			
Gains/(losses) on pension scheme assets	**(588,705)**	(1,521,701)	575,211
Experience gains/ (losses) on the liabilities	**2,315,493**	(12,833,118)	7,893,310
Changes in assumptions underlying the present value of the scheme	**(20,618,229)**	(22,766,833)	(10,022,253)
Change in effect of asset ceiling	**7,535,000**	2,827,000	(9,078,000)
Changes in demographic assumptions	**7,635,000**	-	-
	(3,721,441)	(34,294,652)	(10,631,732)

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22 Retirement benefits Obligations (contd)

Pension plan (contd)

(vii) Expected return on assets

The assets of the plan are invested in the deposit administration fund of Swan Life and Aon Hewitt 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 plan

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 Bank also operates a defined benefit pension plan administered by the trustees of Ex BAI Group Pension Fund. The Bank has no defined benefit liability at 30 June 2020 in respect of this plan (30 June 2019: Rs Nil and 30 June 2018: Rs Nil).

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 previously 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 2020, 2019 and 2018 have been arrived at based on the following methodology:

(a) The ex-members of the DB section (namely DBBA and DBML) of the BAI Group Pension Fund (BAIGPF) will be entitled to a transfer value calculated as at 30 June 2020 using the old DB formulae and assuming accrual cease date of 30 June 2015 valued on the transfer value basis determined by the Trustees of the Fund.

(b) The ex-members of DBBA have joined the DC scheme with SICOM in December 2018 but their respective transfer values and deemed accumulated contributions from 1 July 2015 to 30 November 2018 increased with interest have not yet been injected into the DC scheme. On the other hand, the ex-members of DBML have not yet joined the DC scheme with SICOM. It has therefore been assumed that they will join the DC scheme as from 1 July 2020 with their respective transfer values and deemed accumulated contributions from 1 July 2015 to 30 June 2020 increased with interest.

(c) For this year's exercise, the transfer values to which the ex-members of DBBA and DBML are entitled have been held as a liability as at 30 June 2020. The transfer values as at 30 June 2020 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 both DBBA and 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 effective 1 December 2018. Their accumulated fund as at 30 June 2020 have been estimated by taking their accumulated fund from BAIGPF as at 30 June 2020 (which has not yet been transferred to the new scheme), their accumulated fund in the new DC scheme with SICOM (representing contributions plus interest as from December 2018) and adding their deemed accumulated contributions from 1 April 2015 to 30 November 2018 with interest.

The Bank has recognised a defined benefit liability of **Rs 43,806,000** in its balance sheet as at 30 June 2020 (30 June 2019: Rs 37,389,000 and 30 June 2018: Rs 13,361,000) 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.

22 Retirement benefits Obligations (contd)

Pension plan (contd)

(viii) Description of the pension plan (Contd)

The Bank operates a final salary defined benefit pension plan for some of its employees. The 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 ERA 2008 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 except for data adjustments.

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 83,229,127** in its balance sheet as at 30 June 2020 (30 June 2019: Rs 72,423,754 and 30 June 2018: Rs 51,853,969).

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.

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Notes to the Financial Statements

For year ended 30 June 2020

22 Retirement benefits Obligations (contd)

Pension plan (contd)

(ix) Pension schemes

(a) DBBA Pension Scheme

	30 June 2020	30 June 2019	30 June 2018
	Rs	**Rs**	**Rs**
The Group and the Bank			
Reconciliation of the Effect of the Asset Ceiling			
- Opening balance	**6,730,000**	8,581,000	-
- Amount recognised in P&L	**538,000**	686,000	-
- Amount recognized in OCI	**(7,268,000)**	(2,537,000)	8,581,000
- Closing balance	**-**	6,730,000	8,581,000
Allocation of Plan Assets at End of Year	**%**	%	%
- Equity – Overseas quoted	**-**	-	-
- Equity – Overseas unquoted	**-**	-	-
- Equity – Local quoted	**-**	-	1
- Equity – Local unquoted	**-**	-	3
- Debt – Overseas quoted	**-**	-	-
- Debt – Overseas unquoted	**-**	-	-
- Debt – Local quoted	**-**	-	-
- Debt – Local unquoted	**-**	-	-
- Property – Overseas	**-**	-	-
- Property – Local	**7**	5	3
- Investment Funds	**-**	-	-
- Cash and other	**93**	95	93
Total	**100**	100	100
Allocation of Plan Assets at End of Year	**%**	%	%
- Reporting entity's own transferable financial instruments	**-**	-	-
- Property occupied by reporting entity	**-**	-	-
- Other assets used by reporting entity	**-**	-	-
Principal Assumptions used at End of Year			
- Discount rate	**N/A**	**N/A**	**N/A**
- Rate of salary increases	**N/A**	**N/A**	**N/A**
- Rate of pension increases	**N/A**	**N/A**	**N/A**
- Average retirement age (ARA)	**N/A**	**N/A**	**N/A**
- Average life expectancy for:			
- Male at ARA	**N/A**	**N/A**	**N/A**
- Female at ARA	**N/A**	**N/A**	**N/A**

22 Retirement benefits Obligations (contd)

Pension plan (contd)

(ix) Pension schemes (Contd)

(a) DBBA Pension Scheme (Contd)

Sensitivity Analysis on Defined Benefit Obligation at End of year

	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
The Group and the Bank			
- Increase due to 1% decrease in discount rate	**N/A**	N/A	N/A
- Decrease due to 1% increase in discount rate	**N/A**	N/A	N/A

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. 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 contributions to an external legal entity at the rate recommended by the entity's actuaries.

- Expected employer contribution for the next year	-	-	-
- Weighted average duration of the defined benefit obligation	-	-	-

(b) DBML Pension Scheme

	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
The Group and the Bank			
Reconciliation of the Effectof the Asset Ceiling			
- Opening balance	**247,000**	497,000	-
- Amount recognised in P&L	**20,000**	40,000	-
- Amount recognized in OCI	**(267,000)**	(290,000)	497,000
- Closing balance	**-**	247,000	497,000
Allocation of Plan assets at End of Year	**%**	**%**	**%**
- Equity – Overseas quoted	**-**	-	-
- Equity – Overseas unquoted	**-**	-	-
- Equity – Local quoted	**-**	-	1
- Equity – Local unquoted	**-**	-	3
- Debt – Overseas quoted	**-**	-	-
- Debt – Overseas unquoted	**-**	-	-
- Debt – Local quoted	**-**	-	-
- Debt – Local unquoted	**-**	-	-
- Property – Overseas	**-**	-	-
- Property – Local	**7**	5	3
- Investment Funds	**-**	-	-
- Cash and other	**93**	95	93
Total	**100**	100	100

Notes to the Financial Statements

For year ended 30 June 2020

22 Retirement benefits Obligations (contd)

Pension plan (contd)

(ix) Pension schemes (Contd)

(b) DBML Pension Scheme (Contd)

	30 June 2020	30 June 2019	30 June 2018
	%	**%**	**%**
The Group and the Bank			
Allocation of Plan assets at End of Year			
- Reporting entity's own transferable financial instruments	**-**	-	-
- Property occupied by reporting entity	**-**	-	-
- Other assets used by reporting entity	**-**	-	-
Principal Assumptions used at End of Year			
- Discount rate	**N/A**	N/A	N/A
- Rate of salary increases	**N/A**	N/A	N/A
- Rate of pension increases	**N/A**	N/A	N/A
- Average retirement age (ARA)	**N/A**	N/A	N/A
- Average life expectancy for:			
- Male at ARA	**N/A**	N/A	N/A
- Female at ARA	**N/A**	N/A	N/A
Sensitivity Analysis on Defined Benefit Obligation at End of Year			
	Rs	Rs	Rs
- Increase due to 1% decrease in discount rate	**N/A**	N/A	N/A
- Decrease due to 1% increase in discount rate	**N/A**	N/A	N/A

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. 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 contributions to an external legal entity at the rate recommended by the entity's actuaries.			
- Expected employer contribution for the next year	-	-	-
- Weighted average duration of the defined benefit obligation	-	-	-

(c) Retirement Gratuities

	30 June 2020	30 June 2019	30 June 2018
The Group and the Bank			
Principal Assumptions used at End of Year			
- Discount rate	**0.7% - 3.2%**	3.1% - 6.1%	6.90%
- Rate of salary increases	**3.00%**	5.00%	5.00%
- Rate of pension increases	**N/A**	N/A	1.00%
- 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

22 Retirement benefits obligations (contd)

Pension plan (contd)

(ix) Pension schemes (Contd)

(c) Retirement Gratuities (Contd)

The Group and the Bank

Sensitivity Analysis on Defined Benefit Obligation at End of Year

	30 June 2020	30 June 2019	30 June 2018
	Rs	**Rs**	**Rs**
- Increase due to 1% decrease in discount rate	**13,535,000**	13,916,000	9,290,000
- Decrease due to 1% increase in discount rate	**10,589,000**	10,777,000	4,837,000

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 1,047,000**	Rs Nil	Rs 62,000
- Weighted average duration of the defined benefit obligation	**22 years**	23 years	23 years

(d) Defined benefit plan with Swan Life

	30 June 2020	30 June 2019	30 June 2018
The Group and the Bank			
Principal Assumptions used at End of Year			
- Discount rate	**2.80%**	4.90%	5.80%
- Future long-term salary increase	**3.00%**	5.00%	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			
Defined benefit obligation	**(137,507,540)**	(128,324,772)	(105,121,338)
Plan assets	**54,278,413**	55,901,018	53,267,369
Deficit	**(83,229,127)**	(72,423,754)	(51,853,969)
Actuarial losses on plan liabilities	**(4,002,736)**	(12,999,951)	(8,582,944)
Actuarial gains/(losses) on plan assets	**743,295**	(164,701)	249,211

Sensitivity Analysis on Defined Benefit Obligation at End of Year

	Rs	Rs	Rs
- Increase due to 1% increase in future long term salary assumption	**9,660,956**	9,675,170	8,166,075
- Decrease due to 1% decrease in future long term salary assumption	**8,575,414**	8,591,144	7,250,267
- Increase due to 1% decrease in discount rate	**9,196,497**	9,172,478	7,624,476
- Decrease due to 1% increase in discount rate	**8,040,014**	8,006,423	6,676,357

The sensitivity analysis above have 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	**9,150,000**	9,740,000	9,200,000
- Weighted average duration of the defined benefit obligation	**6 years**	7 years	7 years

Notes to the Financial Statements

For year ended 30 June 2020

23 Stated capital

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Issued, subscribed and paid up			
At start and of year	**2,466,420,956**	2,466,420,956	6,670,858,232
Capital reduction	**-**	-	(4,204,437,276)
At end of year	**2,466,420,956**	2,466,420,956	2,466,420,956

Following the shareholders' resolution dated 18 June 2018, the stated capital of the Bank was reduced by an amount of Rs 4,204,437,276, representing the accumulated losses of the Group at 30 June 2016 and which is not represented by the value of its assets, and brought to an amount of Rs 2,466,420,956. The number of shares in issue remains at 6,801,813,502. MauBank Holdings Ltd is the main shareholder of the Bank with a holding of 99.96%.

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Number	Number	Number
Issued, subscribed and paid up			
Number of shares at par value			
Number of shares of par value Rs 100 each	**3,839,624**	3,839,624	3,839,624
Number of shares of no par value			
At start of year	**6,797,973,878**	6,797,973,878	6,797,973,878
Number of shares of no par value issued during the year	**-**	-	-
At 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.

24 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 2020	30 June 2019	30 June 2018
The Group and the Bank	Rs	Rs	Rs
Balance at start of year	**1,619,995**	1,619,995	-
Transfer from profit or loss for the year	**-**	-	1,619,995
Balance at end of year	**1,619,995**	1,619,995	1,619,995

25 (Accumulated losses) / retained earnings

	The Group			The Bank		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(271,066,429)**	135,936,241	(4,071,936,443)	**(279,941,657)**	130,793,712	(4,073,999,197)
Impact of transition to IFRS 9	**-**	(30,799,444)	-	**-**	(30,799,444)	-
Adjustment on Capital reduction (Note 23(i))	**-**	-	4,204,437,276	**-**	-	4,204,437,276
Transfer from revaluation reserve	**-**	(818,535)	-	**-**	(818,535)	-
	(271,066,429)	104,318,262	132,500,833	**(279,941,657)**	99,175,733	130,438,079
Profit/(loss) for the year	**116,299,336**	(342,804,772)	13,879,741	**108,203,925**	(346,537,471)	10,799,966
Actuarial loss for the year	**(3,721,441)**	(34,294,652)	(10,631,732)	**(3,721,441)**	(34,294,652)	(10,631,732)
Deferred tax on actuarial loss	**186,072**	1,714,733	1,807,394	**186,072**	1,714,733	1,807,394
Net income available to shareholders	**112,763,967**	(375,384,691)	5,055,403	**104,668,556**	(379,117,390)	1,975,628
	(158,302,462)	(271,066,429)	137,556,236	**(175,273,101)**	(279,941,657)	132,413,707
Transfer to statutory reserve (Note 24)	**-**	-	(1,619,995)	-	-	(1,619,995)
Balance at end of year	**(158,302,462)**	(271,066,429)	135,936,241	**(175,273,101)**	(279,941,657)	130,793,712

26 General Banking Reserve

	The Group and the Bank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Balance at start and end of year	**90,709,840**	90,709,840	90,709,840

The General Banking Reserve is designed to cover potential losses that are not captured under specific and general provisions. Transfers from retained earnings are made whenever necessary. This reserve is not distributable.

Notes to the Financial Statements

For year ended 30 June 2020

27(a) Revaluation Reserve

	The Group			The Bank		
	30 June 2020	**30 June 2019**	**30 June 2018**	**30 June 2020**	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Balance at beginning of year	**472,467,122**	426,370,194	426,370,194	**481,499,115**	435,402,187	435,402,187
Transfer to retained earnings	**-**	818,535	-	**-**	818,535	-
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)**	-	-
Effect of tax rate change on Deferred tax liability arising on revaluation	**-**	45,278,393	-	**-**	45,278,393	-
Gain on Right-of-use assets	**39,233,806**	-	-	**12,811,074**	-	-
Balance at start and end of year	**602,793,226**	472,467,122	426,370,194	**526,315,303**	481,499,115	435,402,187

27(b) Other Reserve

	The Group and theBank		
	30 June 2020	**30 June 2019**	**30 June 2018**
	Rs	**Rs**	**Rs**
Balance at beginning of year	**5,978,082**	-	-
Impact of transition to IFRS 9	**-**	1,842,232	-
Credit impairment charge on financial assets at FVTOCI during the year	**6,831,165**	4,135,850	-
Balance at start and end of year	**12,809,247**	5,978,082	-

28 Contingent liabilities

(a) *Legal matters*

As at 30 June 2020, cases entered against the Bank amounted to an aggregate contingent liability of **Rs 1,094,613,158** (2019:Rs 1,003,066,715; 2018: Rs 868,160,764) as set out below. These cases include:

(i) A case entered by a client whose account has been non performing. The client is claiming Rs 487 Mn alleging inter alia that loans were disbursed without respecting the conditions present in the loan agreement. The Bank is advised that it has a strong case to resist the claim which is considered to be a delaying tactic for recovery action. The Bank has already initiated proceedings for recovery of the debt.

(ii) A case entered by a client whose account has been non performing. The client is claiming damages of Rs 200 Mn and seeking to prevent the Bank from taking recovery actions. The Bank is advised that it has a strong case to resist the claim which is considered to be a mere delaying tactic. The Bank has already initiated proceedings for recovery of the debt.

(iii) Cases entered by client for Rs 100 Mn claiming that the Bank has not acted in good faith for seizure of their properties.. The Clients entered a case claiming that bank has not acted in good faith while proceeding with seizure of the properties and to praying for a judgment that to declare the sale null and void.

The Bank is advised that it has a strong case to resist both cases.

(iv) Industrial dispute claims against the Bank amount to approximately Rs 73 Mn. The Bank is resisting the cases but the chances of winning are remote.

(v) Actions entered against the Bank for transactions effected following emails of persons allegedly being hacked where claims amount approximately to Rs 12 Mn. The Bank is advised that it has a strong case to resist the claim.

Additionally, the Bank is involved in other disputes, law suits, claims that arise from time to time in the ordinary course of business. Except as discussed above, the Bank does not believe there are any other contingent liabilities that are expected to have any material adverse effect on its financial statements.

28 Contingent liabilities (contd)

(b) Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers

	The Group and theBank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Acceptances on account of customers	**12,074,036**	18,150,612	44,524,077
Guarantees on account of customers	**1,408,175,180**	1,170,568,786	1,159,990,899
Letters of credit and other obligations on account of customers	**9,770,269**	23,291,563	34,683,478
Outward bills for collection	**551,008,597**	88,978,744	125,516,083
	1,981,028,082	1,300,989,705	1,364,714,537

29 Derivatives

(i) The fair value of derivative instruments are analysed as follows:

The Group and the Bank	Notional principal amount	Fair value	Gain	Loss	Net
	MUR	MUR	MUR	MUR	MUR
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**	**4,888,916,028**	**25,274,959**	**(303,156,693)**	**(277,881,734)**
Foreign exchange spot contracts	**18,783,434**	**18,697,912**	**104,530**	**(19,008)**	**85,522**
	4,965,536,811	**5,222,995,144**	**45,718,645**	**(303,176,978)**	**(257,458,333)**
Interest receivable on cross currency swap sold	**-**	**-**	**-**	**56,782,688**	**56,782,688**
Interest payable on cross currency swap bought	**-**	**-**	**-**	**(43,104,076)**	**(43,104,076)**
	4,965,536,811	**5,222,995,144**	**45,718,645**	**(289,498,366)**	**(243,779,721)**
30 June 2019					
Foreign exchange forward contracts	154,939,098	157,742,293	2,803,195	-	2,803,195
Foreign exchange swap contracts	480,386,200	478,051,070	24,509	(2,359,639)	(2,335,130)
Foreign exchange spot contracts	29,055,631	29,036,073	3,024	(22,582)	(19,558)
	664,380,929	664,829,436	2,830,728	(2,382,221)	448,507
30 June 2018					
Foreign exchange forward contracts	91,877,557	92,335,560	903,719	(445,716)	458,003
Foreign exchange swap contracts	119,306,916	119,294,698	46,451	(58,669)	(12,218)
Foreign exchange spot contracts	20,105,289	20,134,336	56,191	(27,144)	29,047
	231,289,762	231,764,594	1,006,361	(531,529)	474,832

(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 Holding 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.

Notes to the Financial Statements

For year ended 30 June 2020

30 Credit commitments

	The Group and theBank		
	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Loans and other facilities			
Undrawn credit facilities	**1,908,076,512**	2,260,463,823	2,617,580,952

31 Net interest income

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Interest income						
Loans and advances to customers	**819,143,040**	754,706,133	1,039,409,016	**831,390,214**	768,834,487	1,054,792,958
Commission on loans and advances to customers	**37,493,641**	17,640,508	23,733,641	**37,493,641**	17,640,508	23,733,641
Sale of portfolio of loans and advances and other assets (Note 16)	**-**	113,124,328	-	**-**	113,124,328	-
Investment Securities:						
- Government stocks	**25,460,324**	49,613,674	49,098,060	**25,460,324**	49,613,674	49,098,060
- Treasury notes	**14,110,832**	34,205,542	75,292,614	**14,110,832**	34,205,542	75,292,614
- Bank of Mauritius Bonds	**504,004**	-	-	**504,004**	-	-
- Corporate Bonds	**23,504,903**	15,798,219	1,155,000	**23,504,903**	15,798,219	1,155,000
- Foreign bonds	**29,310,097**	-	-	**29,310,097**	-	-
- Mutual Fund	**2,878,126**	-	-	**2,878,126**	-	-
- Foreign bills	**754,987**	-	-	**754,987**	-	-
Placements	**32,719,305**	20,182,325	4,504,767	**32,719,305**	20,182,325	4,504,767
Trade finance	**36,688,702**	37,175,651	35,489,304	**36,688,702**	37,175,651	35,489,304
Total interest income	**1,022,567,961**	1,042,446,380	1,228,682,402	**1,034,815,135**	1,056,574,734	1,244,066,344
Interest expense						
Deposits from customers	**421,374,507**	456,547,040	529,898,971	**421,374,507**	456,547,040	529,898,971
Subordinated liabilities	**-**	-	2,363,014	**-**	-	2,363,014
Finance charge on leases	**1,964,193**	-	-	**5,799,000**	-	-
Other borrowed funds	**19,978,099**	383,452	726,601	**19,978,099**	383,452	726,601
Bank of Mauritius	**462,755**	1,599,525	1,966,857	**462,755**	1,599,525	1,966,857
Total interest expense	**443,779,554**	458,530,017	534,955,443	**447,614,361**	458,530,017	534,955,443
Net interest income	**578,788,407**	583,916,363	693,726,959	**587,200,774**	598,044,717	709,110,901

32 Net fee and commission income

	The Group and the Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs
Fee and commission income			
Commission on guarantees	**21,940,225**	19,978,562	15,185,593
Commission on insurances and pensions	**16,468,676**	12,389,647	11,257,283
Commission on loans and advances to customers	**4,932,143**	5,851,107	6,539,177
Commission on savings	**30,750,417**	32,180,106	28,725,683
Commission on trade finance	**31,949,295**	23,505,902	20,242,790
Management fees from fellow subsidiary	**67,194,749**	76,463,666	-
Recovery fees from fellow subsidiary	**39,947,732**	38,255,819	-
Other fee income from fellow subsidiary	**5,591,394**	9,101,139	-
Others	**26,670,003**	29,837,852	27,988,301
Total fee and commission income	**245,444,634**	247,563,800	109,938,827
Fee and commission expense	**46,381,840**	42,882,639	42,666,717
Net fee and commission income	**199,062,794**	204,681,161	67,272,110

33 Net trading income

	The Group and the Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs
Foreign exchange transactions	**400,398,650**	96,833,766	88,058,032
Interest income on financial assets at FVTPL	**80,734,321**	71,690,234	45,055,017
Profit on sale of financial assets at FVTPL	**1,407,376**	1,819,038	676,284
Profit/(Loss) on revaluation of investment securities at FVTPL	**6,406,590**	5,396,743	(3,527,975)
(Loss)/Gain on fair value of derivative (Note 29)	**(257,458,333)**	448,507	474,832
Interest income on cross currency swap sold	**96,539,048**	-	-
Interest expense on cross currency swap bought	**(74,074,559)**	-	-
	253,953,093	176,188,288	130,736,190

Notes to the Financial Statements

For year ended 30 June 2020

34 Other income

	The Group and the Bank		
	Year ended 30 June 2020	**Year ended 30 June 2019**	**Year ended 30 June 2018**
	Rs	**Rs**	**Rs**
Gain on revaluation of investment properties	**12,840,000**	-	-
Rental income	**25,508,393**	25,281,281	28,673,024
(Loss)/profit on disposal of property, plant and equipment	**-**	(283,776)	416,308
Profit/(Loss) on disposal of non banking and other assets	**-**	778,140	(14,281)
Dividend and other income	**2,511,428**	181,082	465,028
Long outstanding payables written back	**-**	-	172,716,112
	40,859,821	25,956,727	202,256,191

35 Net impairment loss on financial assets

	The Group and the Bank		
	Year ended 30 June 2020	**Year ended 30 June 2019**	**Year ended 30 June 2018**
	Rs	**Rs**	**Rs**
Specific allowance for impairment (Note 12 (d))	**48,099,230**	22,618,360	203,555,132
Portfolio allowance and general provision for impairment (Note 12 (d))	**-**	-	(24,009,911)
ECL charge/(reversal)	**20,603,955**	(8,320,204)	-
Rescheduled advances allowances (Note 12 (d))	**150,957**	(1,027,402)	104,358
Bad debts written off for which no provision were made	**1,743,399**	-	617,275
Bad debts recovered	**(14,243,009)**	(12,538,692)	(13,649,682)
	56,354,532	732,062	166,617,172

36 Personnel expenses

	The Group and the Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs
Wages and salaries	**392,971,128**	415,314,000	375,759,123
Compulsory social security obligations	**16,237,147**	16,188,691	14,950,770
Defined contribution and benefit plan	**37,563,818**	34,185,206	(11,913,627)
Other personnel expenses	**68,732,743**	75,523,033	70,566,578
	515,504,836	541,210,930	449,362,844

37 Other expenses

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**14,445,639**	24,754,489	23,450,028	**14,445,639**	24,754,489	23,450,028
Travel expenses	**2,881,684**	6,113,723	8,283,419	**2,881,684**	6,113,723	8,283,419
Office operating expenses	**37,288,439**	33,530,190	33,805,934	**37,288,439**	33,530,190	33,805,934
Stationeries	**8,365,062**	12,378,164	12,901,607	**8,365,062**	12,378,164	12,901,607
General administration expenses	**17,931,745**	16,853,524	16,995,115	**17,920,388**	16,848,158	16,974,227
Professional fees	**21,340,466**	51,034,142	28,853,629	**20,979,116**	50,552,142	28,073,329
Insurances	**15,257,466**	12,370,261	7,164,242	**15,012,530**	12,221,284	7,019,455
Repairs and maintenance	**100,692,546**	93,843,404	93,652,822	**100,692,546**	93,843,404	93,652,822
Utilities	**50,349,874**	46,684,356	48,580,389	**50,349,874**	46,684,356	48,580,389
Training	**799,611**	2,700,876	4,134,870	**799,611**	2,700,876	4,134,870
Other operating expenses	**5,642,670**	230,506	4,376,523	**947,018**	230,506	4,376,523
	274,995,202	300,493,635	282,198,578	**269,681,907**	299,857,292	281,252,603

Notes to the Financial Statements

For year ended 30 June 2020

38 Income tax expense

(a) Income tax

The applicable tax rate in Mauritius is **5%** for the year ended 30 June 2020 (2019 and 2018: 15%). In addition, the Bank is subject to **2%** relating to Corporate Social Responsibility for the year ended 30 June 2020 (2019 and 2018: 2%). As at 30 June 2020, the Group had no income tax liability (2019: Rs Nil and 2018: Rs Nil), but instead had an income tax asset of Rs 5,613,241 (Note 38(c)) (2019: Rs 6,920,064 and 2018: Rs 1,621,967 at that date. At the reporting date, the Bank has net accumulated taxable losses of Rs 767,700,556 and Rs 1,422,950,442 which will expire on 30 June 2021 and 30 June 2023 respectively.

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 was calculated at 10% on chargeable income. No levy was 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.

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.

(b) Statement of profit or loss and other comprehensive income

	The Group			The Bank		
	Year ended 30 June 2020	**Year ended 30 June 2019**	**Year ended 30 June 2018**	**Year ended 30 June 2020**	**Year ended 30 June 2019**	**Year ended 30 June 2018**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Income tax on adjusted profit for the year	**2,464,601**	2,069,123	1,695,104	**-**	-	-
Under provision of income tax in prior year	**-**	-	899	**-**	-	-
Tax liability of prior years paid	**-**	-	118,397	**-**	-	118,397
Tax receivable expensed	**-**	-	15,000,000	**-**	-	15,000,000
Irrecoverable tax deducted at source of prior years expensed	**-**	-	123,600	**-**	-	123,600
Movement in deferred taxation	**19,165,238**	352,286,635	10,157,367	**19,575,949**	352,833,568	10,412,287
CSR contribution	**275,883**	226,014	182,997	**-**	-	-
Tax expense	**21,905,722**	354,581,772	27,278,364	**19,575,949**	352,833,568	25,654,284

38 Income tax expense (contd)

(c) Statement of financial position

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(6,920,064)**	(1,621,967)	(17,544,346)	**(6,293,906)**	(836,872)	(15,834,563)
Income tax on adjusted profit for the year	**2,464,601**	2,069,123	1,695,104	**-**	-	-
Underprovision of income tax in prior year	**-**	-	899	**-**	-	-
CSR contribution payable	**275,883**	226,014	182,997	**-**	-	-
Tax refund received during the year	**6,935,034**	785,098	2,543,451	**6,308,874**	-	834,563
Tax receivable expensed	**-**	-	15,000,000	**-**	-	15,000,000
Tax paid during the year	**(1,707,024)**	(1,356,081)	(1,097,982)	**-**	-	-
Tax deducted at source	**(6,661,671)**	(7,022,251)	(2,402,090)	**(5,096,451)**	(5,457,034)	(836,872)
Balance at end of year	**(5,613,241)**	(6,920,064)	(1,621,967)	**(5,081,483)**	(6,293,906)	(836,872)
Presented as follows:						
Current tax assets	**(5,613,241)**	(6,920,064)	(1,621,967)	**(5,081,483)**	(6,293,906)	(836,872)

(d) Deferred tax assets

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at start of year	**(77,699,731)**	(380,941,082)	(389,291,055)	**(76,340,528)**	(380,128,812)	(388,733,705)
Impact of IFRS 9 transition	**-**	(2,052,158)	-	**-**	(2,052,158)	-
	(77,699,731)	(382,993,240)	(389,291,055)	**(76,340,528)**	(382,180,970)	(388,733,705)
Movement during the year						
- Charged to statements of profit or loss	**19,165,238**	352,286,635	10,157,367	**19,575,949**	352,833,568	10,412,287
- Charged/(Credited) to other comprehensive income	**14,500,077**	(46,993,126)	(1,807,394)	**2,397,883**	(46,993,126)	(1,807,394)
	33,665,315	305,293,509	8,349,973	**21,973,832**	305,840,442	8,604,893
Balance at end of year	**(44,034,416)**	(77,699,731)	(380,941,082)	**(54,366,696)**	(76,340,528)	(380,128,812)

Notes to the Financial Statements

For year ended 30 June 2020

38 Income tax expense (contd)

(d) Deferred tax assets (contd)

The analysis of deferred tax assets is as follows:

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**12,808,242**	12,884,655	42,537,226	**12,728,229**	12,393,932	41,499,570
Provision for credit impairment	**(20,915,012)**	(17,472,306)	(55,097,655)	**(20,915,012)**	(17,472,306)	(55,097,655)
Retirement benefit obligations	**(6,351,756)**	(5,490,638)	(11,086,545)	**(6,351,756)**	(5,490,638)	(11,086,545)
Revaluation of building	**31,750,810**	17,064,663	62,343,056	**21,498,543**	18,914,589	64,192,982
Tax loss carried forward	**(61,326,700)**	(84,686,105)	(404,638,068)	**(61,326,700)**	(84,686,105)	(404,638,068)
Other timing difference	**-**	-	(14,999,096)	**-**	-	(14,999,096)
Balance at end of year	**(44,034,416)**	(77,699,731)	(380,941,082)	**(54,366,696)**	(76,340,528)	(380,128,812)

(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		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Profit before income tax	**138,205,058**	11,777,000	41,158,105	**127,779,874**	6,296,097	36,454,250
Tax at 5%/17%	**6,910,253**	2,002,089	6,996,878	**6,388,994**	1,070,336	6,197,223
Non-allowable items	**13,889,180**	37,690,061	65,734,480	**13,653,165**	36,730,200	64,894,553
Exempt income	**(18,379,056)**	(28,601,915)	(313,563,517)	**(13,395,847)**	(28,195,107)	(312,993,232)
Deferred taxation	**19,165,238**	352,286,635	10,157,367	**19,575,949**	352,833,568	10,412,287
CSR contribution	**275,883**	226,014	182,997	**-**	-	-
Others	**44,224**	(9,021,112)	257,770,159	**(6,646,312)**	(9,605,429)	257,143,453
Tax expense	**21,905,722**	354,581,772	27,278,364	**19,575,949**	352,833,568	25,654,284

(f) Time lapse of tax losses

Tax losses lapses if not claimed within five years. Tax loss carried forward is as follows:

	Expiry date	Tax loss carried forward
		Rs
Year Ended		
30 June 2016	30 June 2021	767,700,556
30 June 2018	30 June 2023	1,422,950,442

39 Profit for the year

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Profit for the year is arrived at after charging:						
Depreciation and amortisation	**147,701,532**	157,176,216	151,069,547	**171,852,378**	146,505,977	141,155,402
Directors' emoluments	**18,302,379**	17,799,220	21,961,779	**18,114,379**	17,481,220	21,193,779
Payable to auditors (including VAT):						
- Audit services	**4,512,600**	4,048,000	3,691,500	**4,382,650**	3,910,000	3,565,000
- Fees for other services	**287,500**	4,629,009	1,932,000	**287,500**	4,629,009	1,932,000
Staff costs (Note 36)	**515,504,836**	541,210,930	449,362,844	**515,504,836**	541,210,930	449,362,844
Operating lease rentals (Note 44(b(i))	**16,416,286**	42,596,467	48,526,213	**16,416,286**	73,512,306	79,474,130
and crediting:						
Rental income (Note 34)	**25,508,393**	25,281,281	28,673,024	**25,508,393**	25,281,281	28,673,024

40 Earnings/(Loss) per share

The Earnings/(Loss) per share for the year ended 30 June 2020 and for the comparative years were calculated as follows:

The Group	Earnings/(Loss) per share (Rs)	Profit/ (Loss) for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2020	**0.02**	**116,299,336**	**6,801,813,502**
Year ended 30 June 2019	(0.05)	(342,804,772)	6,801,813,502
Year ended 30 June 2018	0.00	13,879,741	6,801,813,502

The Bank	Earnings/(Loss) per share (Rs)	Profit/ (Loss) for the year attributable to equity holders of the parent (Rs)	Weighted Average Number of shares used
Year ended 30 June 2020	**0.02**	**108,203,925**	**6,801,813,502**
Year ended 30 June 2019	(0.05)	(346,537,471)	6,801,813,502
Year ended 30 June 2018	0.00	10,799,966	6,801,813,502

Notes to the Financial Statements

For year ended 30 June 2020

41 Related party transactions

Transactions and balances between the Group and its related parties are as follows:

	Directors and Key management personnel	Entities in which directors and key management personnel have significant interest	Entities holding at least 10% interest in the Bank
	Rs	Rs	Rs
Loans and advances			
At 30 June 2020	**47,334,395**	-	-
At 30 June 2019	52,024,466	-	-
At 30 June 2018	32,304,673	-	-
Deposits			
At 30 June 2020	**83,154,203**	-	-
At 30 June 2019	53,046,773	-	-
At 30 June 2018	40,097,802	-	-
Interest income			
Year ended 30 June 2020			
Loans and advances	**1,665,109**	-	-
Year ended 30 June 2019			
Loans and advances	2,094,628	-	-
Year ended 30 June 2018			
Loans and advances	868,002	-	-
Interest expense			
Year ended 30 June 2020			
Deposits	**758,293**	-	-
Year ended 30 June 2019			
Deposits	922,633	-	-
Year ended 30 June 2018			
Deposits	591,357	-	-
Management compensation (Short-term employee benefits)			
Year ended 30 June 2020	**72,594,747**	-	-
Year ended 30 June 2019	84,345,090	-	-
Year ended 30 June 2018	66,197,790	-	-

41 Related party transactions (contd)

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:

	30 June 2020	30 June 2019	30 June 2018
	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
	Rs	Rs	Rs
Subsidiary			
Balances:			
Loans and advances	**190,775,651**	211,052,141	227,421,201
Deposits	**(1,409,471)**	(8,056,587)	(10,386,700)
Amount due	**32,805,779**	32,805,779	32,805,779
Rental deposits	**6,000,000**	6,000,000	6,000,000
Transactions:			
Interest income	**(12,247,175)**	(14,128,354)	(15,294,933)
Rental expense	**36,000,000**	36,000,000	36,000,000
Fellow subsidiary			
Balances:			
Amount due on disposal of loans and advances portfolio	**-**	-	5,097,577,730
Deposits	**(12,263,663)**	(14,238,767)	-
Amount due on net collection of loans and advances (interest free, unsecured and repayable within 1 year)	**(10,141,366)**	(38,180,968)	-
Transitional receivable	**20,919,847**	-	-
Amount due for expenses paid	**169**	-	-
Transactions:			
Interest income	**-**	(113,124,328)	
Management fee income	**(67,194,749)**	(76,463,666)	-
Recovery fee income	**(39,947,732)**	(38,255,819)	-
Other fee income	**(5,591,394)**	(9,101,139)	-
Holding company			
Balances:			
Loans and advances	**3,191,995,221**	3,186,205,479	-
Deposits	**(876,742,366)**	(280,304,090)	(2,650,886)
Amount due for expenses paid	**189,637**	-	18,923
Interest receivable on cross currency swap sold	**56,782,688**	-	-
Interest payable on cross currency swap bought	**(43,104,076)**	-	-
Fair value loss on cross currency swap	**(289,350,567)**	-	-
Transactions:			
Interest income	**(239,051,529)**	(86,205,479)	-
Interest expense	**74,074,559**	-	-

The subsidiary had no transactions with the major shareholders (entities holding at least 10% interest in the Group).

Notes to the Financial Statements

For year ended 30 June 2020

42 Events after the reporting period

There were no major events subsequent to the year end.

43 Assets pledged

The following assets have been pledged as collateral to secure borrowing facilities from the Central Bank.

	The Group and the Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	Rs	Rs	Rs
Government stocks	**19,500,000**	275,000,000	500,000,000

44 Other commitments

(a) Capital Commitments

	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
The Group			
Approved and contracted for	**26,235,732**	37,994,688	22,638,449
The Bank			
Approved and contracted for	**26,235,732**	37,994,688	22,638,449

(b) Operating Lease Commitments

(i) The Group and the Bank as a lessee

	The Group			The Bank		
	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	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	**16,416,286**	42,596,467	48,526,213	**16,416,286**	73,512,306	79,474,130
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	**7,776,045**	30,579,715	28,603,432	**7,776,045**	30,191,206	64,214,923
After 1 period and before 5 years	**4,867,644**	56,329,354	44,116,365	**4,867,644**	54,670,422	42,492,399
After 5 years	**-**	13,640,905	15,268,310	**-**	5,353,508	6,557,438
	12,643,689	100,549,974	87,988,107	**12,643,689**	90,215,136	113,264,760

The above are 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. Leases are negotiated for an average of 5 years and rentals are fixed for an average of 5 years.

(b) Operating Lease Commitments (contd)

(ii) The Group and the Bank as a lessor

Property rental income earned during the year was **Rs 25,508,393** (30 June 2019: Rs 25,281,281 and 30 June 2018: Rs 28,673,024). Properties held for rental have a committed tenant for 5 years.

At the reporting date, the Bank had contracted with tenants for the following future minimum lease payments.

	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Within one year	**25,508,397**	25,508,397	16,510,896
After 1 year and before 5 years	**58,507,055**	70,170,228	54,660,897
After 5 years	**16,133,195**	29,978,420	43,246,144
	100,148,647	125,657,045	114,417,937

45 Impact of Covid-19

COVID-19 has caused a high volatility on the financial markets and its impact is likely to continue from the virus' knock on effects. Low rates interest scenario, as an effect of the pandemic, is reducing the profitability of banks. Fortunately, the financial system today is better equipped for rapid crisis management than it was in the past as a result of the precautionary measures and reforms undertaken in the face of the 2008 / 2009 global financial crisis. Following the outbreak of COVID-19, the Bank of Mauritius has been closely monitoring its economic impact on the banking sector and the Mauritian economy and has taken bold measures in order to relieve the financial distress of economic operators and households which have been directly impacted by the negative consequences of the pandemic.

One such measure by the Bank of Mauritius was the decrease in Repo rate on 10 March 2020 by 0.5% and a further 1% on 16 April 2020. The net effect has been a decrease in the net interest income for the quarter ended June 2020. This, however, did not significantly impact revenue. The Bank did not experience any liquidity issue following the COVID-19 pandemic outbreak. On the contrary, an increase on our deposit base by nearly 0.71% from 19 March 2020 to 30 June 2020 was noted.

The Human Resources department took the necessary precautionary measures to limit adverse human impact on our business. As of date, there were no closures of any branch and no members of staffs were laid off as a result of the pandemic. The Bank and all stakeholders are working continuously to ensure this remains the case in the future.

As a result of the risk monitoring strategy, the non performing loan balance stood at a satisfactory 4.11% of gross loan and advances against 4.49% as at 30 June 2019. This was mainly driven by receiving nearly all the expected repayment and in addition also recovering some late repayment from previous months. The Bank is maintaining stringent monitoring to re-assess our non-performing loan and advances balances post COVID-19 especially in relation to sectors of the economy that have been heavily impacted during lockdown, for example Tourism, Manufacturing (mostly Textile) and Construction. Post lockdown, however, an upturn in the Manufacturing and Construction sectors has been noted.

Capital Adequacy Ratio was 14.22% as at 30 June 2020. The Bank used surplus funds available to grant any facilities to impacted economic operators. The Bank also provided a moratorium of six months on capital repayment to both impacted economic operators and Mauritian households with no impact on the interest payable by the customers. Appropriate measures were taken to ensure no interest was charged to clients on late payment of interests, capital and other fees.

As a consequence of the COVID-19 pandemic outbreak, the Bank put in place a dedicated COVID-19 Business Continuity Plan (C-19 BCP) as an addendum to its existing Business Continuity Plan (BCP). The objectives of the C-19 BCP is:

- To educate our clients and staff on the guidelines and protocols adopted by the Bank to ensure the health and safety during the outbreak period;
- To ensure the health and safety of its staff and to support employees in the event of an emergency;
- To keep operations as effective and smooth as possible by ensuring adequate levels of staffing in branches and head office post COVID-19;
- Providing timely communications to our customers, vendors and other third parties;
- Develop new tools and strategies to ensure minimal disruptions in the daily operations and to ensure the business continues to operate viably;
- To implement any rules, regulations or directives from regulators or government in the most efficient and timely manner, with the least disruptions to all areas of the business;

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 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 17 Mn has been made in this regard.

46 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.

Management Discussion and Analysis

Financial review

Key Financial Indicators

Area of Performance	01 JULY 2019 TO 30 JUNE 2020	01 JULY 2018 TO 30 JUNE 2019	01 JULY 2017 TO 30 JUNE 2018
	TWELVE MONTHS	TWELVE MONTHS	TWELVE MONTHS
	Rs'm	Rs'm	Rs'm
Net Interest Income	**587.20**	598.04	709.11
Non Interest Income	**570.39**	470.07	445.21
Operating Income	**1,157.59**	1,068.11	1,154.32
Operating Expense (including depreciation)	**(973.46)**	(1,061.09)	(951.24)
Profit before impairment loss	**184.13**	7.03	203.07
Impairment (loss)/reversal	**(56.35)**	(0.73)	(166.62)
Profit after impairment loss but before taxes	**127.78**	6.30	36.45
Income tax expense	**(19.58)**	(352.83)	(25.65)
Profit /(loss) after Tax	**108.20**	(346.54)	10.80
Total Assets	**31,499.59**	26,824.18	26,590.89
Total Advances	**16,002.32**	15,489.12	11,728.63
Total Deposits	**26,314.52**	23,064.50	22,346.50
Shareholders Equity	**2,901.44**	2,763.78	3,103.21
Tier 1 Capital	**2,028.44**	1,895.47	1,975.69
Total Regulatory Capital	**2,450.75**	2,278.55	2,327.17
KEY RATIOS			
Cost to Income Ratio	**84.09%**	99.34%	82.41%
Return on Equity	**3.73%**	-12.54%	0.35%
Return on Total Assets	**0.34%**	-1.29%	0.04%
Net Impaired Loans/Total Loans	**4.11%**	4.59%	5.96%

The table above shows the financials for the year ending 30 June 2020 against the previous reporting periods namely for the year ended 30 June 2019 and the year ended 30 June 2018.

Management Discussion and Analysis

Financial review (contd)

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 2020 with a profit before tax and impairment of Rs 184.13 Mn against Rs 7.03 Mn in 2019 and Rs 203.07 Mn in 2018. This is significant improvement in the bank's result as compared to last year.

Operating income for the year ended 30 June 2020 was Rs 1,157.59 Mn compared to Rs 1,068.11 Mn for the year 2019 and Rs 1,154.32 Mn for the year 2018.

• Interest income

The Bank's interest income was Rs 1,034.82 Mn against Rs 1,056.57 Mn for the year 2019 and Rs 1,244.07 Mn for the year 2018.

• Interest expense

The Bank's interest expense amounted to Rs 447.61 Mn compared to Rs 458.53 Mn for the year ended 30 June 2019 and Rs 534.96 Mn for the year ended 30 June 2018. 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 2020, 43.15% of the Bank's assets, or 51.66% of the Bank's deposit base, were invested in liquid assets.

• Net interest income

Net Interest Income (NII) for the year ended 30 June 2020 was Rs 587.20 Mn against Rs 598.04 Mn in 2019 and Rs 709.11 Mn in 2018. The slight decrease in 2020 over last year is due to fall in market interest rate during the year.

• Non-interest income

Other income and non-interest income relates mainly to management fee and recover fee income on the loans and advances portfolio sold on 30 June 2018, gain on foreign exchange, revaluation gain and rental income from the Bank's properties.

• Non-Interest expenses

Non-Interest expenses for the year ended 30 June 2020 was Rs 973.46 Mn against Rs 1,061.09 Mn in 2019 and Rs 951.24Mn in 2018.

The decrease in non-interest expense as compared to 2019 is attributable to cost control measures taken by the bank. The cost to income ratio stood at 84.09% at 30 June 2020 against 99.34% at 30 June 2019 and Rs 82.41% in 2018.

• Net impairment loss on financial assets

Net impairment charge on financial assets amounted to Rs 56.35 Mn for the year ended 30 June 2020. The non-performing loan ratio stood at 4.11% at 30 June 2020 against 4.59% at 30 June 2019 and 5.96% at 30 June 2018. 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 19.58 Mn for the year ended 30 June 2020. The Bank had no liability towards Corporate Tax and Corporate Social Responsibility for the year ended 30 June 2020 due to tax loss carried forward as at that date.

Assets

• Total assets

The Bank's total assets stood at Rs 31,499.59 Mn compared to Rs 26,824.18 Mn at 30 June 2019 and Rs 26,590.89 Mn at 30 June 2018. The increase of 17.43% in total assets is mainly attributable to an increase of Rs 3.5 Bn in the bank's investments in local and foreign securities.

• Capital adequacy

The Capital Adequacy Ratio (CAR) of the Bank increased to 14.22% at 30 June 2020, well above the regulatory minimum of 11.875%, against 15.29% at 30 June 2019.

Loans and advances growth

As at 30 June 2020, the Bank's gross loans and advances portfolio stood at Rs 16,002.32 Mn compared to Rs 15,489.12 Mn for the year ended 30 June 2019 and Rs 11,728.63 Mn for the same period as at 30 June 2018.

• 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.

• Credit quality and provision for credit losses

Provision for credit losses on loans and advances stood at Rs 404.93 Mn against Rs 342.28 Mn at 30 June 2019 and Rs 324.10 Mn at 30 June 2018.

Management Discussion and Analysis

Financial review (contd)

Bank's Performance

• Securities

The Bank's investment portfolio stood at Rs 7,206.45 Mn against Rs 3,547.48 Mn as at 30 June 2019 and Rs 4,120.71 Mn as at 30 June 2018. The increase is attributed to the bank's strategy of investment in securities towards optimizing the yield of the Bank's assets base.

Liabilities

• Deposits

Total deposits increased from Rs 23.06 Bn at 30 June 2019 to Rs 26.31 Bn at 30 June 2020. However, the Bank is pursuing its strategy of shifting towards lower cost deposit products. At 30 June 2020, savings and demand deposits represented 67% of the deposit portfolio whilst time deposit accounted for 33% of the portfolio compared against 64% and 36% respectively at 30 June 2019.

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 has laid down its Risk Management policy which spells out the methodology and technique for managing risk across the Bank.

Risk Mission

MauBank 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 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 remains committed towards ensuring effective and efficient risk processes and optimal returns within its set risk appetite.

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 defense 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 risk-taking authority to the business lines. From first-line businesses and support functions, risk information flows to the second line, and then to the Board Risk Management Committee.

Risk Governance (contd)

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 guidance by the Bank of Mauritius Guidelines and.

MauBank is guided by the different risk policies that have been developed internally and approved by the relevant approving authority duly 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 Forum (ORF), Credit Risk Forum (CRF), and the Board Risk Management Committee (BRMC).

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 Officer as one of its members. The Chief Risk Officer is a regular attendee of this committee. The minutes of the BRMC is escalated to the Board of Directors who takes cognizance amongst others, of the various risks exposures of the Bank.

Domestic-related credit activities above Rs 100 Million together with all cross-border investments are considered and, if deemed fit, approved at the Board Investment & Credit Committee (BICC), while domestic-related credit below Rs100 Million threshold are deliberated at two different credit sanctioning authority levels, namely the Management Investment & Credit Committee (MICC) and the Credit Committee (CC). With a view to ensuring transparency and arms length nature of transactions, all Related Parties' credits are reviewed by the Conduct Review Committee.

Risk Management Framework

The Risk Management Policy of the Bank contains the Risk Management Framework. This framework provides the foundation for ensuring that the outcomes of risk taking are consistent with the Bank's business activities, strategies and risk appetite. It 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.

Risk Defense Model

The risk framework operates on the concept of 'the three lines of defense model'. The three lines of defense model creates a set of layered defenses that align responsibility for risk-taking with accountability for risk control and provide effective, independent risk oversight and escalation. In the three lines of defense 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 Units (BUs) represent the First Line Of Defense (FLOD), the Risk Management Division and Compliance Department together comprise the Second Line Of Defense (SLOD), while Internal Audit is the Third Line Of Defense (TLOD).

The FLOD comprises the business 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 of the Risk Management and Compliance functions which provide independent risk and compliance assessments on the FLOD activities. While the business has the deepest understanding of its environment, operations and objective, the second line offers a perspective based on expertise in risk management and compilance. The SLOD's responsibility is to establish a common framework for risk management and compliance destined to enhance the FLOD's efficiency and effectiveness.

Risk Management (contd)

Risk Defense Model (contd)

The TLOD is the Internal Audit which provides assurance both to the Senior Management and the Board of Directors of the Bank as regards state of the overall risk management, compliance and control activities undertaken at the first and second lines of defense.

Risk Management Process

The risk management policy and framework of MauBank explains the process of risk management as the systematic and continuous identification and evaluation of risks as they pertain to the Bank, followed by action risk strategies 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

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 various Board sub-committees, is apprised of the various key risk exposures for decision-making purposes. These key risk information are relayed by the Management committees to the Board and its sub-committees. The Management committees meet frequently 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 the Bank suffering financial loss if any of its customers or market counterparties fails to fulfil their contractual obligations to the Bank.

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)

The overall credit process includes comprehensive credit policies on judgmental credit underwriting, automatic credit adjudication, risk measurement, credit training and continuous credit reviews and audit process.

Credit risk measurement

(a) Loans and advances

The Bank has a retail and corporate scoring rating tool for assessing and measuring credit quality of its borrowers which is benchmarked on international rating norms per the requirement standards of CRISIL Ltd (India). This credit rating and scoring tool is kept under review and upgraded as and when deemed necessary.

Credit proposals entertained by the sales force is assessed independently by a Credit Underwriting Team (CUT) using criteria established in the Credit Risk Policy Guide (CRPG). The latter is itself regularly updated in line with the Bank of Mauritius guidelines and other relevant legislations.

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.

(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 2020	As at 30 June 2019	As at 30 June 2018
	(Rs)	(Rs)	(Rs)
Credit related commitments	**3,889,104,594**	3,561,453,528	3,982,295,489

Management Discussion and Analysis

Risk Management (contd)

Credit risk measurement (contd)

(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 to assist in the credit risk exposures on top of internal credit analysis. The instruments help to diversify risk exposures and income streams, and to maintain a readily available source of liquidity for the Bank from time to time.

(d) Risk limit monitoring and control

MauBank 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 set in 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 by the Business Units and escalated to the Credit Risk Forum (CRF) 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 Forum (CRF) and escalated to the Board Risk Management Committee (BRMC).

Exposure of the Bank's top six related parties as at 30 June 2020 were Rs 251.30 Mn, Rs 190.78 Mn, Rs 8.07 Mn, Rs 7.27 Mn, Rs 6.77 Mn and Rs 6.63 Mn. These balances represented 12.39%, 9.41%, 0.40%, 0.36%, 0.33% and 0.33% respectively of the Bank's Tier 1 capital. The total top six related parties represented Rs 470.78 Mn or 24.78% of Tier 1 capital.

Operational Risk

MauBank 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 which is approved by its Executive Committee (EXCO), Board Risk Management Committee and Board of Directors.

The Operational Risk Team is headed by a Senior Manager, reporting to the Chief Risk Officer and the Operational Risk Forum (ORF).

This Operational Risk Forum 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 are addressed in this committee and recommendations are made to address any weaknesses captured by business units from their day to day operations and also any key risks as identified from their operational Risk Control Self-Assessments (RCSA). The minutes of the ORF is escalated to the Board Risk Management Committee.

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 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 a dedicated COVID-19 Business Continuity Plan (C-19 BCP) as an addendum to 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.

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 implemented a set of documented 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 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.

Management Discussion and Analysis

Risk Management (contd)

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 is presently exposed to the following sources of market risk:

- Trading market risk arising through overnight position taken on foreign exchange customer flows
- Non-trading market risk arising from market movements in exchange rate and interest rate in banking book 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). While the Asset Liability Capital Management (Treasury Middle Office) and Market Operation Teams act as Second Line Of Defence in monitoring and reporting. Moreover, Risk Division ensures that there are adequate controls in place. The Internal Audit as Third Line Of Defence independently review, validate, verify and assess the effectiness of the framework.

Early warning signals and alerts are raised on different levels of exposures of the banking book activities to foreign exchange risk, interest rate risk and liquidity risk.

Foreign exchange risk

Foreign exchange risk is the risk arising from movements in foreign exchange rate that adversely affect the Bank's earnings and economic value. ALCO is the forum 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 its risk appetite by setting internal overall limits for USD, other Major Currencies and Exotic Currencies.. The Stop Loss limit and Dealers' limit are 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.

Interest Rate Risk

Interest rate risk represents the adverse impact that may occur on profits and market value of assets and liabilities due to fluctuation in interest rates. Bank uses the 'earnings perspective' and 'economic value' perspective for interest rate sensitivity analysis.

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.

Under the economic value perspective, MauBank analyses the impact of changes in interest rate on the economic value of Bank's assets, liabilities, and off-balance sheet positions. This exercise is taken in the Bank's ICAAP exercise on an annual basis.

Stress testing

The Bank conducts stress tests under a wide range of severities to test the earnings stability and capital adequacy of the bank. 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).

Impact of COVID-19 on Market Risk

The drop in interest rates of 1.5% in April 2020 for MUR has positively contributed Rs 3.7 M while the fall in USD interest rate by 1% in Mar 20 has negatively impacted the bank's net interest income by Rs 9.2 M for the quarter ended 30 June 2020.

Valuation of Foreign Securities

The banks has a portfolio of Foreign Securities with a fair value of USD 26.368 M as at 29 Feb 2020 and following the COVID-19 pandemic, the price of these bonds fell sharply in March 2020 to reach a total fair value of $ 22.683 M. During the month of March 2020 there was a massive sell off across almost all the global markets. As a result, investors were fleeing more towards safe heaven assets ie. US treasuries , gold etc... Global financial institutions like IMF, world Bank, Central Banks, etc.. came to the rescue of the credit market by enacting a plethora of financial supports to the global economies and various pharmaceutical companies have started developing and testing medecines and vaccines for the world population. Good progress have been made in this field and little by little markets have been recovering. The bank has recouped part of the fair value losses in June 2020 and the value of the Foreign Securities portfolio as at 30 June 2020 is USD 24.962 representing a decrease of $ 1.405 M in value. All coupon interest expected during the quarter ended 30 June 2020 as also in previous quarter were duly received as expected.

Management Discussion and Analysis

Risk Management (contd)

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 being a sub-committee of the Board.

The three lines of defense risk model is applied for liquidity risk management. The first line of defense, 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.

The second line of defense, 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 defense is the Internal Audit, carries out independently a review and validation of the effectiveness of the Liquidity risk management framework.

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. ALCM performs the stress test on a monthly basis and compares the impact 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 MauBank's articulated risk tolerance limit.

The Bank prepares cash flow projections on a daily basis for measuring and managing its net refinancing risk. Projections cover not only the assets and liabilities as they exist in the balance sheet at a particular time but also flow from planned future activities.

Liquidity concentration risk associated with large individual depositors, is monitored in ALCO on a monthly basis. A regular assessment is made of top 25 individual 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 MauBank 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 (contd)

Liquidity risk management (contd)

Disclosure of Liquidity Coverage Ratio

LCR common Disclosure Template Quarter ending JUNE 2020- Consolidated basis in MUR

		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)	6,673,879,046	6,673,879,046
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits		
4	Less stable deposits	14,017,232,265	996,853,933
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties)	5,941,665,435	1,485,416,359
7	Non-operational deposits (all counterparties)	1,965,823,296	1,391,930,982
8	Unsecured debt		
9	Secured wholesale funding		
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	364,552,127	364,552,127
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	2,054,874,352	316,167,737
14	Other contractual funding obligations		
15	Other contingent funding obligations	-	
16	**TOTAL CASH OUTFLOWS**	24,344,147,474	4,554,921,137
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)		
18	Inflows from fully performing exposures	2,858,527,423	2,678,089,735
19	Other cash inflows	389,841,592	389,841,592
20	**TOTAL CASH INFLOWS**	3,248,369,014	3,067,931,327
			TOTAL ADJUSTED VALUE
21	**TOTAL HQLA**	6,673,879,046	6,673,879,046
22	**TOTAL NET CASH OUTFLOWS**		1,486,989,810
23	**LIQUIDITY COVERAGE RATIO (%)**		448.82%
24	**QUARTERLY AVERAGE OF DAILY HQLA**		6,673,879,046

The Bank had an average HQLA of Rs 6.7 Billion and maintained an average liquidity coverage ratio of 448.82% over the last 3 months to 30 June 2020 that was well above the regulatory requirement of 80% and within the Bank's liquidity tolerance level.

Management Discussion and Analysis

Risk Management (contd)

Liquidity risk management (contd)

Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis

Bank uses gap analysis method to determine fund excess or shortage at selected maturity dates. Maturity is assessed 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 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.

Impact of COVID-19 on Liquidity Risk

The bank did not experience any liquidity issue following the COVID-19 pandemic outbreak and even increased its deposit base by nearly Rs 200 M from 19 March 20 to 30 June 2020. Moreover, nearly all the expected loan repayment were duly received.

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.

In assessing the risk of a country, the Bank considers both quantitative and qualitative factors of the country.

Country Exposure Limits

Country 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'.

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 relies on ratings by External Credit Rating Agencies for country risk limits setting.

In line with the Bank of Mauritius guideline on Country Risk, the Bank makes a provision towards its country risk exposures, if required based on risk assessment.

Reputational risk

Reputational risk is the risk that the Bank could lose potential business because its character or quality has been called into question.

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 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

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 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 with the objective to help business and support units manage effectively compliance risks and obligations inherent in their respective areas.

Risk Management (contd)

Compliance risk (contd)

The Compliance Function operates independently as per its mandate, with direct access to the Board Audit Committee and the Board of Directors.

The general approach to mitigate compliance risk at MauBank 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 2020, the total capital base stood at Rs 2,450,750,000 compared to Rs 2,278,551,000 for the year ended 30 June 2019 and the total risk weighted assets stood at Rs 17,239,522,000 compared to Rs 14,903,808,000 at 30 June 2019.

CAR was at 14.22% as at 30 June 2020 compared to 15.29% at 30 June 2019.

BASEL II Approaches

MauBank 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 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.

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's Capital Structure for the last three years is as shown on page 105.

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 Security policy is in place to ensure that staff members are cognisant with the IT-related risks and ensure compliance thereto.

Information Risk Measurement and monitoring

IT Security & Risk Management (ITSRM) has in place a quantitative measurement metric to measure the effectiveness of key security controls. Key Risk Indicators (KRI's) are measured on a regular basis to ensure that controls are effective and remain at an acceptable level across the organisation.

Cybersecurity

Emails is 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.

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, new protocols/guidelines have been put in place to ensure that bank staff are fully aware of the risks when working from home, and are acquainted with the "Do's and Don'ts" while connecting to the bank secure environment.

Management Discussion and Analysis

Risk Management (contd)

SWIFT Consumer Security Programme

Security controls to comply with the SWIFT Consumer Security Programme is in place.

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 related processes and systems.

Management Committees

The daily affairs and running of the Bank have been delegated to management. Issues are discussed, risks and reward trade-offs are analysed, and decisions are taken unanimously in different management forums. These forums meet regularly and comprise Senior Management and Management Cadres from different units.

All matters discussed and decisions taken are escalated to the monthly meeting of the Board of Directors for information.

1. Executive Committee

The EXCO acts on behalf of the board and exercise all powers and perform 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 CEO and all departmental executives are permanent members of the committee

2. Asset and Liability Management Committee (“ALCO”)

ALCO meets monthly 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 board policy 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 to and 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 and changing market conditions.

3. Operations Risk Forum

This Forum meets regularly 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 system as the two main pillars to capture operational risk. The Forum is chaired by the Chief Executive Officer with members coming from various Business units. Its mandate is derived from the Bank of Mauritius guideline on Operational Risk and the Banks’ Operational Risk Management Policy. This Forum also assists the Board Risk Management Committee (BRMC) in fulfilling its oversight responsibilities relating to operational risk.

4. Credit Risk Forum

The Credit Risk Forum 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. Credit Risk Forum assists the BRMC in fulfilling its oversight responsibilities in credit related matters. Its mandate has been derived from the Bank of Mauritius Guideline on Credit Risk Management, Basel document on principles of credit risk management and industry’s best practices.

5. Credit Sanctioning Forums

The Bank has three distinct management committees whose role 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 policy.

The approval powers of the CSC’s are in accordance with the provisions of the Bank’s Credit Risk Policy Guide (CRPG).

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 of the NPA Forum where all accounts under the watchlist and the non-performing list are reviewed. The forum monitors and agrees action plans as deemed appropriate to safeguard the Bank against potential losses. This Forum meets on a monthly basis.

8. Procurement Committee

The Committee consider and evaluate any request for the procurement of goods or hiring of services for the Bank in accordance with the Bank’s policy guidelines as set out in its Administrative and Policy Manual.

9. Health and Safety Forum

Safety and Health are fundamental values for MauBank and they are therefore fully integrated into the way the Bank conduct business and our personal actions. The Bank undertake to ensure the safety of our customers, employees, contractors, and visitors by integrating safety and health in our 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 goal is a safe workplace with zero incident.

10. Project Steering Committee

The Project Steering Committee is a high level powered committee which ensures projects are aligned with organisational strategy, makes good use of assets, and meets budget. It assists with resolving strategic level issues and risks pertaining to all projects in the Bank. This Committee meets on a monthly basis. Heads of units report on the various tasks assigned to them and progress and problem encountered, if any.

Projects progress such as delays, reschedule, and issues are reported to the Executive Committee.

The Project Management Committee handles the projects at a micro level whereas the Project Steering Committee looks at them at a macro level.

Risk Management (contd)

Management Committees (contd)

The Way Forward

With the above background, the team at MauBank 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.

Administrative Information

Board of directors

The composition of the Board, as at 30 June 2020, is as follows:

Mr GOOROODEO Sookun
Independent Director and Chairman
(Appointed on 10 June 2020)

Mr. 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 in Central Electricity Board, FUEL Sugar Estate, Palmar Textiles Ltd and as Head of Finance 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 MUNGUR Premchand
Chief Executive Officer
and Executive Director

Mr Premchand Mungar is a banker with more than 36 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 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 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 Director of Secret Hope Ltd (a recycling company).

Mr GOKHOOL Ashvin Jain
Independent Director

Mr. Gokhool is a Fellow Member of The Association of Chartered Certified Accountants (UK), a Certified Financial Consultant (USA), an Associate Member of The Association of Certified Fraud Examiners (USA), a Chartered Member of the Chartered Institute of Logistics and Transport (UK), a Member of the Mauritius Institute of Public Accountants ("MIPA") and a Founder Member of The Institute of Certified Public Accountants of Rwanda ("ICPAR"). He is a qualified stockbroker from the Stock Exchange Commission (Australia) and also holds an Auditor's Licence from the Financial Reporting Council (FRC).

Mr. Gokhool is the Managing Partner at KSi (Mauritius), Public Accountants & Business Advisers and Managing Director of AG Consultants Ltd, Financial and Management Consultants. Both are member firms of Morison KSi (UK). Since 1987, he successively worked for Deloitte (Mauritius), PricewaterhouseCoopers (Mauritius, Paris and London), Mauritius Tourism Promotion Authority, Tourism Authority, Tourism Employees Welfare Fund. He also served as Advisor to the Minister of Agriculture, Food Technology & Natural Resources and the Minister of Tourism and Leisure. He is an Independent Financial Analyst and worked with the Restructuring Working Group of the National Resilience Fund at The State Investment Corporation.

Mr Gokhool is currently the Chairman of Morison KSi Africa and sits on the International Board of Directors of Morison KSi. Since 2015, he is the Chairman of the National Transport Corporation Board.

In June 2020, Mr Gokhool was appointed director on the Endowment and Trust Fund of the Organization of African Caribbean and Pacific States.

Mr SOKAPPADU Ramanaidoo
Non Executive Director
(Appointed on 03 October 2019)

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 37 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.

Administrative Information

Board of directors (contd)

Mr CODABUX Muhammad Javed
Independent Director

Mr Javed Codabux is currently working as Manager at D & S Lines Ltd (Accredited Agent for Jubilee Insurance). Prior that, he has worked as Accountant at African Reinsurance Corporation, 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 sevral courses in Accounting & Auditing, Insurance, Reinsurance and Corporate Governance Mr. Codabux is also a fellow of the Mauritius Institute of Directors.

Mr NILAMBER Anoop
Non-Executive Director

Mr. Nilamber is currently the Chief Executive Officer of Airports of Mauritius Ltd. He was previously an Economic Advisor at the Ministry of Finance and Economic Development. Prior to joining the government, Anoop was a Corporate Finance Banker at HSBC in France and at the Mauritius Commercial Bank. In Paris, Anoop was also a Part-time Lecturer in Finance at Universite Pantheon Assas (Paris II) where he graduated in Banking and Finance.

Mr RAMPERSAD Rabin
Non-Executive Director
(Appointed on 19 September 2019

Mr Ravin Rampersad is currently the CEO of SME Mauritius, having spent a major part of his career at senior management positions in the private sector both locally and abroad. He has curated experience in the FMCG sector and has successfully evolved in areas of Operations, Marketing, Logistics and Business development mostly on behalf of multinationals.

Mr Rampersad is also well versed in Strategic development, Business Restructuring and International Business, and as part of the senior Management teams, 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 and a Fellow of the Chartered Management Institute, UK.

MR BURKUTOOLA Mahmadally
Independent Director and Chairman
(Resigned on 11 October 2019)

Mr Burkutoola is an Associate of the Institute of Chartered Secretaries and Administrators. He has studied at the Kensington College of Business in Holborn, London and the London Guildhall University in Moorgate, London. He is currently working as a Management Consultant and Project Manager.

He carries over 30 years of experience at managerial level in finance, administration, aviation, shipping, corporate governance and banking sectors. He started his career as a Semi Senior Auditor with Deloitte Kemp Chatteris and moved through various areas in the financial, banking, insurance, corporate governance, ICT/BPO, logistics, aviation sector and quality assurance; he has occupied senior positions abroad and locally. Mr Burkutoola was an Independent Director on the Board of SBM Bank (Mauritius) Ltd from June 2015 to February 2018.

Mr PUTCHAY Vassoo Allymootoo

Non Executive Director
(Resigned on 05 September 2019)

Mr Putchay is currently the Permanent Secretary at the Ministry of Health and Quality of Life. Prior to joining the Ministry of Health and Quality of Life, he served as Permanent Secretary at the Ministry of Business, Enterprise and Cooperatives. From the year 2000 to 2014, he served in various Government Departments as Deputy Permanent Secretary. He represents the Ministry on the Boards of Directors of the Development Bank of Mauritius and Enterprise Mauritius.

From June 2008 to December 2011, he was the Secretary to the Commission at the Independent Commission Against Corruption ("ICAC").

He has been the 'répondant national' and a member of the Executive Committee of the 'Agence Intergouvernementale de la Francophonie' from 2001 to 2004, in matters relating to human resources development.

He holds a Diploma in Public Administration and Management, a Degree in Economics and Management Studies and a Master in Business Administration.

Dr PALIGADU Dharamraj
Non-Executive Director
(Resigned on 06 August 2019)

Dr Paligadu is currently Director at the Ministry of Finance and Economic Development and is responsible for inclusive development sector. He was also the Director of MauBank Ltd and director of Mauritius Multisports Infrastructure Limited.

He worked at the ex-Management Audit Bureau ("MBA") at the Ministry of Finance for 10 years. He also served as Assistant Accountant General at the Treasury Department for around 4 years from 2001. He was responsible as Assistant Director-Debt Management Unit for managing the overall debt portfolio of the Central Government as from 2004 to 2008. He has been serving in different sections at the Ministry of Finance.

He has been a Board member of different parastatal organisations. He has been part time lecturer at the University of Mauritius, University of Technology Mauritius and Open University and lecturing for Master degrees. He is a holder of a PhD from Aligarh Muslim University and holds an Advanced Diploma in Management Research from the All India Management Association-Centre for Management Education, an MBA from the University of Mauritius and is a Fellow of ACCA.

Dr Paligadu was Board Member of the following Institution:

- National Remuneration Board
- Central Depository and Settlement System (CDS)
- Trade Union Trust Fund
- Appravasi Ghat Trust Fund
- Local Development Fund
- Unified Local Government Service Board
- Maurice Ile Durable Fund
- Employees Welfare Fund and acting Chairman from January 2015 to April 2015
- Mauritius Post and Cooperative Bank Ltd
- Member of the Treasury Foreign Currency Management Fund

Administrative Information

Management team

Mr MUNGAR Premchand
Chief Executive Officer
and Executive Director

Please refer to Board of directors section above.

Mr VYDELINGUM Vishuene
Nominated Deputy Chief Executive since
05 August 2019

From 20 March 2019 to 02 August 2019 - Executive Head – Treasury, International Banking, Commercial & SME Banking-Ingenieur

Maitrise – Ingenieur Maitre en Banque et Finance

Licensed Stockbroker – Mauritius Stock Exchange, Ingenieur Maitre en Banque et Finance avec specialisation en Marches Derives (IUP).

Joined the Bank on 20 March 2019.

Has 20 years' experience in Banking mainly in Corporate Banking and Treasury Management, Country Management Committee Member from October 2007 to June 2016 and Member of various Regional council and Leadership committee at Barclays Bank.

Mr MOHADEB Damodarsingh (Deepak)
Officer in charge Finance Division

Mr. Mohadeb, is a Fellow of The Chartered Association of 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 15 years. He is also a Fellow of the Mauritius Institute of Directors (MioD).

Mr CHEDUMBRUM Mardaymootoo Pillay (Nanda)
Executive Head - Operations

Mr Chedumbrum holds a certificate in International Programme on Development Banking, and a certificate on Operational Risk Management.

He has over 40 years of experience in the banking sector at various operations levels, and at Management level.

Mr RAWOTEEA Yasdeo (Rajesh)
Executive Head – Human Resource

Mr Rawoteea possesses an MBA from UTM, a Bachelor in Business Information Technology from University of Sunderland, a Certificate in Banking Studies (UOM), and also holds a Project Leader Certificate, Senior Level from Team Synthesis - UTM, and a Graduate certificate in Card Fraud & Risk Management.

He has 34 years of experience in Banking, at various level including Retail Banking, Project Leadership and implementation of IT projects, Card Technologies and Electronic Delivery Channels, and is leading since last 8 years, the Strategic Human Resource Management., and HR Transformation while overseeing IT eBanking and Channel department.

Mr MOTEE Ramesh
Chief Risk Officer

Mr Motee holds a Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers, and is Fellow Member of The Chartered Association of Certified Accountants (FCCA). He commands extensive experience having held various senior positions within entitities operating in the banking and financial sector over the past 35 years.

Mrs LUXIMON - MATHUR Jessma
Head of Compliance
Resigned on 27 September 2019

Mrs Mathur holds a Bachelor of Science (Hons) degree in Mathematics, is a Certified Project Leader and an Accredited Mediator. She has over 16 years experience in the Banking sector, mainly in the Compliance and Anti-Money Laundering fields.

Mrs ACHARUZ SAWOKY Sunita
Head of Compliance

Mrs Sunita is a Fellow Member of The Chartered Association of Certified Accountants (FCCA). She holds an MBA from the Faculty of Management Studies (FMS), and a Bachelor in Commerce (Honours) –(B.COM) from the University of Delhi, both prestigious Business Schools from India. She is Project Leader Certificate (PLC) Member from Team Synthesis and a Member from the MIOD (Mauritius Institute of Directors). She is a registered trainer in the field of Risk Management by the IVTB. She has over 21 years' of Banking experience with specialization in Risk Management, Operational Risk and Internal Control Systems and Corporate Governance.

Mrs SADDUL Anouchka
Head of Corporate Affairs, Brand
Management and Marketing

Anouchka is a Management with Law graduate, and 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.

Mr KUNDAN Anil Kumar
Executive Head - SME Banking

Mr Kundan possess a Bachelor of Arts, a Diploma in Automobile Engineering and is a Certified Associate of Indian Institute of Bankers (Part 1).

He has 36 years of experience in the banking sector, of which 10 years at Management level.

Mr BHAGAVAN Ramakrishna
Executive Head – Retail Banking

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 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 APPADOO Yogendra
Head of International Banking
Resigned on 22 August 2019

Mr. Appadoo has over 27 years of experience in various business sectors.

Holder of a Msc in Finance, he has more than 19 years of proven experience in the banking sector in both domestic and international segments. He has also served as director in a number of companies in the energy and power sector. He resigned from the bank's services on 15 March 2019.

Mr CARVER Jean Clifford Eric
Head of Asset Financing

Jean Clifford Eric 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 Finance 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 14 years of experience in the service sector including 9 years in banking, 8 years in Asset Finance and 2 years of positioning of property developments. He also implemented Insurance business as non-funded income under Tsusho Capital (Mauritius) Limited.

Mr VYAPOOREE Govinden Modeliar
Head of Markets

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.

Administrative Information

Management team

Mr ALBERT Clint
Head of Commercial Banking

Clint Albert started his banking career in 1989 after completing his higher studies.

Over the years he has worked at various levels in different Banks, gaining valuable expertise through on the job training and other courses/ training attachments.

He has gradually climbed up the ladder and taking positions at Management level for the last 20 years, while at the same time consolidating a vast network of customer relationships.

Today this seasoned banker is heading the Corporate Banking Dept , managing a portfolio of mid segment and large corporate customers and parastatal and government owned entities.

Mr BEEBEEJAUN Muhammad Asif
Head of Special Asset Management

Mr Beebeejaun holds a BSc financial services/ ACIB – UMIST England

He brings 28 years of banking experience from different Business Units, of which almost 11 years at Senior Management Level. Asif joined Maubank 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 Ltd, as Credit Analyst Corporate and Relationship Manager Business Banking.

Mr MUHEM Dharmarajan
Acting Head – Information & Technology Services

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. Has 27 years banking experience.

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

Mr Seebaruth is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and holds a BSc (Hons) in Accounting.

He has over 20 years of exposure in the field of auditing, accounting, finance and global business. He has worked in Big Four accounting and auditing firms and lead several audits in various sectors including asset management, banking, insurance, manufacturing, retailing and telecommunications.

Mr Youell Peter Gregory
Head of Credit Risk

Mr Youell has over 20 years of International banking experience from different Business Units, of which 11 years at Senior Manager and Director Level. He joined Maubank from Barclays Africa Group, where he was the Head Credit Capability & Portfolio for Africa Region. He joined the Bank on 05 November 2018.

Mr Ramjunun Gauravsingh
Company Secretary
LLB Hons, LLM in International Financial Law

Mr Ramjunum joined the Bank in April 2019 as Company Secretary and Manager Legal . Prior to joining the Bank, Mr Ramjunum was practising as a barrister at law at Madun Gujadhur Chambers which he joined in January 2016. He had also previously worked as legal manager at the Financial Intelligence unit (Mauritius) from September 2010 to September 2013.

Mr Ramjunum is a law graduate from the University of Mauritius. He was called at Bar of England and Wales in 2014 and to Bar of Mauritius in 2016. He also holds an LLM in International financial Law from the University of Manchester (UK).

Administrative Information

Branch Managers at 30 June 2020

JUGNAUTH Ravin Kumar
Place D'Armes

BUNDHOO Mohammad Khalid
Curepipe

GUNGADIN Kesha
Goodlands

RAMTOHUL Dhanvesh
Chemin Grenier

NANDOO Farhana
Rose Hill

DWARKA, Anoukshada
St Pierre

BHUNJUN Pounam
Pope Hennessy

RAMCHURN PURMESSUR, Reena
Rose Belle

ANSEREEGADOO Dony
Mahebourg

CHAN CHUEN Francois Jerome
Grand Bay

JOYGOPAUL Hemlata
Triolet

RANDHA GHOORAH Hemlata
Riviere Du Rempart

LUCKHEE Adesh
Ebene

RAJARAMSING Jhusveer
Quatre Bornes

HURRYPAUL RAMPERSAD, Jaya
Lallmatie

LAKHOA Uttam
Flacq

ADJODHYA Kaushalbye
Vacoas

JEEWOOTH Ritesh Kumar
Terre Rouge

RAMMA Meetabye
Rodrigues

Administrative Information

Branch network at 30 June 2020

PLACE D'ARMES Branch

1 Queen Street
Place D'Armes
Port Louis

Tel 405-9400
Fax 404-0333

ROSE BELLE Branch

Royal Road, Baramia
Rose Belle

Tel 405-9400
Fax 404-0333

QUATRE BORNES Branch

Cnr St Jean & Osman Avenue
Quatre Bornes

Tel 405-9400
Fax 404-0333

CUREPIPE Branch

Royal Road
Curepipe

Tel 405-9400
Fax 404-0333

MAHEBOURG Branch

Corner Delices & Marianne Streets
Mahebourg

Tel 405-9400
Fax 404-0333

LALLMATIE Branch

Corner Royal & Tagore Roads
Lallmatie

Tel 405-9400
Fax 404-0333

GOODLANDS Branch

Royal Road
Goodlands

Tel 405-9400
Fax 404-0333

GRAND BAIE Branch

Richmond Hill Complex
Grand Bay

Tel 405-9400
Fax 404-0333

FLACQ Branch

Flacq Shopping Mall
Flacq

Tel 405-9400
Fax 404-0333

CHEMIN GRENIER Branch

Royal Road
Chemin Grenier

Tel 405-9400
Fax 404-0333

TRIOLET Branch

Royal Road, Anand Square

8th Mille, Triolet

Tel 405-9400
Fax 404-0333

VACOAS Branch

Independence Street
Vacoas

Tel 405-9400
Fax 404-0333

ROSE HILL Branch

477 Royal Road
Rose Hill

Tel 405-9400
Fax 404-0333

RIVIERE DU REMPART Branch

Riverside Shopping Complex
Riviere du Rempart

Tel 405-9400
Fax 404-0333

TERRE ROUGE Branch

Royal Road
Terre Rouge

Tel 405-9400
Fax 404-0333

ST PIERRE Branch

Kendra Commercial Centre
St Pierre

Tel 405-9400
Fax 404-0333

EBENE

Ground Floor, Bramer House
Cybercity Ebene

Tel 405-9400
Fax 404-0333

RODRIGUES Branch

Rue Max Lucchesi
Port Mathurin, Rodrigues

Tel 405-9400
Fax 404-0333

POPE HENNESSY BRANCH

Pope Hennessy Street
Port Louis

Tel 405-9400
Fax 404-0333

Administrative Information

Foreign correspondents

STANDARD BANK OF SOUTH AFRICA LTD

Standard Bank, 6th Floor, Entrance 4
3 Simmonds Street
Johannesburg 2001
South Africa

NATIONAL BANK OF CANADA

National Bank Tower
600 da la Gauchetiere Street West
5th Floor
Montreal, Quebec H3B 4L3

JP MORGAN CHASE BANK

Wholesale Account Services
10420 Highland Manor Drive
2nd Floor, Tampa
FI 33610, USA

ICICI BANK LTD

International Financial Institution Group
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051
India

ANZ NATIONAL BANK LIMITED

ANZ Centre
23-29 Albert St Auckland
Wellington
New Zealand 6010

SOCIETE GENERALE PARIS

16, Rue Hoche
92972 Paris La Defence Cedex
France

MIZUHO CORPORATE BANK LTD

10-30 Nihonbashi-Kakigaracho
2 Chome Chuo-Ku
Tokyo 103-8528
Japan

JP MORGAN CHASE BANK, N.A

18/ F JP Morgan Tower
138 Shatin Rural Committee Road
Shatin, New Territories
Hong Kong

ABSA BANK

International Financial Institution
2nd Floor, ABSA Towers North
180 Commissioner Street,
Johannesburg 2001
South Africa

CREDIT SUISSE

Uetlibergstrasse 231
PO Box 400
CH-8070 Zurich

BANK ALJAZIRA

Olaya Street
P.O Box 20438-Riyadh 11455
Saudi Arabia

AGRICULTURAL BANK OF CHINA

Shanghai Branch
33/F, ABC Tower, 9 Yincheng Road
Pudong New Area, Shanghai 200120
China

JP MORGAN CHASE BANK, N.A

London,
England,
United Kingdom

YES BANK LIMITED

Part Ground Floor, Tower 2
Indiabulls Finance Centre
Senapati Bapat Marg Lower Parel
Mumbai, Maharashtra 400013
India