The Mauritius Commercial Bank Limited
Financial Statements
30 June 2022

Statement of Management's Responsibility for Financial Reporting

The Financial Statements for the Bank 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 and the guidelines issued thereunder have been applied for the year ended 30 June 2022 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 the Audit Committee, Conduct Review Committee and Risk Monitoring Committee, which comprise, principally, independent directors, oversees Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed programme of internal audits in coordination with the Bank's external auditors. In addition, the Bank's compliance function maintains policies, procedures and programmes 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 their observations on the fairness of financial reporting and the adequacy of internal controls.

Alain LAW MIN
Director
Chief Executive Officer

Jean-Francois DESVAUX DE MARIGNY
Director
Chairperson

Uday GUJADHUR
Director
Chairperson Audit Committee

Independent auditor's report

To the Shareholder of The Mauritius Commercial Bank Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **The Mauritius Commercial Bank Limited** (the "Bank" and the "Public Interest Entity") as set out on pages 5 to 102, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2022, and of its financial performance and 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 the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standard Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Financial assets which are not credit impaired	
IFRS 9 requires the Bank to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgements 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** – the Bank has used the Run-off triangle model to estimate ECLs for the Retail portfolio, which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). For the Wholesale portfolio, statistical models were employed for estimating the PD and LGD. The PD and LGD models used 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. · **Significant Increase in Credit Risk ('SICR')** - Determining the criteria for significant increase in credit risk ('SICR') and identifying SICR– These criteria are highly judgemental and can impact the ECL materially where facilities have maturity of greater than 12 months. · **Macro-Economic Forecasts** – IFRS 9 requires the measurement of ECLs on a forward-looking basis using the most appropriate macro-economic forecasts. The macroeconomic forecasts are estimates of future economic conditions. Variables that were used to estimate future changes in the macro-economic environment were the credit index, the real Gross Domestic Product and the Consumer Price Index. · **Economic scenarios** – For the wholesale portfolio, the Bank has used a range of future economic conditions in light of the global pandemic of COVID-19. Three forward-looking scenarios (bull, bear and base) were probability weighted by management to determine the ECL. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied, especially when considering the current uncertain global economic environment.	Our audit procedures included amongst others: • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions used in the models; • Evaluating controls over model monitoring and validation; • Use of specialist team in performing certain procedures; • Verifying the historical data used in determination of PD in the models; • Reviewing a sample of the rating reports derived from the internal rating system; • Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology; • Assessing the appropriateness of the macro- economic forecasts used; • Independently assess probability of default, loss given default and exposure at default assumptions; • Testing the accuracy and completeness of ECL by reperformance; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Independent auditor's report

To the Shareholders of The Mauritius Commercial Bank Limited (cont'd)

Key audit matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Financial assets which are credit impaired	
Provision for expected credit losses on credit-impaired loans and advances to customers at 30 June 2022 amount to MUR 5,585 million and the charge to profit or loss for the year amount to MUR 3,619 million. The use of assumptions for the measurement of provision for expected credit losses is subjective due to the level of judgement applied by Management. Changes in the assumptions and the methodology applied may have a major impact on the measurement of allowance for credit impairment. The details of allowance for credit impairment on loans and advances to customers are fisclosed in Note 6(b)(iii) to the financial statements. The most significant judgements are: - whether impairment events have occurred - valuation of collateral and future cash flows - management judgements and assumptions used Due to the significance of the judgements applied in the identification of credit impaired facilities and determination of the provision for expected credit losses, this item is considered as a key audit matter.	Our audit procedures included amongst others: • Obtaining audit evidence in respect of key controls over the processes for impairment events identification of impaired assets and impairment assessment; • Inspecting the minutes of Impairment Management Committee, Credit Committee, Risk Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment; • Challenging the methodologies applied by using our industry knowledge and experience; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach; • Independently recalculate the ECL, on a sample basis, based on our assessment of the expected cash flows and recoverability of collateral at an individual counterparty level. Where collateral were used, we assessed, on a sample basis, the reasonableness of the time taken into account to realise those collaterals and the objectivity and qualifications of the respective independent appraisers. • Performing a risk-based test of loans and advances to customers to ensure timely identification of impairment and for impaired loans to ensure appropriate allowance for credit impairment; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Profile, Delivering on our Strategic Objectives, Financial Performance, Corporate Governance Report, Risk and Capital Management Report, Statement of Directors' responsibilities, Statement of Compliance and Company Secretary's certificate but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 Bank or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Independent auditor's report

To the Shareholders of The Mauritius Commercial Bank Limited (cont'd)

Responsibilities of directors for the financial statements (Cont'd)

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Bank and its 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.

Financial Reporting Act 2004

Corporate Governance Report

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

Banking Act 2004

- In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and

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

Use of this report

This report is made solely to the Bank's shareholder, 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 shareholder those matters we are required to state to the shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte
Chartered Accountants

Vishal Agarwal, FCA
Licensed by FRC

26 September 2022

	Notes	2022 RS'M	2021 RS'M	2020 RS'M
ASSETS				
Cash and cash equivalents	4	**64,594**	101,154	68,128
Derivative financial instruments	5	**438**	1,035	997
Loans to and placements with banks	6(a)	**23,934**	40,869	19,353
Loans and advances to customers	6(b)	**306,648**	256,750	226,777
Investment securities	7	**222,823**	183,560	135,915
Investment in subsidiary	8(a)	**118**	118	118
Investments in associates	8(b)	**5,569**	5,820	4,984
Intangible assets	9	**1,896**	1,462	1,014
Property, plant and equipment	10	**4,951**	5,211	5,219
Deferred tax assets	11	**1,804**	1,189	1,009
Post employee benefit asset	16	**-**	1,218	-
Other assets	12	**31,742**	27,155	22,359
Total assets		**664,517**	625,541	485,873
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Deposits from banks	13(a)	**11,318**	21,656	7,600
Deposits from customers	13(b)	**481,103**	453,828	364,008
Derivative financial instruments	5	**497**	1,406	961
Other borrowed funds	14	**92,755**	74,626	50,817
Subordinated liability	15	**684**	875	1,013
Current tax liabilities		**1,148**	1,031	1,270
Post employee benefit liability	16	**460**	-	1,170
Other liabilities	17	**9,799**	8,823	5,820
Total liabilities		**597,764**	562,245	432,659
Shareholder's equity				
Stated capital	19	**8,880**	8,880	6,880
Retained earnings		**48,161**	45,343	38,949
Other components of equity		**9,712**	9,073	7,385
Total equity		**66,753**	63,296	53,214
Total equity and liabilities		**664,517**	625,541	485,873
CONTINGENT LIABILITIES (NET)	20	**120,441**	117,712	68,435

These financial statements were approved by the Board of Directors and authorised for issue on the 26 September 2022.

Alain LAW MIN	**Jean-Francois DESVAUX DE MARIGNY**	**Uday GUJADHUR**
Director	Director	Director
Chief Executive Officer	Chairperson - Board of Directors	Chairperson - Audit Committee

The notes on pages 15 to 102 form part of these financial statements.
Auditor's report on pages 2 to 4.

Statement of profit or loss for the year ended 30 June 2022

	Notes	**2022 RS'M**	2021 RS'M	2020 RS'M
Interest income using the effective interest method	21	**16,470**	15,628	17,884
Interest expense	22	**(2,537)**	(1,938)	(4,781)
Net interest income		**13,933**	13,690	13,103
Fee and commission income	23	**7,233**	4,934	4,421
Fee and commission expense	24	**(2,057)**	(1,068)	(1,077)
Net fee and commission income		**5,176**	3,866	3,344
Profit arising from dealing in foreign currencies		**1,717**	1,227	1,620
Net (loss)/gain from equity financial instruments carried at fair value through profit or loss		**(291)**	611	426
Net gain from other financial instruments carried at fair value	25	**163**	165	745
Dividend income	26	**79**	36	36
Other operating income/(expense)		**77**	148	(1)
		1,745	2,187	2,826
Operating income		**20,854**	19,743	19,273
Non-interest expense				
Salaries and human resource costs	27(a)	**(4,143)**	(3,834)	(3,663)
Depreciation of property, plant and equipment	10	**(527)**	(556)	(511)
Amortisation of intangible assets	9	**(430)**	(321)	(229)
Other	27(b)	**(2,243)**	(2,017)	(1,857)
		(7,343)	(6,728)	(6,260)
Operating profit before impairment		**13,511**	13,015	13,013
Net impairment of financial assets	28	**(3,392)**	(4,601)	(4,818)
Operating profit		**10,119**	8,414	8,195
Share of profit of associates	8(b)	**475**	337	444
Profit before tax		**10,594**	8,751	8,639
Income tax expense	29	**(1,646)**	(1,355)	(1,230)
Profit for the year		**8,948**	7,396	7,409
Earnings per share (Rs)	31	**10.08**	10.73	10.77

The notes on pages 15 to 102 form part of these financial statements.
Auditor's report on pages 2 to 4.

	Notes	2022 RS'M	2021 RS'M	2020 RS'M
Profit for the year		**8,948**	7,396	7,409
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
Net fair value gain/(loss) on equity instruments		**124**	111	(191)
Reclassification adjustments on disposal of equity investments at fair value		**-**	(1)	-
Share of other comprehensive income of associates		**24**	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	29(b)	**(1,529)**	2,108	(671)
		(1,381)	2,218	(862)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	8(b)	**(360)**	576	368
Reclassification adjustments on disposal of debt investments at fair value		**7**	-	-
Net fair value (loss)/gain on debt instruments		**(23)**	(108)	5
		(376)	468	373
Other comprehensive (expense)/income for the year		**(1,757)**	2,686	(489)
Total comprehensive income for the year		**7,191**	10,082	6,920

The notes on pages 15 to 102 form part of these financial statements.
Auditor's report on pages 2 to 4.

	Notes	Stated Capital RS'M	Retained Earnings RS'M	Capital Reserve RS'M	Translation Reserve RS'M	Statutory Reserve RS'M	General Banking Reserve RS'M	Total Equity RS'M
At 1 July 2019		6,880	33,819	234	89	6,880	249	48,151
Profit for the year		-	7,409	-	-	-	-	7,409
Other comprehensive (expense)/income for the year		-	(671)	(186)	368	-	-	(489)
Total comprehensive income/(expense) for the year		-	6,738	(186)	368	-	-	6,920
Dividends	30	-	(1,857)	-	-	-	-	(1,857)
Transactions with owner		-	(1,857)	-	-	-	-	(1,857)
Transfer from general banking reserve		-	249	-	-	-	(249)	-
At 30 June 2020		6,880	38,949	48	457	6,880	-	53,214
Profit for the year		-	7,396	-	-	-	-	7,396
Other comprehensive income for the year		-	2,107	3	576	-	-	2,686
Total comprehensive income for the year		-	9,503	3	576	-	-	10,082
Rights issue		2,000	-	-	-	-	-	2,000
Dividends	30	-	(2,000)	-	-	-	-	(2,000)
Transactions with owner		2,000	(2,000)	-	-	-	-	-
Transfer to statutory reserve		-	(1,109)	-	-	1,109	-	-
At 30 June 2021		**8,880**	**45,343**	**51**	**1,033**	**7,989**	**-**	**63,296**
Profit for the year		**-**	**8,948**	**-**	**-**	**-**	**-**	**8,948**
Other comprehensive (expense)/income for the year		**-**	**(1,505)**	**108**	**(360)**	**-**	**-**	**(1,757)**
Total comprehensive income/(expense) for the year		**-**	**7,443**	**108**	**(360)**	**-**	**-**	**7,191**
Dividends	30	**-**	**(3,734)**	**-**	**-**	**-**	**-**	**(3,734)**
Transactions with owner		**-**	**(3,734)**	**-**	**-**	**-**	**-**	**(3,734)**
Transfer to statutory reserve		**-**	**(891)**	**-**	**-**	**891**	**-**	**-**
At 30 June 2022	19	**8,880**	**48,161**	**159**	**673**	**8,880**	**-**	**66,753**

The notes on pages 15 to 102 form part of these financial statements.
Auditor's report on pages 2 to 4.

	Notes	2022 RS'M	2021 RS'M	2020 RS'M
Operating activities				
Net cash flows from trading activities	33	**29,366**	4,126	13,425
Net cash flows from other operating activities	34	**(60,654)**	30,725	15,034
Dividends received from associates	8(b)	**383**	134	-
Dividends paid		**(4,200)**	-	(3,405)
Income tax paid		**(1,906)**	(2,080)	(1,418)
Net cash flows from operating activities		**(37,011)**	32,905	23,636
Investing activities				
Net subordinated loan granted to associate	8(b)	**(40)**	-	-
Investment in associate	8(b)	**-**	-	(50)
Purchase of property, plant and equipment		**(378)**	(439)	(589)
Purchase of intangible assets		**(939)**	(717)	(518)
Proceeds from sale of property, plant and equipment		**4**	3	2
Net cash flows from investing activities		**(1,353)**	(1,153)	(1,155)
Net cash flows before financing activities		**(38,364)**	31,752	22,481
Financing activities				
Issue of share capital	19	**-**	2,000	-
Repayment of lease liabilities	18	**(61)**	(60)	(42)
Refund of subordinated liability	15	**(225)**	(179)	(137)
Net cash flows from financing activities		**(286)**	1,761	(179)
(Decrease)/Increase in cash and cash equivalents		**(38,650)**	33,513	22,302
Net cash and cash equivalents at 1 July		**101,209**	67,696	45,394
Net cash and cash equivalents at 30 June	4	**62,559**	101,209	67,696

The notes on pages 15 to 102 form part of these financial statements.
Auditor's report on pages 2 to 4.

The Mauritius Commercial Bank Limited ("the Bank") is a public company incorporated by Royal Charter in 1838 and registered as limited liability company on 18 August 1955. Its registered office is situated at 9-15, Sir William Newton Street, Port Louis, Mauritius.

The main activities of the Bank consist of providing a whole range of banking and financial services. The Bank is wholly owned by MCB Investment Holding Limited.

The ultimate holding company is MCB Group Limited which is listed on the Official Market of The Stock Exchange of Mauritius Ltd.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of The Mauritius Commercial Bank Limited (the "Bank"), have been prepared in accordance with International Financial Reporting Standards (IFRS), Financial Reporting Act 2004 and in compliance with the Mauritian Companies Act 2001, the Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius, in so far as the operations of the Bank are concerned.

The Board at the time of approving the financial statements is not aware of any uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

Where necessary, comparative figures have been amended to conform with changes in presentation, or in accounting policies in the current year.

The financial statements have been prepared under the historical cost convention except for investment securities at fair value through other comprehensive income, financial assets and liabilities held at fair value through profit or loss, derivative contracts and defined benefit plan which are stated at fair value.

New and amended standards adopted by the Bank

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 July 2021, and have not been applied in preparing these financial statements. None of these is expected to have a significant and material effect on the financial statements of the Bank in the current reporting period. For this financial year, the following has been adopted:

Interest Rate Benchmark Reform Phase 2

Following the decision to replace the IBOR with alternative risk free rates in 2018, the IASB has undertaken a two phased project. The phase 1 amendments provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by IBOR reform. This was not applicable to the Bank.

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 that addresses issues that arise from the implementation of the reforms and the replacement of one benchmark with another nearly risk free rate. The amendments apply only to changes required by the reform to the financial instruments and hedging relationships. It addresses the effects of the reform on a company’s financial statements that arise when for example an interest rate benchmark used to calculate interest on a financial instrument is replaced with an alternative benchmark rate.

The amendments affect the following key areas:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform
- Relief from specific hedge accounting requirements (Not applicable to the Bank)
- Disclosure requirement

Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform

The Bank will apply the practical expedient as prescribed in the amendment to IFRS 9. In other words, for instruments measured at amortised cost, the Bank will account for a change in the basis for determining the contractual cash flows as a result of the IBOR reform by updating the effective interest rate. As a result no gain or loss is recognised. It applies only to change as a direct consequence of the IBOR reform and the new basis is economically equivalent to the previous basis.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Interest Rate Benchmark Reform Phase 2 (continued)

Disclosure requirements

IFRS 7 was amended to require a company to make additional disclosures in its financial statements so that investors can better understand the reform's effect on the company. The Bank is required to disclose:

- How it is managing the transition, its progress at the reporting date and the risks it is exposed to arising from the financial instruments as a result of the transition.

- Quantitative information about derivatives and non-derivatives that have yet to transition to an alternative benchmark rate as at the reporting date.

- A description of any changes to the risk management strategy as a result of IBOR reform

Impact of the reform on the bank

- A LIBOR Transition Steering Committee, made up of Directors and Senior Executives of the Bank was set up to oversee the smooth transition to an alternative rate and to ensure all risks associated with the migration are properly identified and managed
- Subcommittees of the LIBOR Transition Steering Committee were also set up to review and execute required changes to IT systems and operational processes.
- Training, communication and client engagement were conducted to facilitate appropriate selection of new rates and products.
- Dedicated teams have been put in place to support the transition.
- Legacy contracts referencing LIBOR settings that were demised by end-2021 were successfully transitioned
- Issuance of Libor-based contracts were ceased as from January 2022.
- Risks arising from Ibor transition are continuously assessed, monitor and dynamically manage, and mitigating controls are implemented as and when required.

Transition of legacy contracts

All IBOR lending contracts in Pounds Sterling, Swiss Franc, Euro and Japanese Yen have successfully transited to a new Risk Free Rate via appropriate fallback mechanism. The transition of USD contracts will follow the same principle. The Bank will continue to communicate with its customers and investors in a structured manner for the remaining contracts that are yet to be transited to the new rate.

Note 36 provides the required disclosures related to these amendments.

Amendment effective as at 1 January 2021 but which is not applicable to the Bank

- IFRS 16 Leases - Covid 19 Related Rent Concessions amendments

New and revised standards in issue but not yet effective

Amendments to IAS 1- Classification of Liabilities as Current or Non-current

The amendments aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New and revised standards in issue but not yet effective (continued)

Amendments to IFRS 3 - Business combinations regarding the definition of a business

The Amendments to IFRS 3 intends to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework). The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It further clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whilst changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 12 - Deferred Tax related to assets and liabilities arising from a single transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

A**mendments resulting from annual improvements 2018 – 2020 Cycle for the following standards**

The following changes are effective for annual reporting periods beginning on or after 1 January 2022:

IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

These amendments will be applied in the financial statements for the annual periods beginning on the respective dates.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Investment in subsidiary

A subsidiary is an entity which the Bank controls. The Bank controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Bank performs a reassessment of control whenever there is a change in the substance of the relationship between the Bank and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Investment in subsidiary is carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are generally recognised in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investment. The impairment loss is taken to profit or loss.

The financial statements contain information about The Mauritius Commercial Bank Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Bank has taken advantage of the exemption under IFRS 10 Paragraph 4 from the requirement to prepare consolidated financial statements as MCB Group Limited, the ultimate parent, prepares consolidated financial statements that comply with IFRS. A copy of the consolidated financial statements is available at the registered office of the MCB Group Limited at 9-15, Sir William Newton Street, Port Louis.

Investment in associates

An associate is an entity over which the Bank has significant influence but no control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Bank's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Bank's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Bank's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment is included as income in the determination of the Bank's share of the associate's profit or loss.

When the Bank's share of losses exceeds its interest in an associate, the Bank discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Bank's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Bank. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the "functional currency"). The Bank's financial statements are presented in Mauritian Rupees, which is the Bank's functional currency. All amounts are in million, except as otherwise stated. The Mauritian rupee is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Bank.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are remeasured.

Trading transactions denominated in foreign currencies are accounted for at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the rate of exchange ruling at the end of the reporting date. Differences arising from reporting monetary items are dealt with through profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates, commodities or other indices. Derivatives are recognised initially at fair value and measured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Interest income

Interest income is calculated by applying the effective interest rate to gross carrying amount of financial assets, except for:

(i) Purchased or originated credit-impaired ('POCI') financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
(ii) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

(f) Fees and commissions

Fees and commissions are generally recognised when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with the related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

(g) Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as Government securities and Treasury bills and the counterparty liability is included in amount due to other banks or deposits, as appropriate.

Securities purchased under agreements to resell ("reverse repos") are recorded as amount due from other banks or loans and advances, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the repos agreements using the effective interest method.

(h) Investments, other financial assets and financial liabilities

Recognition and 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, in the case of a financial asset or financial liability not at fair value through profit or loss (FVPL), transaction costs that are incremental and directly attributable to the acquisition of the financial asset or financial liability. Transaction costs of financial assets carried at FVPL 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 in debt instruments measured at fair value through other comprehensive income (FVOCI), as described in note 7, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments, other financial assets and financial liabilities (continued)

Recognition and measurement (continued)
When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the differences as follows:
(a) 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.
(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

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

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, treasury bills, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Bank classifies its debt instruments.

Classification
The Bank classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost and
- those to be measured subsequently at fair value (either through OCI or through profit or loss).

Amortised cost and effective interest rate
Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition - the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net gain from other financial instruments carried at fair value. Impairment losses are presented as separate line item in the statement of profit or loss.
Loans originated by the Bank by providing money directly to the borrower (at draw-down) are categorised as loans by the Bank and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

FVOCI
Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the fair value are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net gain from other financial instruments carried at fair value. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in profit arising from dealing in foreign currencies in the statement of profit or loss and impairment expenses are presented as a separate line item in the statement of profit or loss.

FVPL
Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in net gain from other financial instruments carried at fair value in the year in which it arises. A gain or loss on an equity investment elected to be measured at FVPL is presented in net gain from equity financial instruments carried at fair value through profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments, other financial assets and financial liabilities (continued)

Debt instruments
The classification depends on the Bank's business model for managing the financial assets and the contractual terms of the cash flows.

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 FVPL. Factors considered by the Bank in determining the business model for a group 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.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL.

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 FVPL.

For assets measured at fair value, all gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held-for-trading, this will depend on whether the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

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 year.

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. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at FVPL, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Bank's policy is to designate equity instruments as FVOCI 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. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as dividend income when the Bank's right to receive payments is established.

Gains or losses on equity investments at FVPL are included in the 'Net (loss)/gain on equity financial instruments carried at fair value through or loss' line in the statement of profit or loss.

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 from the original terms. The Bank does this by considering, among others, the following factors:

i. 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.
ii. Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
iii. Significant extension of the loan term when the borrower is not in financial difficulty.
iv. Significant change in the interest rate.
v. Change in the currency the loan is denominated in.
vi. 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 assets. 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 in net impairment of financial assets.

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 3.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments, other financial assets and financial liabilities (continued)

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 nor the Bank has 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:
(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) 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 both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

-Financial liabilities at fair value through profit or loss: this classification is applied to derivative financial instruments, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit and loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in statement of profit or loss (the remaining amount of change in the fair value of the liability.) This is applicable unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in statement of profit or loss;

-Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability; and

-Financial guarantee contracts and loan commitments.

(ii) Derecognition

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

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.

Financial guarantee contracts and loan commitments
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; and
-The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance (calculated as described in note 20). The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instruments.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI 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 forecast of future economic conditions.

Write off Policy

Financial Assets are written off either partially or in its entirety when the Bank has no reasonable expectations of recovering them. This occurs when the Bank determines that the customer does not have the capacity to repay the amount due or the collateral given by the customer is not sufficient to cover the exposure. The write off does not mean that the Bank has forfeited its legal right to claim the sums due. The Bank retains the right to proceed with enforcement actions under the bank's recovery procedure and any recovery will be recognised in the statement of profit or loss under 'Net impairment of financial assets' as recoveries of advances written off.

Definition of Default

The definition of default is critical to the determination of the ECL. It is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay its credit obligations in full to the Bank.

The definition of default is appropriately tailored to reflect different characteristics of different type of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or accounts are overdrawn for more than 90 days. When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators such as breach of covenants and financial performance. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources such as BOM guidelines on impairment.

(j) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Depreciation is calculated to write down the cost of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Computer and other equipment	5-10 years
Furniture, fittings and vehicles	5-15 years

Land and work in progress are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains or losses on disposal of property, plant and equipment are determined by reference to their disposal proceeds and their carrying amounts and are recognised as income or expense in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

(k) Computer software costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable with the design of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of ten years.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise unrestricted cash and balances with Central Bank, treasury bills and amounts due to and from other banks which are short term, highly liquid with original maturities of 90 days or less, and borrowings of original maturities of 90 days or less that can fluctuate in value changing from an asset to a liability and vice versa across periods. A further breakdown of cash and cash equivalents is given in note 4 to the financial statements.

(m) Provisions

Provisions are recognised when the Bank 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.

(n) Deposits from banks and customers

Deposits from banks and customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

(o) Employee benefits

The Bank operates a number of defined benefit and defined contribution plans and provides for the requirements under the Workers' Rights Act (WRA) 2019. The defined benefit plan is fully funded. The assets of the funded plan are held independently and administered by The Mauritius Commercial Bank Limited Superannuation Fund.

(i) Defined contribution plans
A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the notes.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

As from 1 July 2015, the Bank has introduced a Defined Contribution Cash Balanced scheme (DCCB) for its employees.
With the introduction of DCCB, new employees automatically join the DCCB scheme, whilst existing employees had a one-time opportunity to choose from one of the options listed below:

Option A: To stay in the Defined Benefit (DB) scheme for all service.
Option B: To keep the accrued past pension benefits until 30 June 2015 in the DB scheme and join the DCCB scheme as from 1 July 2015.
Option C: To join the DCCB scheme as from 1 July 2015 and transfer the total accrued benefits as at 30 June 2015 from the DB scheme into the DCCB scheme.

(ii) Defined benefit plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The main assumptions made in the actuarial valuation of the pension fund are listed in note 16 to the financial statements.

The Bank determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

(iii) Gratuity on retirement
For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Rights Act (WRA) 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(iv) Termination Benefits
Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period and includes the Corporate Social Responsibility charge and Bank levy.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(q) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(r) Dividend declared and unpaid

Dividend declared and unpaid to the Bank's shareholder at reporting date is recognised as a liability in the period in which dividend is declared.

(s) Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are disclosed as liabilities with corresponding contra-assets.

(t) Stated capital

i. Ordinary shares are classified as equity.
ii. Share issue costs are incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

(v) Leases

The present value of future lease payments are recognised in the books as right-of-use assets. Depreciation is calculated to write down the cost of the leased assets to their residual values on a straight-line basis over their estimated useful lives. A lease 'liability' to pay rentals is recognised on the statement of financial position and the interest payment on the lease liability is recognised within the statement of profit or loss.

(w) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(x) Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Bank by the weighted average number of shares outstanding during the reporting year.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Bank makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Pension benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the directors consider the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. Additional disclosures on pension benefits are shown in note 16.

(b) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Bank using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Bank would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Asset lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(d) Measurement of expected credit loss allowance

The measurement of expected credit loss allowance for financial assets measured at amortised cost and FVOCI 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). Explanations of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in the Risk and Capital Management report, which also sets out the key sensitivities of the ECL to changes in those 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 market and associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

Detailed information about the judgements and estimates made by the Bank in above areas is set out in the Risk and Capital Management report.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impact of COVID-19

The ECL models set up by the Bank are driven by internal and external data and this required significant judgements and estimates in relation to the determination of forward-looking information, defining elements of a significant increase in credit risk and staging of financial instruments.

The economic outlook of the markets in which the Bank is present has been impacted by the ongoing COVID-19 pandemic. The consequent impact on the Bank is uncertain, thereby increasing the degree of judgement required to be exercised in calculating ECL:

-Models used to calculate ECL are inherently complex and judgement is applied in determining the appropriateness of the ECL model.

-A number of inputs and assumptions are made by the Bank concerning the value of inputs to the models and how these inputs correlate with one another; including the incorporation of the current macro-economic scenario through the forward-looking information.

-Evidence of significant increase in credit risk and hence the relevant staging and credit ratings of the Bank's clients. These were analysed either by industry sector and nature of business activities at the level of each individual client to reflect the more pervasive impact of COVID-19, data and model limitations.

The Bank also applied judgement and estimates in determining the impairment provision on its stage 3 financial assets to estimate the loss event, the amount and timing of their expected future cashflows as well as the determination of the value of collaterals, when taking into account the impact of COVID-19.

(e) Significant influence in Banque Française Commerciale Ocean Indien

The Bank holds 49.99% of Banque Française Commerciale Ocean Indien (BFCOI) and it is considered as an associate. The directors consider that the Bank only has significant influence over BFCOI since it does not have the practical ability to control the relevant activities of BFCOI.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk management

The Bank is actively engaged in delivery of financial services, which includes retail and commercial banking, treasury services, custody and credit card. Managing financial risk is a fundamental part of its business activity. The main sources of financial risk that the bank faces arise from financial instruments, which are fundamental to the bank's business and constitute the core of its operations.

The Bank has exposure to the following risks from financial instruments:

(i) Credit Risk
(iI) Liquidity Risk
(iii) Market risk (including interest rate and foreign currency risk)

The Bank devotes considerable resources to measure, manage, mitigate and control each of these risks and ensures that its risk management systems and procedures are fitted to meet the needs of the business. The Bank's risk management policies and processes are designed to identify and analyse these risks; set appropriate risk appetites; limits and controls; and to constantly monitor the risks and adherence to limits.

(b) Credit risk

Credit risk arises when customers or counterparties are not able to fulfill their contractual obligations. Credit Risk Management at the Bank is under the responsibility of the Credit Risk Business Unit (CRBU). The CRBU has the task of reviewing the Bank's credit policies and guidelines to ensure that best lending practices are upheld at all times. Risk assessments are carried out to assist in portfolio management decisions including exposure levels and the constitution of required provisions.

Credit related commitments

The main purpose of credit related commitments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank to pay a third party, on behalf of its customers 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 borrowing.

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 Bank is 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 since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)
Credit quality

The following tables set out the credit quality of exposures measured at amortised cost by different segments for the year ended 30 June 2022.

At 30 June 2022	Performing			Under performing			Non performing			
	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Lifetime expected credit loss (credit impaired)	Interest in suspense	Net exposure
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Portfolio										
Retail	51,316	319	50,997	843	395	448	1,211	358	143	853
Wholesale	684,284	4,283	680,001	16,384	2,644	13,740	11,173	3,964	1,120	7,209
Total	**735,600**	**4,602**	**730,998**	**17,227**	**3,039**	**14,188**	**12,384**	**4,322**	**1,263**	**8,062**
Retail										
Housing loans	33,522	96	33,426	582	248	334	643	179	35	464
SME	8,668	80	8,588	78	38	40	296	75	33	221
Unsecured and revolving	4,477	91	4,386	86	62	24	124	79	14	45
Other secured loans	4,649	52	4,597	97	47	50	148	25	61	123
Total Retail	**51,316**	**319**	**50,997**	**843**	**395**	**448**	**1,211**	**358**	**143**	**853**
Wholesale										
Sovereign	262,503	102	262,401	-	-	-	71	7	3	64
Financial institutions	48,985	515	48,470	-	-	-	-	-	-	-
Project finance	8,537	172	8,365	421	85	336	-	-	-	-
Energy & commodities	193,208	358	192,850	3,974	357	3,617	1,647	754	67	893
Corporate	171,051	3,136	167,915	11,989	2,202	9,787	9,455	3,203	1,050	6,252
Total Wholesale	**684,284**	**4,283**	**680,001**	**16,384**	**2,644**	**13,740**	**11,173**	**3,964**	**1,120**	**7,209**

The Bank allocates each exposure to credit risk grade based on a variety of data that is determined to be predictive of risk of default and applying experienced credit judgement. For the wholesale portfolio, credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of the borrower. It involves assigning a rating to each counterparty according to an internal scale of 1 to 20 . The following table presents the Bank's internal rating scale and the corresponding scale of Moody's Investors Service.

Internal Rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Moody's Equivalent Rating	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	D

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

An analysis of credit exposures using the Bank's grading system is as follows.

At 30 June 2022	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Total Wholesale									
2	48,490	-	-	1	-	-	48,489	-	-
3	13,684	-	-	-	-	-	13,684	-	-
4	9,140	-	-	-	-	-	9,140	-	-
5	9,680	-	-	4	-	-	9,676	-	-
6	2,492	-	-	2	-	-	2,490	-	-
7	4,731	-	-	8	-	-	4,723	-	-
8	206,315	-	-	45	-	-	206,270	-	-
9	309	-	-	1	-	-	308	-	-
10	11,626	-	-	2	-	-	11,624	-	-
11	10,182	66	-	84	1	-	10,098	65	-
12	77,477	81	-	379	2	-	77,098	79	-
13	62,705	35	-	358	1	-	62,347	34	-
14	145,611	3,188	-	1,371	224	-	144,240	2,964	-
15	63,219	3,567	-	1,299	315	-	61,920	3,252	-
16	14,649	3,610	-	622	922	-	14,027	2,688	-
17	2,320	3,989	-	73	680	-	2,247	3,309	-
18	1,649	907	-	34	197	-	1,615	710	-
19	5	941	-	-	302	-	5	639	-
20	-	-	11,173	-	-	3,964	-	-	7,209
Total	**684,284**	**16,384**	**11,173**	**4,283**	**2,644**	**3,964**	**680,001**	**13,740**	**7,209**
Sovereign									
2	48,490	-	-	1	-	-	48,489	-	-
3	8,377	-	-	-	-	-	8,377	-	-
4	1,355	-	-	-	-	-	1,355	-	-
8	202,632	-	-	43	-	-	202,589	-	-
14	223	-	-	1			222	-	-
17	1,426	-	-	57	-	-	1,369	-	-
20	-	-	71	-	-	7	-	-	64
Total	**262,503**	**-**	**71**	**102**	**-**	**7**	**262,401**	**-**	**64**
Financial Institutions									
3	388	-	-	-	-	-	388	-	-
4	23	-	-	-	-	-	23	-	-
5	3,405	-	-	3	-	-	3,402	-	-
6	2,492	-	-	2	-	-	2,490	-	-
7	4,731	-	-	8	-	-	4,723	-	-
8	3,683	-	-	2	-	-	3,681	-	-
9	309	-	-	1	-	-	308	-	-
10	11,486	-	-	1	-	-	11,485	-	-
11	1,402	-	-	3	-	-	1,399	-	-
12	478	-	-	3	-	-	475	-	-
13	2,822	-	-	31	-	-	2,791	-	-
14	3	-	-	-	-	-	3	-	-
15	8,882	-	-	189	-	-	8,693	-	-
16	7,406	-	-	261	-	-	7,145	-	-
18	1,470	-	-	11	-	-	1,459	-	-
19	5	-	-	-	-	-	5	-	-
20	-	-	-	-	-	-	-	-	-
Total	**48,985**	**-**	**-**	**515**	**-**	**-**	**48,470**	**-**	**-**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

At 30 June 2022	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Project Finance									
12	2,746	-	-	29	-	-	2,717	-	-
13	2,731	-	-	15	-	-	2,716	-	-
14	2,212	-	-	60	-	-	2,152	-	-
15	149	-	-	3	-	-	146	-	-
16	523	-	-	43	-	-	480	-	-
17	-	421	-	-	85	-	-	336	-
18	176	-	-	22	-	-	154	-	-
Total	**8,537**	**421**	**-**	**172**	**85**	**-**	**8,365**	**336**	**-**
Energy & Commodities									
3	4,919	-	-	-	-	-	4,919	-	-
4	7,762	-	-	-	-	-	7,762	-	-
5	6,275	-	-	1	-	-	6,274	-	-
12	29,790	-	-	54	-	-	29,736	-	-
13	31,630	-	-	24	-	-	31,606	-	-
14	80,781	1,756	-	165	88	-	80,616	1,668	-
15	28,731	-	-	49	-	-	28,682	-	-
16	2,426	-	-	49	-	-	2,377	-	-
17	894	2,218	-	16	269	-	878	1,949	-
20	-	-	1,647	-	-	754	-	-	893
Total	**193,208**	**3,974**	**1,647**	**358**	**357**	**754**	**192,850**	**3,617**	**893**
Corporate									
10	140	-	-	1	-	-	139	-	-
11	8,780	66	-	81	1	-	8,699	65	-
12	44,463	81	-	293	2	-	44,170	79	-
13	25,522	35	-	288	1	-	25,234	34	-
14	62,392	1,432	-	1,145	136	-	61,247	1,296	-
15	25,457	3,567	-	1,058	315	-	24,399	3,252	-
16	4,294	3,610	-	269	922	-	4,025	2,688	-
17	-	1,350	-	-	326	-	-	1,024	-
18	3	907	-	1	197	-	2	710	-
19	-	941	-	-	302	-	-	639	-
20	-	-	9,455	-	-	3,203	-	-	6,252
Total	**171,051**	**11,989**	**9,455**	**3,136**	**2,202**	**3,203**	**167,915**	**9,787**	**6,252**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)
Credit quality

The following tables set out the credit quality of exposures measured at amortised cost by different segments for the year ended 30 June 2021.

At 30 June 2021	Performing			Under performing			Non performing			
	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Lifetime expected credit loss (credit impaired)	Interest in suspense	Net exposure
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Portfolio										
Retail	49,870	220	49,650	874	475	399	1,912	575	224	1,337
Wholesale	585,873	3,410	582,463	34,835	4,344	30,491	7,857	3,209	1,624	4,648
Total	**635,743**	**3,630**	**632,113**	**35,709**	**4,819**	**30,890**	**9,769**	**3,784**	**1,848**	**5,985**
Retail										
Housing loans	31,377	54	31,323	427	223	204	797	208	52	589
SME	8,983	48	8,935	189	102	87	642	210	84	432
Unsecured and revolving	4,734	100	4,634	99	68	31	187	104	21	83
Other secured loans	4,776	18	4,758	159	82	77	286	53	67	233
Total Retail	**49,870**	**220**	**49,650**	**874**	**475**	**399**	**1,912**	**575**	**224**	**1,337**
Wholesale										
Sovereign	170,653	38	170,615	-	-	-	128	3	1	125
Financial institutions	131,252	319	130,933	-	-	-	3	1	-	2
Project finance	8,380	299	8,081	-	-	-	295	253	1	42
Energy & commodities	130,152	312	129,840	6,946	473	6,473	1,014	626	251	388
Corporate	145,436	2,442	142,994	27,889	3,871	24,018	6,417	2,326	1,371	4,091
Total Wholesale	**585,873**	**3,410**	**582,463**	**34,835**	**4,344**	**30,491**	**7,857**	**3,209**	**1,624**	**4,648**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

An analysis of credit exposures using the Bank's grading system is as follows.

At 30 June 2021	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Total Wholesale									
2	21,690	-	-	1	-	-	21,689	-	-
3	16,422	-	-	2	-	-	16,420	-	-
4	5	-	-	-	-	-	5	-	-
5	59,267	-	-	33	-	-	59,234	-	-
6	4,968	-	-	1	-	-	4,967	-	-
7	142,813	-	-	27	-	-	142,786	-	-
8	6,536	-	-	2	-	-	6,534	-	-
9	10,820	-	-	6	-	-	10,814	-	-
10	6,583	-	-	1	-	-	6,582	-	-
11	1,195	1	-	4	-	-	1,191	1	-
12	23,134	8	-	89	-	-	23,045	8	-
13	97,928	819	-	423	41	-	97,505	778	-
14	63,512	2,027	-	468	99	-	63,044	1,928	-
15	100,147	11,684	-	1,334	684	-	98,813	11,000	-
16	19,931	6,806	-	610	1,001	-	19,321	5,805	-
17	6,385	9,706	-	309	1,742	-	6,076	7,964	-
18	4,343	2,205	-	75	415	-	4,268	1,790	-
19	194	1,579	-	25	362	-	169	1,217	-
20	-	-	7,857	-	-	3,209	-	-	4,648
Total	**585,873**	**34,835**	**7,857**	**3,410**	**4,344**	**3,209**	**582,463**	**30,491**	**4,648**
Sovereign									
2	21,690	-	-	1	-	-	21,689	-	-
3	7,559	-	-	-	-	-	7,559	-	-
7	140,500	-	-	24	-	-	140,476	-	-
15	472	-	-	4	-	-	468	-	-
16	432	-	-	9	-	-	423	-	-
20	-	-	128	-	-	3	-	-	125
Total	**170,653**	**-**	**128**	**38**	**-**	**3**	**170,615**	**-**	**125**
Financial Institutions									
3	8,863	-	-	2	-	-	8,861	-	-
4	5	-	-	-	-	-	5	-	-
5	59,267	-	-	33	-	-	59,234	-	-
6	4,968	-	-	1	-	-	4,967	-	-
7	2,313	-	-	3	-	-	2,310	-	-
8	6,536	-	-	2	-	-	6,534	-	-
9	10,820	-	-	6	-	-	10,814	-	-
10	5,879	-	-	-	-	-	5,879	-	-
11	766	-	-	2	-	-	764	-	-
12	1,271	-	-	2	-	-	1,269	-	-
13	13,551	-	-	28	-	-	13,523	-	-
14	145	-	-	2	-	-	143	-	-
15	9,028	-	-	142	-	-	8,886	-	-
16	3,830	-	-	50	-	-	3,780	-	-
18	4,010	-	-	46	-	-	3,964	-	-
20	-	-	3	-	-	1	-	-	2
Total	**131,252**	**-**	**3**	**319**	**-**	**1**	**130,933**	**-**	**2**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

At 30 June 2021	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Project Finance									
13	3,348	-	-	18	-	-	3,330	-	-
14	182	-	-	2	-	-	180	-	-
15	1,332	-	-	27	-	-	1,305	-	-
16	2,910	-	-	194	-	-	2,716	-	-
17	394	-	-	39	-	-	355	-	-
18	214	-	-	19	-	-	195	-	-
20	-	-	295	-	-	253	-	-	42
Total	**8,380**	**-**	**295**	**299**	**-**	**253**	**8,081**	**-**	**42**
Energy & Commodities									
12	4,474	-	-	-	-	-	4,474	-	-
13	36,687	439	-	50	22	-	36,637	417	-
14	29,434	1,323	-	20	66	-	29,414	1,257	-
15	55,615	2,854	-	165	52	-	55,450	2,802	-
16	780	-	-	14	-	-	766	-	-
17	3,162	2,330	-	63	333	-	3,099	1,997	-
20	-	-	1,014	-	-	626	-	-	388
Total	**130,152**	**6,946**	**1,014**	**312**	**473**	**626**	**129,840**	**6,473**	**388**
Corporate									
10	704	-	-	1	-	-	703	-	-
11	429	1	-	2	-	-	427	1	-
12	17,389	8	-	87	-	-	17,302	8	-
13	44,342	380	-	327	19	-	44,015	361	-
14	33,751	704	-	444	33	-	33,307	671	-
15	33,700	8,830	-	996	632	-	32,704	8,198	-
16	11,979	6,806	-	343	1,001	-	11,636	5,805	-
17	2,829	7,376	-	207	1,409	-	2,622	5,967	-
18	119	2,205	-	10	415	-	109	1,790	-
19	194	1,579	-	25	362	-	169	1,217	-
20	-	-	6,417	-	-	2,326	-	-	4,091
Total	**145,436**	**27,889**	**6,417**	**2,442**	**3,871**	**2,326**	**142,994**	**24,018**	**4,091**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)
Credit quality (continued)

The following tables set out the credit quality of exposures measured at amortised cost by different segments for the year ended 30 June 2020.

At 30 June 2020	Performing			Under performing			Non performing			
	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Lifetime expected credit loss (credit impaired)	Interest in suspense	Net exposure
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Portfolio										
Retail	48,527	427	48,100	1,733	357	1,376	2,340	554	291	1,786
Wholesale	410,743	1,604	409,139	33,353	3,362	29,991	7,372	2,442	1,363	4,930
Total	**459,270**	**2,031**	**457,239**	**35,086**	**3,719**	**31,367**	**9,712**	**2,996**	**1,654**	**6,716**
Retail										
Housing loans	29,520	65	29,455	626	60	566	1,053	220	80	833
SME	9,198	78	9,120	733	178	555	643	139	93	504
Unsecured and revolving	5,044	220	4,824	115	51	64	279	130	44	149
Other secured loans	4,765	64	4,701	259	68	191	365	65	74	300
Total Retail	**48,527**	**427**	**48,100**	**1,733**	**357**	**1,376**	**2,340**	**554**	**291**	**1,786**
Wholesale										
Sovereign	135,729	29	135,700	-	-	-	-	-	-	-
Financial institutions	53,271	45	53,226	-	-	-	-	-	12	-
Project finance	8,905	199	8,706	241	45	196	57	5	-	52
Energy & commodities	76,857	111	76,746	6,647	224	6,423	1,489	281	95	1,208
Corporate	135,981	1,220	134,761	26,465	3,093	23,372	5,826	2,156	1,256	3,670
Total Wholesale	**410,743**	**1,604**	**409,139**	**33,353**	**3,362**	**29,991**	**7,372**	**2,442**	**1,363**	**4,930**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

An analysis of credit exposures using the Bank's grading system is as follows.

At 30 June 2020	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Total Wholesale									
3	4,990	-	-	-	-	-	4,990	-	-
4	6	-	-	-	-	-	6	-	-
5	15,228	-	-	3	-	-	15,225	-	-
6	140,847	-	-	11	-	-	140,836	-	-
7	6,446	-	-	2	-	-	6,444	-	-
8	701	-	-	-	-	-	701	-	-
9	13,571	-	-	3	-	-	13,568	-	-
10	2,419	-	-	1	-	-	2,418	-	-
11	13,190	-	-	7	-	-	13,183	-	-
12	42,709	10	-	118	-	-	42,591	10	-
13	54,530	701	-	175	11	-	54,355	690	-
14	37,487	1,935	-	218	30	-	37,269	1,905	-
15	55,428	13,910	-	496	1,422	-	54,932	12,488	-
16	18,373	9,087	-	322	1,001	-	18,051	8,086	-
17	2,005	2,986	-	112	159	-	1,893	2,827	-
18	1,931	3,455	-	66	451	-	1,865	3,004	-
19	882	1,269	-	70	288	-	812	981	-
20	-	-	7,372	-	-	2,442	-	-	4,930
Total	**410,743**	**33,353**	**7,372**	**1,604**	**3,362**	**2,442**	**409,139**	**29,991**	**4,930**
Sovereign									
6	134,736	-	-	10	-	-	134,726	-	-
14	691	-	-	2	-	-	689	-	-
18	302	-	-	17	-	-	285	-	-
Total	**135,729**	**-**	**-**	**29**	**-**	**-**	**135,700**	**-**	**-**
Financial Institutions									
3	4,577	-	-	-	-	-	4,577	-	-
4	6	-	-	-	-	-	6	-	-
5	15,228	-	-	3	-	-	15,225	-	-
6	6,111	-	-	1	-	-	6,110	-	-
7	6,446	-	-	2	-	-	6,444	-	-
8	204	-	-	-	-	-	204	-	-
9	13,571	-	-	3	-	-	13,568	-	-
10	1,252	-	-	-	-	-	1,252	-	-
11	10	-	-	-	-	-	10	-	-
12	519	-	-	2	-	-	517	-	-
13	483	-	-	3	-	-	480	-	-
14	241	-	-	1	-	-	240	-	-
15	634	-	-	1	-	-	633	-	-
16	2,626	-	-	8	-	-	2,618	-	-
17	119	-	-	-	-	-	119	-	-
18	1,244	-	-	21	-	-	1,223	-	-
Total	**53,271**	**-**	**-**	**45**	**-**	**-**	**53,226**	**-**	**-**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

At 30 June 2020	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Project Finance									
12	1,033	-	-	4	-	-	1,029	-	-
13	1,353	-	-	3	-	-	1,350	-	-
14	623	-	-	6	-	-	617	-	-
15	3,233	-	-	61	-	-	3,172	-	-
16	2,057	-	-	76	-	-	1,981	-	-
17	378	-	-	25	-	-	353	-	-
18	135	241	-	9	45	-	126	196	-
19	93	-	-	15	-	-	78	-	-
20	-	-	57	-	-	5	-	-	52
Total	**8,905**	**241**	**57**	**199**	**45**	**5**	**8,706**	**196**	**52**
Energy & Commodities									
3	413	-	-	-	-	-	413	-	-
8	497	-	-	-	-	-	497	-	-
11	6,222	-	-	-	-	-	6,222	-	-
12	8,476	-	-	5	-	-	8,471	-	-
13	16,212	437	-	16	2	-	16,196	435	-
14	10,325	769	-	13	7	-	10,312	762	-
15	28,166	2,288	-	41	23	-	28,125	2,265	-
16	6,546	1,214	-	36	59	-	6,510	1,155	-
17	-	951	-	-	29	-	-	922	-
18	-	988	-	-	104	-	-	884	-
20	-	-	1,489	-	-	281	-	-	1,208
Total	**76,857**	**6,647**	**1,489**	**111**	**224**	**281**	**76,746**	**6,423**	**1,208**
Corporate									
10	1,167	-	-	1	-	-	1,166	-	-
11	6,958	-	-	7	-	-	6,951	-	-
12	32,681	10	-	107	-	-	32,574	10	-
13	36,482	264	-	153	9	-	36,329	255	-
14	25,607	1,166	-	196	23	-	25,411	1,143	-
15	23,395	11,622	-	393	1,399	-	23,002	10,223	-
16	7,144	7,873	-	202	942	-	6,942	6,931	-
17	1,508	2,035	-	87	130	-	1,421	1,905	-
18	250	2,226	-	19	302	-	231	1,924	-
19	789	1,269	-	55	288	-	734	981	-
20	-	-	5,826	-	-	2,156	-	-	3,670
Total	**135,981**	**26,465**	**5,826**	**1,220**	**3,093**	**2,156**	**134,761**	**23,372**	**3,670**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

Restructured financial assets

The Bank defines "rescheduling" as any amendments to restructuring or rescheduling of any exposure and includes concession, relaxation, forgiveness or postponement of any material term or condition of the original sanction. The underlying allowance for credit loss is realised wherever there is a material economic loss.

The following table provides information on financial assets which were restructured while they had a loss allowance measured at an amount equal to lifetime ECL.

	2022 RS 'M	2021 RS 'M	2020 RS 'M
Amortised cost before restructure	**24**	**741**	595
Net modification gain or loss	**3**	**44**	20
Gross carrying amount at the end of the reporting year when the loss allowance was measured at an amount equal to lifetime ECL and for which the loss allowance has changed during the year to an amount of 12 months ECL	**7**	**2**	2

Assets obtained by taking possession of collateral

Details of assets obtained by the Bank during the year by taking possession of collateral held as security against loans and advances and held at 30 June are shown below:

	2022 RS 'M	2021 RS 'M	2020 RS 'M
Property	**101**	**79**	60

Maximum exposure to credit risk - Financial instruments measured at fair value through profit or loss

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e fair value through profit or loss)

	2022 RS 'M	2021 RS 'M	2020 RS 'M
Derivative financial instruments	**438**	**1,035**	997
Investment securities	**698**	**18,019**	12,747

Collateral held and other credit enhancements

The Bank's potential credit losses are mitigated through a range of instruments including collaterals and credit protection such as cash, real estate, marketable securities, inventories, standby letters of credit and other physical and/or financial collateral.

Credit risk policies are in place to determine the eligibility of collateral to mitigate the credit risk assumed and appropriate haircuts are applied to the market value of collateral, reflecting the underlying nature, quality and liquidity of the collateral.

In the event of default, the Bank has the ability to call on the different types of collaterals which in turn are driven by portfolio, product or counterparty type.

Fixed and floating charges on properties and other assets constitute the bulk of our collateral while cash and marketable securities are immaterial.

Long-term finance and lending to corporate entities are generally secured whilst revolving individual credit facilities are generally unsecured. When the borrower's credit worthiness is not sufficient to justify an extension of credit, corporate guarantees are required.

In extending credit facilities to small and medium sized enterprises, the Bank often takes continuing guarantees as a form of moral support from the principal directors. Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-backed securities.

For derivatives, repurchase agreements with financial market counterparties, collateral arrangements are covered under market-standard documentation such as International Swaps and Derivatives Association Agreements (ISDA) and Master Repurchase Agreements.

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

Sensitivity Analysis

As part of IFRS 9, the Bank needs to convert the through the circle (TTC) PDs to point in time (PIT) PDs.
This conversion of TTC PDs to PIT PDs entailed the inclusion of forward-looking scenarios for both wholesale and retail portfolios.

Macroeconomic variables used for the Forward-Looking PDs (Probability of Default)

Wholesale Portfolio

The variables used for the inclusion of forward-looking aspects to our PDs i.e for the conversion of TTC PDs to PIT PDs are as follows:

- Credit index (-2)*
- Credit index (-1)*
- GDP growth
- ln (lending rate)

Retail Portfolio

The retail portfolio is broken into SME, housing, secured and unsecured.
The following macroeconomic variables have been used for the respective portfolio:

(a) SME

Ln (GDP at basic prices)
Average Lending rate

(b) Housing

Ln (GDP at basic prices)
Unemployment rate for the year

(c) Secured

Ln (GDP at market prices)
Average lending rate

(d) Unsecured

Ln (GDP at basic prices)
Average CPI
Average lending rate

Credit concentration of risk by industry sectors

Corporate notes and credit facilities extended by the Bank to any closely-related customers for amounts aggregating more than 10% of its Tier 1 capital, classified by industry sectors.

	2022	2021	2020
	RS'M	RS'M	RS'M
Agriculture and fishing	**715**	5,115	7,536
Manufacturing	**9,682**	909	947
of which EPZ	***67***	*61*	*33*
Tourism	**18,145**	17,818	13,541
Transport	**195**	9,046	7,254
Construction	**6,361**	11,223	9,482
Financial and business services	**9,308**	64,024	64,823
Traders	**261,203**	99,865	68,866
Global Business Licence holders	**9,626**	10,217	10,090
Others	**8,803**	8,961	8,112
	324,038	227,178	190,651

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and market credit spreads will affect the bank’s income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return from risk taking activities.

The market risk management policies at the Bank are set by the Board Risk Monitoring Committee and executive management of this class of risk is delegated to the Risk BU and Asset and Liability Committee (ALCO). The Market Risk Business Unit (MRBU) plays a central role in monitoring and controlling market risk activities. It is the aim of MRBU to ensure that market risk policies and guidelines are being effectively complied with and that limits are being observed.

(i) Price risk

The Bank is exposed to equity securities price risk because of investments held and classified at FVOCI and FVPL financial assets.
The table below summarises the impact of increases/decreases in fair value of the investments on the Bank's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	2022	2021	2020
	RS 'M	RS 'M	RS 'M
Financial assets at fair value through other comprehensive income	**178**	396	1,035
Financial assets at fair value through profit or loss	**156**	1,036	742
	334	1,432	1,777

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Currency risk

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Bank's foreign currency positions. Exposure resulting from trading activities is monitored through the use of limits. Limits are given to the individual trader and monitored by the Head of Financial Markets. Such limits include daily stop-loss and position limits. Overall exposure to foreign exchange including those resulting from non-trading activities is monitored against both the regulatory guideline and an internal target validated by the ALCO.

The Bank uses the Value-at-Risk (VaR) to measure its market price risk. VaR is the statistical representation of financial risk, expressed as a number, based on consistent modelling of past data and/or simulation of possible future movements, applied to a particular risk position, asset, or portfolio.

The VaR model used by the Bank is based upon a 99 percent one-tailed confidence level and assumes a ten-day holding period, with market data taken from the previous one year.

VaR Analysis - Foreign Exchange Risk

	As at 30 June	Average	Maximum	Minimum
2022 (RS 'M)	**(7)**	**(10)**	**(25)**	**(1)**
2021 (RS 'M)	(13)	(15)	(39)	(7)
2020 (RS 'M)	(13)	(12)	(26)	(5)

Concentration of assets, liabilities and off-balance sheet items

At 30 June 2022	**EURO RS 'M**	**USD RS 'M**	**GBP RS 'M**	**MUR RS 'M**	**OTHER RS 'M**	**TOTAL RS 'M**
Financial Assets						
Cash and cash equivalents	11,785	13,432	4,805	32,072	2,540	64,634
Derivative financial instruments	71	-	-	367	-	438
Loans to and placements with banks	1,723	21,941	-	(29)	772	24,407
Loans and advances to customers	26,512	174,088	436	117,231	253	318,520
Investment securities	9,150	52,751	1,355	159,924	-	223,180
Other financial assets	1,374	2,586	228	20,800	314	25,302
	50,615	264,798	6,824	330,365	3,879	656,481
Less allowances for credit impairment						(12,742)
Total						**643,739**
Financial liabilities						
Deposits from banks	1,246	9,064	256	707	45	11,318
Deposits from customers	44,522	162,839	6,578	262,134	5,030	481,103
Derivative financial instruments	-	87	-	410	-	497
Other borrowed funds	1,853	90,718	-	-	184	92,755
Subordinated liability	-	684	-	-	-	684
Other financial liabilities	160	328	51	1,966	32	2,537
Total	47,781	263,720	6,885	265,217	5,291	588,894
Net on-balance sheet position	2,834	1,078	(61)	65,148	(1,412)	67,587
Less allowances for credit impairment						(12,742)
						54,845
Off balance sheet net notional position	6,835	11,512	603	-	1,081	20,031
Credit commitments	4,075	95,811	67	19,047	1,441	120,441

3. **FINANCIAL RISK MANAGEMENT (continued)**

(c) **Market risk (continued)**

(ii) **Currency risk (continued)**

Concentration of assets, liabilities and off-balance sheet items

At 30 June 2021	**EURO RS 'M**	**USD RS 'M**	**GBP RS 'M**	**MUR RS 'M**	**OTHER RS 'M**	**TOTAL RS 'M**
Financial Assets						
Cash and cash equivalents	19,678	44,865	4,825	22,901	8,942	101,211
Derivative financial instruments	513	242	-	280	-	1,035
Loans to and placements with banks	2,117	39,009	-	-	-	41,126
Loans and advances to customers	30,402	120,149	481	118,615	123	269,770
Investment securities	8,877	28,421	1	146,619	-	183,918
Other financial assets	1,121	2,283	196	20,269	113	23,982
	62,708	234,969	5,503	308,684	9,178	621,042
Less allowances for credit impairment						(13,692)
Total						**607,350**
Financial liabilities						
Deposits from banks	1,364	19,400	182	617	93	21,656
Deposits from customers	44,048	144,928	6,164	242,070	16,618	453,828
Derivative financial instruments	6	888	-	512	-	1,406
Other borrowed funds	1,728	72,896	-	-	2	74,626
Subordinated liability	-	875	-	-	-	875
Other financial liabilities	205	337	50	1,243	30	1,865
Total	47,351	239,324	6,396	244,442	16,743	**554,256**
Net on-balance sheet position	15,357	(4,355)	(893)	64,242	(7,565)	66,786
Less allowances for credit impairment						(13,692)
						53,094
Off balance sheet net notional position	21,332	50,198	302	-	557	72,389
Credit commitments	4,134	94,150	161	17,320	1,947	117,712

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

Concentration of assets, liabilities and off-balance sheet items

At 30 June 2020	EURO RS 'M	USD RS 'M	GBP RS 'M	MUR RS 'M	OTHER RS 'M	TOTAL RS 'M
Financial Assets						
Cash and cash equivalents	12,472	27,986	2,023	23,180	2,483	68,144
Derivative financial instruments	249	401	84	263	-	997
Loans to and placements with banks	1,783	11,312	-	6,116	164	19,375
Loans and advances to customers	26,053	98,097	437	111,882	76	236,545
Investment securities	1,397	19,614	1	115,262	-	136,274
Other financial assets	911	1,858	167	17,533	137	20,606
	42,865	159,268	2,712	274,236	2,860	481,941
Less allowances for credit impairment						(10,165)
Total						**471,776**
Financial liabilities						
Deposits from banks	1,137	5,684	204	417	158	7,600
Deposits from customers	36,837	95,692	5,031	221,791	4,657	364,008
Derivative financial instruments	-	747	59	155	-	961
Other borrowed funds	1,950	48,417	314	1	135	50,817
Subordinated liability	-	1,013	-	-	-	1,013
Other financial liabilities	169	411	48	2,263	30	2,921
Total	40,093	151,964	5,656	224,627	4,980	**427,320**
Net on-balance sheet position	2,772	7,304	(2,944)	49,609	(2,120)	54,621
Less allowances for credit impairment						(10,165)
						44,456
Off balance sheet net notional position	8,628	37,945	5,409	-	293	52,275
Credit commitments	4,365	47,325	8	14,665	1,974	68,337

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iii) Interest rate risk

Interest rate risk in the banking book is the risk of an adverse impact to earnings due to changes in market interest rates. It arises on non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent. The Asset and Liability Management BU, within Finance SBU, uses a number of levers to manage interest risk in the banking book whilst Market Risk & Product Control BU independently measures and monitors the latter.

Net interest income (NII) sensitivity measures the sensitivity of expected net interest income under various interest rate scenarios, where all other economic variables are held constant. The net interest income sensitivity is closely monitored by ALCO.

The NII sensitivity calculations assume that interest rates for all maturities move by the same amount in the 'up-shock' scenario. The sensitivity calculations in the 'down-shock' scenarios assumes rate are floored at zero, except if market rates is already negative, as in the case of Euro.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amount by the earlier of contractual re-pricing or maturity dates.

Interest Rate Risk Earnings Impact Analysis

The Bank incurs interest rate risk (IRR) mainly in the form of repricing risk and uses an interest rate risk gap analysis as shown below to measure and monitor this source of risk. Amongst other methodologies, it applies BOM framework of a 200 basis point parallel shift in interest rates to estimate the one-year earnings impact on a static balance sheet basis as shown below.

	2022 RS 'M	2021 RS 'M	2020 RS 'M
Impact on Earnings	**211**	273	514

Interest sensitivity of assets and liabilities- repricing analysis

At 30 June 2022	**Up to 1 month RS 'M**	**1-3 months RS 'M**	**3-6 months RS 'M**	**6-12 months RS 'M**	**1-3 years RS 'M**	**Over 3 years RS 'M**	**Non-interest bearing RS 'M**	**Total RS 'M**
Financial Assets								
Cash and cash equivalents	6,315	16	-	-	-	-	58,303	64,634
Derivative financial instruments	-	-	-	-	-	-	438	438
Loans to and placements with banks	5,302	11,302	2,950	4,677	74	46	56	24,407
Loans and advances to customers	200,775	31,870	26,169	17,193	15,863	13,934	12,716	318,520
Investment securities	4,071	11,408	16,131	18,598	83,688	83,882	5,402	223,180
Other financial assets	-	-	-	-	-	-	25,302	25,302
	216,463	54,596	45,250	40,468	99,625	97,862	102,217	656,481
Less allowances for credit impairment								(12,742)
Total								**643,739**
Financial liabilities								
Deposits from banks	4,169	3,455	-	1,796	-	-	1,898	11,318
Deposits from customers	256,189	6,125	3,064	4,143	2,230	250	209,102	481,103
Derivative financial instruments	-	1	1	2	8	(3)	488	497
Other borrowed funds	9,473	25,143	34,943	5,075	11,312	4,512	2,297	92,755
Subordinated liability	-	674	-	-	-	-	10	684
Other financial liabilities	-	-	-	-	-	-	2,537	2,537
Total	269,831	35,398	38,008	11,016	13,550	4,759	216,332	588,894
On balance sheet interest sensitivity gap	(53,368)	19,198	7,242	29,452	86,075	93,103	(114,115)	67,587
Less allowances for credit impairment								(12,742)
								54,845

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iii) Interest rate risk (continued)

Interest sensitivity of assets and liabilities- repricing analysis

At 30 June 2021	**Up to 1 month RS 'M**	**1-3 months RS 'M**	**3-6 months RS 'M**	**6-12 months RS 'M**	**1-3 years RS 'M**	**Over 3 years RS 'M**	**Non-interest bearing RS 'M**	**Total RS 'M**
Financial Assets								
Cash and cash equivalents	12,667	457	-	-	-	-	88,087	101,211
Derivative financial instruments	-	-	1	1	4	14	1,015	1,035
Inflow	*2*	*2*	*7*	*14*	*50*	*173*	*1,015*	*1,263*
(Outflow)	*(2)*	*(2)*	*(6)*	*(13)*	*(46)*	*(159)*	-	*(228)*
Loans to and placements with banks	18,870	16,314	4,053	189	1,635	-	65	41,126
Loans and advances to customers	179,926	24,175	28,726	14,852	4,676	6,266	11,149	269,770
Investment securities	419	13,341	10,409	14,514	59,247	80,614	5,374	183,918
Other financial assets	-	-	-	-	-	-	23,982	23,982
	211,882	54,287	43,189	29,556	65,562	86,894	129,672	621,042
Less allowances for credit impairment								(13,692)
Total								**607,350**
Financial liabilities								
Deposits from banks	7,764	893	1,663	426	-	-	10,910	21,656
Deposits from customers	263,365	5,157	2,335	3,661	147	31,700	147,463	453,828
Derivative financial instruments	-	-	-	-	-	-	1,406	1,406
Other borrowed funds	4,904	26,077	12,092	14,008	9,982	7,320	243	74,626
Subordinated liability	-	864	-	-	-	-	11	875
Other financial liabilities	-	-	-	-	-	-	1,865	1,865
Total	276,033	32,991	16,090	18,095	10,129	39,020	161,898	**554,256**
On balance sheet interest sensitivity gap	(64,151)	21,296	27,099	11,461	55,433	47,874	(32,226)	66,786
Less allowances for credit impairment								(13,692)
								53,094

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iii) Interest rate risk (continued)

Interest sensitivity of assets and liabilities- repricing analysis

At 30 June 2020	Up to 1 month RS 'M	1-3 months RS 'M	3-6 months RS 'M	6-12 months RS 'M	1-3 years RS 'M	Over 3 years RS 'M	Non-interest bearing RS 'M	Total RS 'M
Financial Assets								
Cash and cash equivalents	8,365	56	-	-	-	-	59,723	68,144
Derivative financial instruments	-	-	1	-	2	3	991	997
Inflow	-	*4*	*6*	*13*	*45*	*175*	*991*	*1,234*
(Outflow)	-	*(4)*	*(5)*	*(13)*	*(43)*	*(172)*	-	*(237)*
Loans to and placements with banks	2,515	7,342	3,161	5,970	-	304	83	19,375
Loans and advances to customers	133,909	33,822	26,711	19,782	6,885	3,903	11,533	236,545
Investment securities	8,207	11,030	18,489	17,033	31,862	46,008	3,645	136,274
Other financial assets	-	-	-	-	-	-	20,606	20,606
	152,996	52,250	48,362	42,785	38,749	50,218	96,581	481,941
Less allowances for credit impairment								(10,165)
Total								**471,776**
Financial liabilities								
Deposits from banks	3,763	874	1,429	201	-	-	1,333	7,600
Deposits from customers	225,005	7,285	3,817	2,288	159	25,969	99,485	364,008
Derivative financial instruments	-	-	-	-	-	-	961	961
Other borrowed funds	3,197	11,453	28,742	6,417	267	105	636	50,817
Subordinated liability	-	993	-	-	-	-	20	1,013
Other financial liabilities	-	-	-	-	-	-	2,921	2,921
Total	231,965	20,605	33,988	8,906	426	26,074	105,356	**427,320**
On balance sheet interest sensitivity gap	(78,969)	31,645	14,374	33,879	38,323	24,144	(8,775)	54,621
Less allowances for credit impairment								(10,165)
								44,456

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iv) Liquidity risk

Liquidity risk is the risk of being unable to raise liquid funds to meet immediate or short term obligations in a cost-effective way. The efficient management of liquidity is essential to the Bank for maintaining market confidence and ensuring that business is sustainable.

Liquidity and funding risk are dynamically managed through a robust internal ecosystem comprising of Risk, Finance and Treasury Management, under the oversight of ALCO. The Bank has implemented the following key strategies for management of liquidity risk:

- Project future cash flows and make plans to address normal operating requirements and some variable scenarios and contingencies
- Manage day to day liquidity, by monitoring intra-day liquidity and forecasting future cash flows to ensure that all outflows of funds can be met
- Maintenance of stock of liquid assets that can be used in case of unexpected outflows of cash
- Maintaining a diverse and stable funding base
- Monitoring of a set of liquidity early warning indicators
- Contingency Funding plan.

The table below presents the breakdown of financial assets and liabilities by remaining contractual maturities at end of reporting period.

The amounts disclosed in the following tables are undiscounted.

Maturities of assets and liabilities

At 30 June 2022	Up to 1 month RS 'M	1-3 months RS 'M	3-6 months RS 'M	6-12 months RS 'M	1-3 years RS 'M	Over 3 years RS 'M	Non-maturity items RS 'M	Total RS 'M
Financial Assets								
Cash and cash equivalents	14,505	12	-	-	-	-	50,117	64,634
Derivative financial instruments	-	-	-	-	-	-	438	438
Loans to and placements with banks	4,429	6,092	3,443	8,642	2,069	264	(34)	24,905
Loans and advances to customers	105,865	23,319	22,492	21,230	65,706	111,169	11,875	361,656
Investment securities	4,762	12,047	22,123	15,689	89,745	93,423	4,123	241,912
Other financial assets	-	-	-	-	-	-	25,302	25,302
	129,561	41,470	48,058	45,561	157,520	204,856	91,821	718,847
Less allowances for credit impairment								(12,742)
Total								**706,105**
Financial liabilities								
Deposits from banks	6,060	3,426	-	1,826	45	-	-	11,357
Deposits from customers	507,072	7,367	4,451	6,939	8,594	3,523	520	538,466
Derivative financial instruments	-	1	1	2	8	8	487	507
Other borrowed funds	11,613	3,166	11,766	1,376	62,866	8,190	145	99,122
Subordinated liability	-	349	-	-	358	-	-	707
Other financial liabilities	-	-	-	-	-	-	2,537	2,537
Lease liabilities	-	-	-	-	-	-	*163*	163
Total	524,745	14,309	16,218	10,143	71,871	11,721	3,689	652,696
Net liquidity gap	(395,184)	27,161	31,840	35,418	85,649	193,135	88,132	66,151
Less allowances for credit impairment								(12,742)
								53,409
Off balance sheet net notional position	155	6,033	301	361	1,527	330,475	-	338,852
Credit commitments	10,428	17,844	29,273	40,677	7,337	14,882	-	120,441

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iv) Liquidity risk (continued)

Maturities of assets and liabilities

At 30 June 2021	Up to 1 month RS 'M	1-3 months RS 'M	3-6 months RS 'M	6-12 months RS 'M	1-3 years RS 'M	Over 3 years RS 'M	Non-maturity items RS 'M	Total RS 'M
Financial Assets								
Cash and cash equivalents	85,675	1,417	-	-	-	-	14,117	101,209
Derivative financial instruments	-	-	-	(1)	(2)	11	956	964
Loans to and placements with banks	17,555	12,631	5,639	2,200	2,984	342	-	41,351
Loans and advances to customers	62,626	20,198	21,436	20,704	62,230	105,469	9,591	302,254
Investment securities	1,435	12,400	10,412	14,503	59,283	80,406	4,535	182,974
Other financial assets	-	-	-	-	-	-	23,982	23,982
	167,291	46,646	37,487	37,406	124,495	186,228	53,181	652,734
Less allowances for credit impairment								(13,692)
Total								**639,042**
Financial liabilities								
Deposits from banks	18,672	853	1,665	428	1	41	-	21,660
Deposits from customers	425,192	6,623	4,024	7,408	7,363	3,680	173	454,463
Derivative financial instruments	-	-	-	-	-	-	1,355	1,355
Other borrowed funds	688	6,663	1,297	38,271	17,902	10,673	-	75,494
Subordinated liability	-	230	-	227	447	-	-	904
Other financial liabilities	-	-	-	-	-	-	1,865	1,865
Total	444,552	14,369	6,986	46,334	25,713	14,394	3,393	**555,741**
Net liquidity gap	(277,261)	32,277	30,501	(8,928)	98,782	171,834	49,788	96,993
Less allowances for credit impairment								(13,692)
								83,301

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iv) Liquidity risk (continued)

Maturities of assets and liabilities

At 30 June 2020	Up to 1 month RS 'M	1-3 months RS 'M	3-6 months RS 'M	6-12 months RS 'M	1-3 years RS 'M	Over 3 years RS 'M	Non-maturity items RS 'M	Total RS 'M
Financial Assets								
Cash and cash equivalents	40,901	56	-	-	-	-	27,187	68,144
Derivative financial instruments	-	1	1	2	5	1	944	954
Loans to and placements with banks	2,543	7,360	3,178	6,379	69	323	-	19,852
Loans and advances to customers	47,180	17,351	14,165	20,881	59,178	97,964	7,869	264,588
Investment securities	5,662	9,987	18,277	12,950	31,706	52,261	3,912	134,755
Other financial assets	-	-	-	-	-	-	20,606	20,606
	96,286	34,755	35,621	40,212	90,958	150,549	60,518	508,899
Less allowances for credit impairment								(10,165)
Total								**498,734**
Financial liabilities								
Deposits from banks	5,090	842	1,633	-	1	39	-	7,605
Deposits from customers	327,233	9,495	5,391	7,224	11,322	3,866	178	364,709
Derivative financial instruments	-	-	-	-	-	-	923	923
Other borrowed funds	3,651	11,381	850	29,298	2,321	4,141	-	51,642
Subordinated liability	-	-	190	180	523	170	-	1,063
Other financial liabilities	-	-	-	-	-	-	2,921	2,921
Total	335,974	21,718	8,064	36,702	14,167	8,216	4,022	**428,863**
Net liquidity gap	(239,688)	13,037	27,557	3,510	76,791	142,333	56,496	80,036
Less allowances for credit impairment								(10,165)
								69,871

3. FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency,and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price.These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments and instruments for which a market, which is considered to be the most representative price, is readily available. These financial assets have been classified as fair value through profit or loss and fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant input required to fair value an instrument is observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

Specific techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using foreign exchange rates at the end of the reporting period, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying value of the assets kept at amortised cost approximates their fair values.

(e) Capital risk management

Disclosures relating to capital risk management are available in the Risk and Capital Management Report.

(f) Financial instruments by category

	Amortised cost	Fair value through profit or loss		Fair value through other comprehensive income		Total
		Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2022						
Financial assets						
Cash and cash equivalents	64,594	-	-	-	-	64,594
Derivative financial instruments		-	438	-	-	438
Loans to and placements with banks	23,934	-	-	-	-	23,934
Loans and advances to customers	306,648	-	-	-	-	306,648
Investment securities	216,146	3,110	-	2,337	1,230	222,823
Other financial assets	25,302	-	-	-	-	25,302
Total	**636,624**	**3,110**	**438**	**2,337**	**1,230**	**643,739**
Financial liabilities						
Deposits from banks	11,318	-	-	-	-	11,318
Deposits from customers	481,103	-	-	-	-	481,103
Derivative financial instruments	-	-	497	-	-	497
Other borrowed funds	92,755	-	-	-	-	92,755
Subordinated liability	684	-	-	-	-	684
Other financial liabilities	2,537	-	-	-	-	2,537
Total	**588,397**	**-**	**497**	**-**	**-**	**588,894**
Net on-balance sheet position	**48,227**	**3,110**	**(59)**	**2,337**	**1,230**	**54,845**

3. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category (continued)

	Amortised cost	Fair value through profit or loss		Fair value through other comprehensive income		Total
		Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2021						
Financial assets						
Cash and cash equivalents	101,154	-	-	-	-	101,154
Derivative financial instruments	-	-	1,035	-	-	1,035
Loans to and placements with banks	40,869	-	-	-	-	40,869
Loans and advances to customers	256,750	-	-	-	-	256,750
Investment securities	154,924	20,722	-	6,859	1,055	183,560
Other financial assets	23,982	-	-	-	-	23,982
Total	**577,679**	**20,722**	**1,035**	**6,859**	**1,055**	**607,350**
Financial liabilities						
Deposits from banks	21,656	-	-	-	-	21,656
Deposits from customers	453,828	-	-	-	-	453,828
Derivative financial instruments	-	-	1,406	-	-	1,406
Other borrowed funds	74,626	-	-	-	-	74,626
Subordinated liability	875	-	-	-	-	875
Other financial liabilities	1,865	-	-	-	-	1,865
Total	**552,850**	**-**	**1,406**	**-**	**-**	**554,256**
Net on-balance sheet position	**24,829**	**20,722**	**(371)**	**6,859**	**1,055**	**53,094**

	Amortised cost	Fair value through profit or loss		Fair value through other comprehensive income		Total
		Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2020						
Financial assets						
Cash and cash equivalents	68,128	-	-	-	-	68,128
Derivative financial instruments	-	-	997	-	-	997
Loans to and placements with banks	19,353	-	-	-	-	19,353
Loans and advances to customers	226,777	-	-	-	-	226,777
Investment securities	100,382	14,839	-	19,766	928	135,915
Other financial assets	20,606	-	-	-	-	20,606
Total	**435,246**	**14,839**	**997**	**19,766**	**928**	**471,776**
Financial liabilities						
Deposits from banks	7,600	-	-	-	-	7,600
Deposits from customers	364,008	-	-	-	-	364,008
Derivative financial instruments	-	-	961	-	-	961
Other borrowed funds	50,817	-	-	-	-	50,817
Subordinated liability	1,013	-	-	-	-	1,013
Other financial liabilities	2,921	-	-	-	-	2,921
Total	**426,359**	**-**	**961**	**-**	**-**	**427,320**
Net on-balance sheet position	**8,887**	**14,839**	**36**	**19,766**	**928**	**44,456**

4. CASH AND CASH EQUIVALENTS

	2022	2021	2020
	RS'M	RS'M	RS'M
Cash in hand	**3,191**	2,804	2,738
Foreign currency notes and coins	**122**	89	204
Unrestricted balances with Central Bank*	**50,118**	14,117	27,189
Balances due in clearing	**354**	381	331
Treasury bills	**66**	5,092	56
Money market placements	**2,140**	4,140	5,422
Balances with banks abroad	**7,828**	73,588	32,204
Interbank loans	**815**	1,000	-
	64,634	101,211	68,144
Allowances for credit impairment (12 months expected credit loss)	**(40)**	(57)	(16)
	64,594	101,154	68,128

* Unrestricted balances with Central Bank represent amounts above the minimum cash reserve requirement.

Money market placements, balances with banks abroad and interbank loans represent loans to and placements with banks with original maturity less than three months.

The elements within cash and cash equivalents are classified as current assets.

Allowances for credit impairment

	12 months expected credit loss RS'M
At 1 July 2021	**57**
Provision for credit impairment for the year	**24**
Provision released during the year	**(72)**
Financial assets that have been derecognised	**(3)**
Changes in models/risk parameters	**34**
At 30 June 2022	**40**
At 1 July 2020	16
Provision for credit impairment for the year	13
Provision released during the year	(2)
Changes in models/risk parameters	30
At 30 June 2021	57
At 1 July 2019	18
Provision for credit impairment for the year	4
Provision released during the year	(3)
Financial assets that have been derecognised	(3)
At 30 June 2020	16

Cash and cash equivalents as shown in the statements of cash flows

	2022	2021	2020
	RS'M	RS'M	RS'M
Cash and cash equivalents	**64,634**	101,211	68,144
Other borrowed funds (see note 14(a))	**(2,075)**	(2)	(448)
Net cash and cash equivalents	**62,559**	101,209	67,696
(Decrease)/Increase in cash and cash equivalents	**(38,650)**	33,513	22,302

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilises the following derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk:
-Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.
-Currency swaps and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies, or interest rates, or a combination of all these.

Except for certain currency swaps, no exchange of principal takes place. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

Commodity options provide the buyer, for a premium, the right, but not the obligation, either to purchase or sell a fixed quantity of a certain commodity at a specified price on or before a future date. All commodity contracts are fully back-to-back transactions such that the Bank is not exposed to market risks.

The fair values of derivative financial instruments held are set out below:

	Contractual /Nominal Amount RS'M	Fair value assets RS'M	Fair value liabilities RS'M
Fair value through profit or loss - Level 2*			
Derivative Instruments			
At 30 June 2022			
Currency forwards	**10,499**	**244**	**255**
Interest rate swaps	**2,211**	**44**	**64**
Currency swaps	**11,476**	**123**	**164**
Commodities	**2,209**	**14**	**14**
Others	**13**	**13**	**-**
	26,408	**438**	**497**
At 30 June 2021			
Currency forwards	9,378	143	98
Interest rate swaps	31,830	733	895
Currency swaps	32,672	158	413
Others	235	1	-
	74,115	1,035	1,406
At 30 June 2020			
Currency forwards	5,738	143	62
Interest rate swaps	30,128	725	806
Currency swaps	18,538	127	93
Others	101	2	-
	54,505	997	961

*Refer to definition of Level 2 in note 7.
The derivative financial instruments are classified as non-current assets or non-current liabilities.

6. LOANS
(a) Loans to and placements with banks

	2022 RS'M	2021 RS'M	2020 RS'M
(i) Loans to and placements with banks			
in Mauritius	**815**	39	6,114
outside Mauritius	**34,375**	119,815	50,887
	35,190	119,854	57,001
Less:			
Loans to and placements with banks with original maturity less than 3 months and included in cash and cash equivalents	**(10,783)**	(78,728)	(37,626)
	24,407	41,126	19,375
Less:			
Allowances for credit impairment	**(473)**	(257)	(22)
	23,934	40,869	19,353
(ii) Remaining term to maturity			
Up to 3 months	**9,077**	29,577	9,901
Over 3 months and up to 6 months	**2,752**	5,248	3,163
Over 6 months and up to 1 year	**8,651**	1,014	6,008
Over 1 year and up to 5 years	**3,747**	4,965	-
Over 5 years	**180**	322	303
	24,407	41,126	19,375

(iii) Reconciliation of gross carrying amount

	12 months expected credit loss RS'M	Lifetime expected credit loss (credit impaired) RS'M	Total RS'M
At 1 July 2021	**41,125**	**1**	**41,126**
New loans and placements with banks, originated or purchase	**20,269**	**-**	**20,269**
Loans and placements with banks derecognised or repaid (excluding write off)	**(36,987)**	**(1)**	**(36,988)**
At 30 June 2022	**24,407**	**-**	**24,407**
At 1 July 2020	19,363	12	19,375
New loans and placements with banks, originated or purchase	40,824	1	40,825
Loans and placements with banks derecognised or repaid (excluding write off)	(19,062)	(12)	(19,074)
At 30 June 2021	41,125	1	41,126
At 1 July 2019	21,355	69	21,424
New loans and placements with banks, originated or purchase	13,086	12	13,098
Loans and placements with banks derecognised or repaid (excluding write off)	(15,078)	(69)	(15,147)
At 30 June 2020	19,363	12	19,375

6. LOANS
(a) Loans to and placements with banks

(iv) Allowances for credit impairment

	12 months expected credit loss	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M
At 1 July 2021	**255**	**1**	**256**
Provision for credit impairment for the year	**239**	**-**	**239**
Provision released during the year	**(45)**	**(1)**	**(46)**
Financial assets that have been derecognised	**(113)**	**-**	**(113)**
Changes in models/risk parameters	**137**	**-**	**137**
Provision at 30 June 2022	**473**	**-**	**473**
At 1 July 2020	10	-	10
Provision for credit impairment for the year	146	1	147
Financial assets that have been derecognised	(11)	-	(11)
Changes in models/risk parameters	110	-	110
At 30 June 2021	255	1	256
Interest in suspense	-	1	1
Provision and interest in suspense at 30 June 2021	255	2	257
At 1 July 2019	59	-	59
Provision for credit impairment for the year	4	-	4
Provision released during the year	(6)	-	(6)
Financial assets that have been derecognised	(47)	-	(47)
At 30 June 2020	10	-	10
Interest in suspense	-	12	12
Provision and interest in suspense at 30 June 2020	10	12	22

There were no non performing loans (NPL) under Loans to and placements with banks in 2022.
(2021: NPL Rs 1M/Provision Rs 1M, 2020: NPL Rs Nil/Provision Rs Nil).

(b) Loans and advances to customers

	2022	2021	2020
	RS'M	RS'M	RS'M
(i) Loans and advances to customers			
Retail customers:			
Credit cards	**912**	821	794
Mortgages	**34,336**	32,177	30,802
Other retail loans	**9,260**	10,118	10,761
Corporate customers	**120,129**	123,015	110,051
Governments	**-**	244	459
Entities outside Mauritius	**153,883**	103,395	83,678
	318,520	269,770	236,545
Less:			
Allowances for credit impairment	**(11,872)**	(13,020)	(9,768)
	306,648	256,750	226,777

(ii) Remaining term to maturity

	2022	2021	2020
Up to 3 months	**127,589**	81,354	62,014
Over 3 months and up to 6 months	**13,672**	4,856	4,425
Over 6 months and up to 1 year	**7,731**	15,557	13,471
Over 1 year and up to 5 years	**84,709**	78,673	70,248
Over 5 years	**84,819**	89,330	86,387
	318,520	269,770	236,545

6. LOANS (continued)

(b) Loans and advances to customers (continued)

(iii) Reconciliation of gross carrying amount

	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M
At 1 July 2021	**224,358**	**33,796**	**11,616**	**269,770**
Transfer to 12 months ECL	**9,007**	**(8,477)**	**(530)**	**-**
Transfer to lifetime ECL not credit impaired	**(2,708)**	**3,239**	**(531)**	**-**
Transfer to lifetime ECL credit impaired	**(376)**	**(8,574)**	**8,950**	**-**
New loans and advances to customers, originated or purchase	**158,880**	**4,020**	**3,531**	**166,431**
Loans and advances to customers derecognised or repaid (excluding write off)	**(101,513)**	**(6,779)**	**(3,918)**	**(112,210)**
Write offs	**-**	**-**	**(5,471)**	**(5,471)**
At 30 June 2022	**287,648**	**17,225**	**13,647**	**318,520**
At 1 July 2020	193,256	31,935	11,354	236,545
Transfer to 12 months ECL	2,473	(1,868)	(605)	-
Transfer to lifetime ECL not credit impaired	(6,500)	6,927	(427)	-
Transfer to lifetime ECL credit impaired	(1,140)	(2,455)	3,595	-
New loans and advances to customers, originated or purchase	108,923	10,015	2,180	121,118
Loans and advances to customers derecognised or repaid (excluding write off)	(72,654)	(10,758)	(2,465)	(85,877)
Write offs	-	-	(2,016)	(2,016)
At 30 June 2021	224,358	33,796	11,616	269,770
At 1 July 2019	191,817	16,776	11,227	219,820
Transfer to 12 months ECL	1,225	(881)	(344)	-
Transfer to lifetime ECL not credit impaired	(9,920)	10,002	(82)	-
Transfer to lifetime ECL credit impaired	(1,702)	(431)	2,133	-
New loans and advances to customers, originated or purchase	80,926	13,826	3,438	98,190
Loans and advances to customers derecognised or repaid (excluding write off)	(69,090)	(7,357)	(2,971)	(79,418)
Write offs	-	-	(2,047)	(2,047)
At 30 June 2020	193,256	31,935	11,354	236,545

6. LOANS (continued)

(b) Loans and advances to customers (continued)

(iv) Allowances for credit impairment

	12 months expected credit loss RS'M	Lifetime expected credit loss (not credit impaired) RS'M	Lifetime expected credit loss (credit impaired) RS'M	Total RS'M
At 1 July 2021	**2,677**	**4,713**	**3,783**	**11,173**
Exchange adjustment	**-**	**-**	**126**	**126**
Transfer to 12 months ECL	**935**	**(782)**	**(153)**	**-**
Transfer to lifetime ECL not credit impaired	**(123)**	**192**	**(69)**	**-**
Transfer to lifetime ECL credit impaired	**(9)**	**(1,145)**	**1,154**	**-**
Provision for credit impairment for the year	**1,770**	**500**	**4,786**	**7,056**
Provision released during the year	**(1,334)**	**(930)**	**(295)**	**(2,559)**
Financial assets that have been derecognised	**(355)**	**(297)**	**(872)**	**(1,524)**
Write offs	**-**	**-**	**(4,138)**	**(4,138)**
Changes in models/risk parameters	**(313)**	**788**	**-**	**475**
At 30 June 2022	**3,248**	**3,039**	**4,322**	**10,609**
Interest in suspense	**-**	**-**	**1,263**	**1,263**
Provision and interest in suspense at 30 June 2022	**3,248**	**3,039**	**5,585**	**11,872**
At 1 July 2020	1,681	3,452	2,993	8,126
Exchange adjustment	-	-	95	95
Transfer to 12 months ECL	291	(183)	(108)	-
Transfer to lifetime ECL not credit impaired	(159)	193	(34)	-
Transfer to lifetime ECL credit impaired	(44)	(153)	197	-
Provision for credit impairment for the year	1,026	1,764	2,585	5,375
Provision released during the year	(645)	(820)	(300)	(1,765)
Financial assets that have been derecognised	(140)	(432)	(166)	(738)
Write offs	-	-	(1,479)	(1,479)
Changes in models/risk parameters	667	892	-	1,559
At 30 June 2021	2,677	4,713	3,783	11,173
Interest in suspense	-	-	1,847	1,847
Provision and interest in suspense at 30 June 2021	2,677	4,713	5,630	13,020
At 1 July 2019	1,331	641	2,498	4,470
Exchange adjustment	-	-	173	173
Transfer to 12 months ECL	108	(30)	(78)	-
Transfer to lifetime ECL not credit impaired	(195)	205	(10)	-
Transfer to lifetime ECL credit impaired	(24)	(9)	33	-
Provision for credit impairment for the year	351	2,684	2,237	5,272
Provision released during the year	(494)	(81)	(196)	(771)
Financial assets that have been derecognised	(170)	(44)	(409)	(623)
Write offs	-	-	(1,255)	(1,255)
Changes in models/risk parameters	774	86	-	860
At 30 June 2020	1,681	3,452	2,993	8,126
Interest in suspense	-	-	1,642	1,642
Provision and interest in suspense at 30 June 2020	1,681	3,452	4,635	9,768

6. LOANS (continued)

(b) Loans and advances to customers (continued)

(v) Allowances for credit impairment by industry sectors

2022	Gross amount of loans RS'M	Non performing loans* RS'M	12 months expected credit loss RS'M	Lifetime expected credit loss (not credit impaired) RS'M	Lifetime expected credit loss (credit impaired) RS'M	Total provision RS'M
Agriculture and fishing	**7,592**	**664**	**120**	**131**	**440**	**691**
Manufacturing	**19,731**	**303**	**175**	**207**	**131**	**513**
of which EPZ	**2,027**	**1**	**32**	**133**	**-**	**165**
Tourism	**32,274**	**125**	**887**	**1,427**	**36**	**2,350**
Transport	**5,247**	**18**	**174**	**1**	**7**	**182**
Construction	**13,368**	**574**	**226**	**17**	**330**	**573**
Financial and business services	**30,775**	**247**	**329**	**167**	**111**	**607**
Traders	**123,043**	**1,869**	**579**	**383**	**934**	**1,896**
Personal	**43,736**	**903**	**219**	**65**	**368**	**652**
of which credit cards	***866***	***23***	***10***	***1***	***21***	***32***
of which housing	***34,336***	***643***	***94***	***27***	***212***	***333***
Professional	**1,002**	**83**	**12**	**1**	**58**	**71**
Global Business Licence holders	**16,175**	**7,414**	**142**	**25**	**3,080**	**3,247**
Others	**25,577**	**184**	**385**	**615**	**90**	**1,090**
	318,520	**12,384**	**3,248**	**3,039**	**5,585**	**11,872**

2021	Gross amount of loans RS'M	Non performing loans* RS'M	12 months expected credit loss RS'M	Lifetime expected credit loss (not credit impaired) RS'M	Lifetime expected credit loss (credit impaired) RS'M	Total provision RS'M
Agriculture and fishing	7,379	1,164	127	13	1,181	1,321
Manufacturing	12,902	497	164	271	278	713
of which EPZ	*2,040*	*158*	*22*	*152*	*138*	*312*
Tourism	30,012	694	458	1,626	136	2,220
Transport	8,130	72	49	175	64	288
Construction	17,365	1,249	277	14	851	1,142
Financial and business services	52,518	1,079	637	248	703	1,588
Traders	63,270	1,653	402	515	1,267	2,184
Personal	42,260	1,223	150	41	462	653
of which credit cards	*779*	*21*	*13*	*1*	*18*	*32*
of which housing	*32,177*	*797*	*54*	*18*	*260*	*332*
Professional	1,369	131	11	5	78	94
Foreign governments	244	-	-	-	-	-
Global Business Licence holders	19,770	1,809	208	1,216	568	1,992
Others	14,551	198	194	589	42	825
	269,770	9,769	2,677	4,713	5,630	13,020

2020	Gross amount of loans RS'M	Non performing loans* RS'M	12 months expected credit loss RS'M	Lifetime expected credit loss (not credit impaired) RS'M	Lifetime expected credit loss (credit impaired) RS'M	Total provision RS'M
Agriculture and fishing	6,309	1,161	26	243	889	1,158
Manufacturing	13,620	473	93	200	211	504
of which EPZ	*2,126*	*139*	*11*	*121*	*94*	*226*
Tourism	23,250	243	281	1,538	44	1,863
Transport	7,498	1,183	95	61	1,427	1,583
Construction	16,833	1,327	228	12	515	755
Financial and business services	50,423	1,265	242	166	211	619
Traders	43,647	2,078	192	286	598	1,076
Personal	41,504	1,643	324	109	570	1,003
of which credit cards	*754*	*27*	*21*	*2*	*19*	*42*
of which housing	*30,802*	*1,039*	*64*	*33*	*297*	*394*
Professional	1,198	142	13	37	79	129
Foreign governments	459	-	-	-	-	-
Global Business Licence holders	19,211	114	96	643	64	803
Others	12,593	83	91	157	27	275
	236,545	9,712	1,681	3,452	4,635	9,768

*Non performing loans excludes interest in suspense.

7. INVESTMENT SECURITIES

(a) Investment securities

	2022 RS'M	2021 RS'M	2020 RS'M
Investment in debt securities at amortised cost	**216,503**	155,282	100,741
Less allowances for credit impairment on investment in debt securities at amortised cost	**(357)**	(358)	(359)
	216,146	154,924	100,382
Fair value through other comprehensive income	**3,567**	7,914	20,694
Fair value through profit or loss	**3,110**	20,722	14,839
	222,823	183,560	135,915

As at 30 June 2022, there were no credit impaired investments fair valued through other comprehensive income.
(**Credit Impaired** - 2021: Rs 101M/Provision Rs 11M, 2020: Rs 90M/Provision Rs 10M,
12 months expected credit loss - 2021: Rs 8M, 2020: Rs 8M)

Investment securities can be classified as:

	2022	2021	2020
Current	**48,667**	39,313	34,551
Non-current	**174,513**	144,605	101,723

(b) (i) Investment in debt securities at amortised cost

	2022 RS'M	2021 RS'M	2020 RS'M
Government of Mauritius and Bank of Mauritius bonds	**111,658**	103,843	72,143
Treasury bills	**20,809**	7,415	7,084
Foreign bonds	**55,839**	22,000	387
Notes	**27,813**	21,643	20,803
Index linked note	**384**	381	324
	216,503	155,282	100,741

(ii) Remaining term to maturity

2022	Up to 3 months RS'M	3 - 6 months RS'M	6 - 12 months RS'M	1 - 5 years RS'M	Over 5 years RS'M	Total RS'M
Government of Mauritius and Bank of Mauritius bonds	**8,578**	**4,719**	**7,253**	**72,207**	**18,901**	**111,658**
Treasury bills	**6,861**	**7,396**	**6,552**	**-**	**-**	**20,809**
Foreign bonds	**-**	**2,245**	**1,355**	**36,101**	**16,138**	**55,839**
Notes	**304**	**1,453**	**1,253**	**15,067**	**9,736**	**27,813**
Index linked note	**-**	**-**	**-**	**207**	**177**	**384**
	15,743	**15,813**	**16,413**	**123,582**	**44,952**	**216,503**

2021	Up to 3 months RS'M	3 - 6 months RS'M	6 - 12 months RS'M	1 - 5 years RS'M	Over 5 years RS'M	Total RS'M
Government of Mauritius and Bank of Mauritius bonds	327	3,688	9,457	71,356	19,015	103,843
Treasury bills	7,248	167	-	-	-	7,415
Foreign bonds	-	-	-	8,945	13,055	22,000
Notes	-	407	-	14,403	6,833	21,643
Index linked note	-	-	-	204	177	381
	7,575	4,262	9,457	94,908	39,080	155,282

2020	Up to 3 months RS'M	3 - 6 months RS'M	6 - 12 months RS'M	1 - 5 years RS'M	Over 5 years RS'M	Total RS'M
Government of Mauritius and Bank of Mauritius bonds	3,444	1,835	6,716	40,212	19,936	72,143
Treasury bills	3,075	2,325	1,684	-	-	7,084
Foreign bonds	-	-	-	238	149	387
Notes	-	-	2,725	11,181	6,897	20,803
Index linked note	-	-	-	324	-	324
	6,519	4,160	11,125	51,955	26,982	100,741

7. INVESTMENT SECURITIES (continued)

(b) Investment in debt securities at amortised cost (continued)

(iii) Reconciliation of gross carrying amount of investment in debt securities at amortised cost

	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Total
	RS'M	RS'M	RS'M
At 1 July 2021	**153,370**	**1,912**	**155,282**
Transfer to 12 month ECL	**1,505**	**(1,505)**	**-**
Investments originated or purchased	**85,668**	**-**	**85,668**
Investments derecognised or repaid (excluding write off)	**(24,040)**	**(407)**	**(24,447)**
At 30 June 2022	**216,503**	**-**	**216,503**
At 1 July 2020	97,591	3,150	100,741
Transfer to 12 months ECL	1,080	(1,080)	-
Investments originated or purchased	77,935	46	77,981
Investments derecognised or repaid (excluding write off)	(23,236)	(204)	(23,440)
At 30 June 2021	153,370	1,912	155,282
At 1 July 2019	76,346	-	76,346
Transfer to lifetime ECL (not credit impaired)	(3,114)	3,114	-
Investments originated or purchased	44,071	37	44,108
Investments derecognised or repaid (excluding write off)	(19,712)	(1)	(19,713)
At 30 June 2020	97,591	3,150	100,741

(iv) Allowances for credit impairment on investment in debt securities at amortised cost

	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Total
	RS'M	RS'M	RS'M
At 1 July 2021	**252**	**106**	**358**
Transfer to 12 months ECL	**102**	**(102)**	**-**
Provision for credit impairment for the year	**140**	**-**	**140**
Provision released during the year	**(107)**	**-**	**(107)**
Financial assets that have been derecognised	**(61)**	**(4)**	**(65)**
Changes in models/risk parameters	**31**	**-**	**31**
At 30 June 2022	**357**	**-**	**357**
At 1 July 2020	92	267	359
Transfer to 12 months ECL	133	(133)	-
Provision for credit impairment for the year	37	-	37
Provision released during the year	(87)	(42)	(129)
Financial assets that have been derecognised	(8)	(5)	(13)
Changes in models/risk parameters	85	19	104
At 30 June 2021	252	106	358
At 1 July 2019	99	-	99
Transfer to lifetime ECL not credit impaired	(44)	44	-
Provision for credit impairment for the year	8	214	222
Provision released during the year	(12)	-	(12)
Financial assets that have been derecognised	(5)	-	(5)
Changes in models/risk parameters	46	9	55
At 30 June 2020	92	267	359

7. INVESTMENT SECURITIES (continued)

(c) (i) Fair value through other comprehensive income by levels

	2022 RS'M	2021 RS'M	2020 RS'M
Quoted - Level 1			
Official list : shares (equity instrument)	**961**	797	684
Bonds (debt instrument)	**1,662**	6,182	19,141
	2,623	6,979	19,825
Unquoted - Level 2			
Investment fund (debt instrument)	**675**	677	625
Unquoted - Level 3			
Shares (equity instrument)	**269**	258	244
	3,567	7,914	20,694

(ii) Reconciliation of level 3 fair value measurements

	2022 RS'M	2021 RS'M	2020 RS'M
At 1 July	**258**	244	245
Additions	**17**	99	-
Disposal of investment	**-**	(101)	-
Movement in fair value	**(6)**	16	(1)
At 30 June	**269**	258	244

(d) Fair value through profit or loss by levels

	2022 RS'M	2021 RS'M	2020 RS'M
Quoted - Level 1			
Foreign bonds (debt instrument)	**-**	1	1
Foreign shares (equity instrument)	**2,412**	2,703	2,092
	2,412	2,704	2,093
Unquoted - Level 2			
Government of Mauritius & Bank of Mauritius bonds (debt instrument)	**196**	1,251	893
Treasury bills (debt instrument)	**502**	16,767	11,853
	698	18,018	12,746
	3,110	20,722	14,839

Fair value hierarchy

The Bank uses a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1 : Quoted prices (unadjusted) for identical assets. This level includes listed equity securities.

Level 2 : Inputs other than quoted prices that are observable for the assets.

Level 3 : Inputs for the assets that are not based on observable market data.

Valuation techniques used to estimate the fair values of unquoted equity securities include models based on earnings/dividend growth, discounted cash flows and net asset values, whichever is considered to be appropriate. The Bank has made certain assumptions for inputs in the models, including earnings before interest, depreciation, tax and amortisation (EBIDTA), risk free rate, risk premium, dividend growth rate, weighted average cost of capital, appropriate discounts for lack of liquidity and expected cash flows which may be different from actual. As such, fair value estimates may differ given the subjectivity of underlying assumptions used as model inputs. Inputs were based on information available at the reporting date.

Unquoted shares

The Bank holds shares in several investments where the fair value is determined as a percentage of the net asset value using latest available audited accounts and in some cases latest available management accounts. There are also some investments which are fair valued using the latest available share prices which were available upon recent events, e.g. rights issue.

8. INVESTMENTS IN SUBSIDIARY AND ASSOCIATES

(a) Investment in subsidiary

(i) The Bank's interest in its subsidiary is as follows:

	Country of incorporation	Nature of business	Assets RS'M	Liabilities RS'M	Holding %	Cost RS'M
MCB Madagascar SA						
Year ended 30 June 2022	**Madagascar**	**Banking & Financial Services**	**9,797**	**8,996**	**80.00**	**118**
Year ended 30 June 2021	Madagascar	Banking & Financial Services	8,973	8,184	80.00	118
Year ended 30 June 2020	Madagascar	Banking & Financial Services	6,817	6,140	80.00	118

(b) Investments in associates

(i) The Bank's interest in its associates are as follows:

	Country of incorporation	Nature of business	Assets RS'M	Liabilities RS'M	Revenues RS'M	Profit RS'M	Holding %
At 30 June 2022							
Banque Française Commerciale Océan Indien	**Reunion**	**Banking & Financial Services**	**99,831**	**90,957**	**4,853**	**801**	**49.99**
Société Générale Moçambique	**Mozambique**	**Banking & Financial Services**	**12,913**	**11,451**	**1,503**	**213**	**35.00**
At 30 June 2021							
Banque Française Commerciale Océan Indien	Reunion	Banking & Financial Services	114,864	105,317	4,547	662	49.99
Société Générale Moçambique	Mozambique	Banking & Financial Services	11,328	10,146	878	16	35.00
At 30 June 2020							
Banque Française Commerciale Océan Indien	Reunion	Banking & Financial Services	96,990	88,875	4,027	877	49.99
Société Générale Moçambique	Mozambique	Banking & Financial Services	7,344	6,340	729	16	35.00

(ii) The above associates are accounted for using the equity method.

(iii) Banque Française Commerciale Océan Indien (BFCOI) and Société Générale (SG) Moçambique are unquoted.

8. INVESTMENTS IN SUBSIDIARY AND ASSOCIATES

(b) Investments in associates

(iv) Movements in investments in associates

	BFCOI RS'M	SG Moçambique RS'M	Subordinated loan to BFCOI RS'M	Total RS'M
At 1 July 2019	3,294	370	415	4,079
Share of profit of associates	438	6	-	444
Exchange differences on translating foreign operations	392	(24)	-	368
Increase in shareholding	-	50	-	50
Adjustments	-	-	43	43
At 30 June 2020	4,124	402	458	4,984
Share of profit of associates	331	6	-	337
Exchange differences on translating foreign operations	526	50	-	576
Dividend received from associates	(134)	-	-	(134)
Adjustments	(7)	6	58	57
At 30 June 2021	**4,840**	**464**	**516**	**5,820**
Share of profit of associates	**400**	**75**	**-**	**475**
Exchange differences on translating foreign operations	**(388)**	**28**	**-**	**(360)**
Share of other movements in associates	**24**	**-**	**-**	**24**
Net subordinated loan granted to associate	**-**	**-**	**40**	**40**
Dividend received from associates	**(383)**	**-**	**-**	**(383)**
Adjustments	**-**	**(4)**	**(43)**	**(47)**
At 30 June 2022	**4,493**	**563**	**513**	**5,569**

(v) Summarised financial information in respect of material entities:

Banque Française Commerciale Océan Indien (BFCOI)

	2022 RS'M	2021 RS'M	2020 RS'M
Summarised statement of financial position:			
Current assets	**11,607**	17,753	14,980
Non current assets	**88,224**	97,111	82,010
Current liabilities	**21,276**	25,362	23,830
Non current liabilities	**69,681**	79,955	65,045
Equity attributable to owners of BFCOI	**8,874**	9,547	8,115
Summarised statement of profit or loss and other comprehensive income:			
Revenue	**4,853**	4,547	4,027
Profit	**801**	662	877
Other comprehensive income	**47**	-	-
Total comprehensive income	**848**	662	877

The directors are satisfied that there are no indications requiring an impairment of the Bank's investment in subsidiary and investments in associates.
Investments in subsidiary and asssociates are classified as non-current asset.

9. INTANGIBLE ASSETS

	Computer software RS'M	Work in progress RS'M	Total RS'M
Cost			
At 1 July 2019	1,453	83	1,536
Additions	56	462	518
Scrap/Impairment	(700)	(22)	(722)
Transfer	265	(265)	-
At 30 June 2020	1,074	258	1,332
Additions	153	564	717
Scrap/Impairment	(1)	-	(1)
Transfer	356	(356)	-
At 30 June 2021	**1,582**	**466**	**2,048**
Additions	**83**	**856**	**939**
Transfer	**808**	**(808)**	**-**
At 30 June 2022	**2,473**	**514**	**2,987**
Accumulated amortisation			
At 1 July 2019	731	-	731
Scrap/Impairment	(700)	-	(700)
Amortisation adjustment	58	-	58
Charge for the year	229	-	229
At 30 June 2020	318	-	318
Scrap/Impairment	(1)	-	(1)
Amortisation adjustment	(52)	-	(52)
Charge for the year	321	-	321
At 30 June 2021	**586**	**-**	**586**
Amortisation adjustment	**75**	**-**	**75**
Charge for the year	**430**	**-**	**430**
At 30 June 2022	**1,091**	**-**	**1,091**
Net book values			
At 30 June 2022	**1,382**	**514**	**1,896**
At 30 June 2021	996	466	1,462
At 30 June 2020	756	258	1,014

Intangible assets are classified as non-current asset.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RS'M	Computer and other equipment RS'M	Furniture, fittings and vehicles RS'M	Work in progress RS'M	Right-of-Use assets (Land and Buildings) RS'M	Total RS'M
Cost						
At 1 July 2019	4,553	2,926	858	74	-	8,411
Recognition of right-of-use assets on initial application of IFRS 16	-	-	-	-	151	151
Additions	83	215	16	275	-	589
Scrap	-	(77)	(11)	-	-	(88)
Disposals	-	(29)	(9)	-	-	(38)
Transfer	32	116	31	(179)	-	-
At 30 June 2020	4,668	3,151	885	170	151	9,025
Additions	9	248	3	179	90	529
Scrap	-	(60)	(17)	-	-	(77)
Disposals	(1)	(74)	(12)	-	-	(87)
Cancellation	-	-	-	-	(3)	(3)
Adjustment on re-measurement*	-	-	-	-	2	2
Transfer	39	123	38	(200)	-	-
At 30 June 2021	**4,715**	**3,388**	**897**	**149**	**240**	**9,389**
Additions	**-**	**204**	**18**	**156**	**167**	**545**
Scrap	**-**	**(130)**	**(1)**	**-**	**-**	**(131)**
Disposals	**-**	**(3)**	**(9)**	**-**	**-**	**(12)**
Cancellation	**-**	**-**	**-**	**-**	**(80)**	**(80)**
Adjustment on re-measurement*	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Transfer	**63**	**60**	**34**	**(157)**		**-**
At 30 June 2022	**4,778**	**3,519**	**939**	**148**	**326**	**9,710**
Accumulated depreciation						
At 1 July 2019	932	2,009	506	-	-	3,447
Charge for the year	76	334	56	-	45	511
Depreciation adjustment	-	(39)	9	-	-	(30)
Scrap adjustment	-	(74)	(11)	-	-	(85)
Disposal adjustment	-	(29)	(8)	-	-	(37)
At 30 June 2020	1,008	2,201	552	-	45	3,806
Charge for the year	78	363	56	-	59	556
Depreciation adjustment	-	(16)	(10)	-	-	(26)
Scrap adjustment	-	(60)	(15)	-	-	(75)
Disposal adjustment	-	(73)	(10)	-	-	(83)
At 30 June 2021	**1,086**	**2,415**	**573**	**-**	**104**	**4,178**
Charge for the year	**80**	**324**	**59**	**-**	**64**	**527**
Depreciation adjustment	**-**	**182**	**13**	**-**	**-**	**195**
Scrap adjustment	**-**	**(130)**	**-**	**-**	**-**	**(130)**
Disposal adjustment	**-**	**(2)**	**(9)**	**-**	**-**	**(11)**
At 30 June 2022	**1,166**	**2,789**	**636**	**-**	**168**	**4,759**
Net book values						
At 30 June 2022	**3,612**	**730**	**303**	**148**	**158**	**4,951**
At 30 June 2021	3,629	973	324	149	136	5,211
At 30 June 2020	3,660	950	333	170	106	5,219

Property, plant and equipment are classified as non-current asset.

Following the adoption of IFRS 16, the Bank has presented right-of-use assets within 'property, plant and equipment'.

The leases under Right-of-use Assets consist mainly of rental of space for ATMs and the lease terms are in the range of 1 to 10 years.

Moreover, the Bank does not have the possibility of acquiring the asset at the end of the lease.

*The Bank reviewed the discounting rate used upon adoption of IFRS 16 to measure the present value of the remaining lease payments from 5.6% to 4.5% (2021: from 5.6% to 4.1%).

11. DEFERRED TAX ASSETS

	Balance as at 1 July RS'M	Exchange adjustments RS'M	Recognised in Statement of profit or loss RS'M	Recognised in Statement of comprehensive income RS'M	Balance as at 30 June RS'M
2022					
Provisions and post retirement benefits	**(7)**	**-**	**(27)**	**229**	**195**
Provisions for credit impairment	**1,452**	**9**	**431**	**-**	**1,892**
Accelerated tax depreciation	**(256)**	**-**	**(27)**	**-**	**(283)**
At 30 June 2022	**1,189**	**9**	**377**	**229**	**1,804**
2021					
Provisions and post retirement benefits	320	-	(12)	(315)	(7)
Provisions for credit impairment	916	2	534	-	1,452
Accelerated tax depreciation	(227)	-	(29)	-	(256)
At 30 June 2021	1,009	2	493	(315)	1,189
2020					
Provisions and post retirement benefits	304	-	(84)	100	320
Provisions for credit impairment	318	9	589	-	916
Accelerated tax depreciation	(282)	-	55	-	(227)
At 30 June 2020	340	9	560	100	1,009

The applied deferred tax rate for the three years is 13%.
Deferred tax assets are classified as non-current asset.

12. OTHER ASSETS

	2022 RS'M	2021 RS'M	2020 RS'M
Mandatory balances with Central Bank	**24,146**	21,990	19,821
Prepayments and other receivables	**1,880**	1,126	813
Credit card clearing	**490**	152	155
Non-banking assets acquired in satisfaction of debts*	**101**	79	60
Impersonal and other accounts	**5,125**	3,808	1,510
	31,742	27,155	22,359

* The Bank's policy is to dispose of such assets as soon as the market permits.

All elements under other assets are classified as current assets except 'non-banking assets acquired in satisfaction of debts' and 'impersonal and other accounts'.

13. DEPOSITS

	2022 RS'M	2021 RS'M	2020 RS'M
(a) Deposits from banks			
Demand deposits	**5,205**	16,955	4,484
Money market deposits with remaining term to maturity:			
Up to 3 months	**4,271**	2,570	1,447
Over 3 months and up to 6 months	**-**	1,663	1,430
Over 6 months and up to 1 year	**1,799**	427	201
Over 1 year and up to 5 years	**43**	41	38
	6,113	4,701	3,116
	11,318	21,656	7,600
Deposits from banks can be classified as:			
Current	**11,275**	21,615	7,562
Non-current	**43**	41	38
(b) Deposits from customers			
(i) Retail customers			
Demand deposits	**52,473**	46,602	40,815
Savings deposits	**185,371**	169,830	152,765
Time deposits with remaining term to maturity:			
Up to 3 months	**2,487**	3,419	4,532
Over 3 months and up to 6 months	**1,679**	1,673	2,125
Over 6 months and up to 1 year	**3,490**	3,302	4,596
Over 1 year and up to 5 years	**9,760**	9,320	10,257
Over 5 years	**6**	8	49
	17,422	17,722	21,559
	255,266	234,154	215,139
(ii) Corporate customers			
Demand deposits	**200,862**	193,036	120,215
Savings deposits	**5,342**	6,145	5,077
Time deposits with remaining term to maturity:			
Up to 3 months	**11,903**	12,598	12,777
Over 3 months and up to 6 months	**2,640**	2,315	3,403
Over 6 months and up to 1 year	**3,354**	4,131	2,677
Over 1 year and up to 5 years	**1,631**	1,326	4,522
Over 5 years	**1**	-	-
	19,529	20,370	23,379
	225,733	219,551	148,671
(iii) Government			
Demand deposits	**45**	54	44
Savings deposits	**59**	69	154
	104	123	198
	481,103	453,828	364,008
Deposits from customers can be classified as:			
Current	**469,705**	443,174	349,180
Non-current	**11,398**	10,654	14,828

14. OTHER BORROWED FUNDS

(a) Other borrowed funds comprise the following:

	2022	2021	2020
	RS'M	RS'M	RS'M
Borrowings from banks:			
in Mauritius	**9,961**	24,158	17,535
abroad	**82,794**	50,468	33,282
	92,755	74,626	50,817
Other borrowed funds include borrowings with original maturity of less than 3 months as shown in note 4	**2,075**	2	448

The carrying amounts of other borrowed funds are not materially different from their fair values.

(b) Remaining term to maturity:

	2022	2021	2020
On demand or within a period not exceeding 1 year	**24,181**	43,844	43,556
Within a period of more than 1 year but not exceeding 3 years	**57,962**	17,154	352
Within a period of more than 3 years	**10,612**	13,628	6,909
	92,755	74,626	50,817

Other borrowed funds can be classified as:

	2022	2021	2020
Current	**24,181**	43,844	43,556
Non-current	**68,574**	30,782	7,261

15. SUBORDINATED LIABILITY

Subordinated liability comprises the following:

	2022	2021	2020
	RS'M	RS'M	RS'M
USD 30M subordinated debt maturing in August 2023 at an average interest rate of 3.5% (2021: 3.5% and 2020: 5.2%)	**875**	1,013	1,040
Repayment of USD 5.3M during the year (2021: USD 4.5M, 2020: USD 3.8M)	**(225)**	(179)	(137)
Exchange adjustments and others	**34**	41	110
	684	875	1,013

Subordinated liability is classified as non-current liability.
The carrying amount of the subordinated liability is not materially different from its fair value.

The Bank obtained a USD 30M 10-year subordinated debt from the African Development Bank. This facility forms part of a wider package of USD 150M granted by the latter to allow the Bank to increase its foreign currency lending to clients operating in the region and in mainland Africa.

16 POST EMPLOYEE BENEFIT LIABILITY/(ASSET)

		2022 Rs'M	2021 Rs'M	2020 Rs'M
	Post employee benefit liability/(asset)			
(a)	Staff superannuation fund (defined benefit section)	**278**	(1,344)	1,041
(b)	Residual retirement gratuities	**182**	126	129
		460	(1,218)	1,170

(a) Staff superannuation fund (defined benefit section)

	2022 Rs'M	2021 Rs'M	2020 Rs'M
Reconciliation of net defined benefit liability/(asset)			
Opening balance	**(1,344)**	1,041	301
Amount recognised in statement of profit or loss	**131**	255	261
Amount recognised in statement of comprehensive income	**1,716**	(2,407)	715
Less employer contributions	**(225)**	(233)	(236)
Closing balance	**278**	(1,344)	1,041
Reconciliation of fair value of plan assets			
Opening balance	**8,952**	7,555	7,688
Interest income	**443**	241	459
Employer contributions	**225**	233	236
Transfer of assets	**-**	(45)	-
Benefits paid	**(401)**	(322)	(310)
Return on plan assets (below)/above interest income	**(454)**	1,290	(518)
Closing balance	**8,765**	8,952	7,555
Reconciliation of present value of defined benefit obligation			
Opening balance	**7,608**	8,596	7,989
Current service cost	**203**	229	230
Interest expense	**371**	270	471
Past service cost	**-**	(3)	19
Transfer of assets	**-**	(45)	-
Benefits paid	**(401)**	(322)	(310)
Liability experience loss/(gain)	**96**	-	(13)
Liability loss/(gain) due to change in financial assumptions	**1,166**	(1,117)	210
Closing balance	**9,043**	7,608	8,596
Components of amount recognised in statement of profit or loss			
Current service cost	**203**	229	230
Past service cost	**-**	(3)	19
Net interest on net defined benefit (asset)/liability	**(72)**	29	12
Total	**131**	255	261
Analysed as follows:			
The Mauritius Commercial Bank Limited (see note 27(a))	**118**	223	228
Other members of The MCB Group Limited	**13**	32	33
	131	255	261
Components of amount recognised in other statement of comprehensive income			
Return on plan assets below/(above) interest income	**454**	(1,290)	518
Liability experience loss/(gain)	**96**	-	(13)
Liability loss/(gain) due to change in financial assumptions	**1,166**	(1,117)	210
Total	**1,716**	(2,407)	715

16 POST EMPLOYEE BENEFIT LIABILITY/(ASSET) (CONTINUED)

(a) Staff superannuation fund (defined benefit section) (continued)

	2022	2021	2020
Allocation of plan assets at end of year	**%**	%	%
Equity - Local quoted	**38**	32	30
Equity - Local unquoted	**1**	1	1
Debt - Overseas quoted	**-**	1	1
Debt - Local quoted	**11**	12	12
Debt - Local unquoted	**5**	5	5
Property - Local	**6**	5	6
Investment funds	**31**	37	31
Cash and other	**8**	7	14
Total	**100**	100	100

Allocation of plan assets at end of year	**%**	%	%
Reporting entity's own transferable financial instruments	**11**	10	8
Property occupied by reporting entity	**6**	6	6
Other assets used by reporting entity	**3**	3	4

Principal assumptions used at end of year			
Discount rate	**5.3%**	5.0%	3.2%
Rate of salary increases	**3.7%**	2.5%	1.0%
Rate of pension increases	**2.2%**	1.0%	0.5%
Average retirement age (ARA)	**63**	63	63
Average life expectancy for:			
Male at ARA	**17.3 years**	17.3 years	17.3 years
Female at ARA	**21.7 years**	21.7 years	21.7 years

	2022 Rs'M	2021 Rs'M	2020 Rs'M
Sensitivity analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**1,628**	1,301	1,617
Decrease due to 1% increase in discount rate	**1,275**	1,027	1,254
Increase due to 1% increase in salary increase rate	**697**	-	-
Decrease due to 1% decrease in salary increase rate	**597**	-	-
Increase due to 1% increase in pension increase rate	**850**	-	-
Decrease due to 1% decrease in pension increase rate	**732**	-	-

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the year after increasing or decreasing the discount rate, salary increase rate and pension increase rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

It has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Bank sponsors a defined benefit pension plan for some of its employees which is self-administered and funded separately from the Bank. The Bank has recognised a total net defined benefit liability of Rs 278M as at 30 June 2022 for the defined benefit pension plan (2021: net defined asset of Rs 1,344M and 2020: net defined liability of Rs 1,041M).

The liability experience loss of Rs 96M is mainly due to a mortality experience (pensioners and employees living longer than expected), the actual average pension increases being higher than expected and the pensioner liability for new retirees being higher than their past service reserve. This loss has been partially offset by a gain due to actual average salary increases being lower than expected.

The liability loss of Rs 1,166M is mainly due to the decrease in the net pre-retirement discount rate (the difference between the nominal discount rate and the salary increase rate) from 2.5% p.a. in 2021 to 1.6% p.a. in 2022 and in the net post-retirement discount rate (the difference between the nominal discount rate and the pension increase rate) from 4.0% p.a. in 2021 to 3.1% p.a. in 2022.

The Bank operates a final salary defined benefit pension or retirement plan for some of its employees which is self-administered and funded separately from the Bank.

The plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

Investment risk: 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.

16 POST EMPLOYEE BENEFIT LIABILITY/(ASSET) (CONTINUED)

(a) Staff superannuation fund (defined benefit section) (continued)

Longevity risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in 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 had a residual obligation imposed by Workers' Rights Act (WRA) 2019 on top of its Defined Contribution (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.

Future cash flows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the Bank's actuaries:

Expected employer contribution for the next year (Rs'M):	**369**
Weighted average duration of the defined benefit obligation:	**17 years**

Defined Contribution Cash Balance (DCCB)

As from 1 July 2015, the Bank has introduced a Defined Contribution Cash Balanced Scheme "DCCB" for its employees.

Consequently, all employees joining the Bank as from that date are automatically enrolled in the new scheme. Existing employees had the choice of either remaining in the Defined Benefit Scheme or to join the new scheme.

16 POST EMPLOYEE BENEFIT LIABILITY/(ASSET) (CONTINUED)

(b) Residual retirement gratuities

Amounts recognised in the financial statements at end of year

	2022 Rs'M	2021 Rs'M	2020 Rs'M
Reconciliation of net defined benefit liability			
Opening balance	**126**	129	59
Amount recognised in statement of profit or loss (see note 27(a))	**14**	13	14
Amount recognised in statement of comprehensive income	**42**	(16)	56
Closing balance	**182**	126	129
Reconciliation of present value of defined benefit obligation			
Opening balance	**126**	129	59
Current service cost	**8**	11	11
Interest expense	**6**	4	3
Past service cost	**-**	(2)	-
Liability experience (gain)/loss	**(6)**	1	47
Liability loss/(gain) due to change in financial assumptions	**48**	(17)	9
Closing balance	**182**	126	129
Components of amount recognised in statement of profit or loss			
Current service cost	**8**	11	11
Past service cost	**-**	(2)	-
Net interest on net defined benefit liability	**6**	4	3
Total (see note 27(a))	**14**	13	14
Components of amount recognised in other statement of comprehensive income			
Liability experience (gain)/loss	**(6)**	1	47
Liability loss/(gain) due to change in financial assumptions	**48**	(17)	9
Total	**42**	(16)	56
Principal assumptions used at end of year			
Discount rate	**5.3%**	5.0%	3.2%
Rate of salary increases	**3.7%**	2.5%	1.0%
Rate of pension increases	**2.2%**	1.0%	0.5%
Average retirement age (ARA)	**63**	63	63

	2022 Rs'M	2021 Rs'M	2020 Rs'M
Sensitivity analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**59**	42	42
Decrease due to 1% increase in discount rate	**45**	32	33
Increase due to 1% increase in salary increase rate	**50**	-	-
Decrease due to 1% decrease in salary increase rate	**38**	-	-
Increase due to 1% increase in pension increase rate	**8**	-	-
Decrease due to 1% decrease in pension increase rate	**9**	-	-

The Bank has also recognised a net defined benefit liability of Rs 182M as at 30 June 2022 (2021: Rs 126M, 2020: Rs 129M) for all employees whose pension benefits are not expected to fully offset the company's retirement gratuity obligations under the Workers' Rights Act (WRA) 2019 and who are therefore entitled to residual retirement gratuities under the Workers' Rights Act (WRA) 2019.

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of year 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.

The liability experience gain of Rs 6M is mainly due to some employees who have left the Bank, resulting in a release of liabilities. This gain has been partially offset by a loss due to actual average remuneration increases being higher than expected.

The liability loss of Rs 48M is mainly due to the decrease in the net pre-retirement discount rate (the difference between the nominal discount rate and the salary increase rate) from 2.5% p.a. in 2021 to 1.6% p.a. in 2022 and in the net post-retirement discount rate (the difference between the nominal discount rate and the pension increase rate) from 4.0% p.a. in 2021 to 3.1% p.a. in 2022.

Future cash flows

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'M): **-**

Weighted average duration of the defined benefit obligation: **23 years**

Note: Employee benefits obligations have been provided for based on the report from Aon Hewitt Ltd., Actuaries and Consultants dated 31 August 2022.

Post employee benefit asset/(liability) is classified as non-current asset/(liability).

	2022	2021	2020
	RS'M	RS'M	RS'M
17. OTHER LIABILITIES			
Allowances for credit impairment on off balance sheet exposures (17 (a))	**484**	389	235
Lease liabilities (17 (b))	**163**	139	109
Impersonal, other accounts and deferred income	**7,618**	6,295	5,476
Proposed dividend (see note 30)	**1,534**	2,000	-
	9,799	8,823	5,820

All elements under other liabilities are classified as current liabilities except 'impersonal, other accounts and deferred income' and 'lease liabilities' (amounts over 1 year).

(a) Allowances for credit impairment on off balance sheet exposures

	12 months expected credit loss	**Lifetime expected credit loss (credit impaired)**	**Total**
	RS'M	**RS'M**	**RS'M**
At 1 July 2021	**389**	**-**	**389**
Provision for credit impairment for the year	**445**	**-**	**445**
Provision released during the year	**(279)**	**-**	**(279)**
Changes in models/risk parameters	**(71)**	**-**	**(71)**
At 30 June 2022	**484**	**-**	**484**
At 1 July 2020	232	3	235
Provision for credit impairment for the year	176		176
Provision released during the year	(133)	(3)	(136)
Changes in models/risk parameters	114	-	114
At 30 June 2021	389	-	389
At 1 July 2019	309	-	309
Provision for credit impairment for the year	11	3	14
Provision released during the year	(243)	-	(243)
Changes in models/risk parameters	155	-	155
At 30 June 2020	232	3	235

(b) The lease liabilities can be analysed as follows:

	2022	2021	2020
	RS'M	RS'M	RS'M
Over 6 months and up to 1 year	**10**	14	43
Over 1 year and up to 5 years	**153**	125	66
	163	139	109

18. FURTHER DISCLOSURES WITH ADOPTION OF IFRS 16 - LEASES

This note explains the impact of the adoption of IFRS 16 Leases on the Bank's financial statements. The Bank has adopted IFRS 16 Leases as from financial year 2020 with no restatement of comparatives for 2019 as permitted under the specific transition provisions in the standard. The adjustments arising from the new leasing rules have been recognised in the statement of financial position as from financial year 2020.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's borrowing rate as of 1 July 2019. The lessee's borrowing rate applied to the lease liabilities on 1 July 2019 was 5.6%.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Bank relied on its assessment made applying IAS 17 and Interpretation in Determining whether an Arrangement contains a lease.

(ii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

(iii) Lessor Accounting

The Bank did not make adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

(iv) Amounts recognised in the financial statements

	2022 RS'M	2021 RS'M	2020 RS'M
Amounts in statement of financial position (note 10)			
Opening Balance	**136**	106	-
Recognition of right-of-use assets	**-**	-	151
Addition, net of other adjustments	**86**	89	-
Depreciation of right-of-use assets	**(64)**	(59)	(45)
Carrying amount of right-of-use assets	**158**	136	106
Lease liabilities (note 17)	**163**	139	109
Amounts in statement of profit or loss			
Interest on lease liabilities (note 22)	**7**	6	8
Expenses related to short term leases (note 27(b))	**8**	3	2
Expenses relating to low value leases (note 27(b))	**-**	6	12
Expenses relating to variable leases (note 27(b))	**14**	10	6
Depreciation of right-of-use assets	**64**	59	45
Amounts recognised in statement of cash flows			
Cash payment for reduction of the outstanding lease liabilities	**61**	60	42
Interest payments (within other operating activities)	**7**	6	8
Total outflow for lease	**68**	66	50

19. STATED CAPITAL AND RESERVES

(a) Stated capital

	Number of shares	RS'M
At 30 June 2020	687,960,247	6,880
Rights issue	200,000,000	2,000
At 30 June 2021 and 30 June 2022	**887,960,247**	**8,880**

Fully paid ordinary shares carry one vote per share and the right to dividend.

Rights Issue

End of June 2021, the Board had approved a rights issue of Rs 2.0 billion subscribed by its sole shareholder with the view to support the Bank's international expansion.

(b) Reserves

(i) Capital reserve

The capital reserve represents the cumulative net change in the fair value of financial assets FVOCI until the financial instruments are derecognised or impaired.

(ii) Statutory reserve

Statutory reserve represents accumulated transfers from retained earnings in accordance with relevant local banking legislations. These reserves are not distributable. The statutory reserve should not exceed the stated capital.

(iii) General banking reserve

The Bank makes an appropriation to a general banking reserve to cater for any shortfalls between IFRS 9 and regulatory provision requirements.

(iv) Translation Reserve

The translation reserve represents all foreign currency differences arising from the translation of the results and financial position of investments in associates.

20. CONTINGENT LIABILITIES

		2022	2021	2020
		RS'M	RS'M	RS'M
(a)	**Instruments**			
	Guarantees on account of customers	**60,460**	71,930	23,554
	Letters of credit and other obligations on account of customers (net)	**46,320**	38,028	36,877
	Other contingent items (net)	**3,537**	2,539	1,550
		110,317	112,497	61,981
(b)	**Commitments**			
	Loans and other facilities, including undrawn credit facilities	**10,124**	5,215	6,356
(c)	**Tax assessments**	**-**	-	98
		120,441	117,712	68,435

21. INTEREST INCOME USING THE EFFECTIVE INTEREST METHOD

	2022 RS'M	2021 RS'M	2020 RS'M
Loans to and placements with banks	**649**	577	875
Loans and advances to customers	**11,375**	11,061	12,968
Investments at amortised cost	**4,411**	3,891	3,691
Investments at fair value through other comprehensive income	**35**	99	350
	16,470	15,628	17,884

22. INTEREST EXPENSE

	2022 RS'M	2021 RS'M	2020 RS'M
Deposits from banks	**20**	16	65
Deposits from customers	**948**	883	3,147
Subordinated liability	**26**	31	52
Other borrowed funds	**1,536**	1,002	1,509
Lease liabilities	**7**	6	8
	2,537	1,938	4,781

23. FEE AND COMMISSION INCOME

	2022 RS'M	2021 RS'M	2020 RS'M
Cards and other related fees	**2,930**	1,686	1,755
Trade finance fees	**1,417**	997	596
Transaction fees	**1,043**	925	851
Guarantee fees	**943**	381	335
Loan related fees	**459**	368	418
Private banking and wealth management fees	**423**	497	334
Others	**18**	80	132
	7,233	4,934	4,421

24. FEE AND COMMISSION EXPENSE

	2022 RS'M	2021 RS'M	2020 RS'M
Cards and other related fees	**1,655**	786	863
Loan related and trade finance fees	**377**	258	197
Transaction fees	**25**	24	17
	2,057	1,068	1,077

25. NET GAIN FROM OTHER FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

	2022 RS'M	2021 RS'M	2020 RS'M
Net gain/(loss) from derivative financial instruments fair valued through profit or loss	**243**	168	(60)
Net gain from investment securities fair valued through profit or loss	**254**	110	610
Net (loss)/gain from derecognition of debt securities measured at fair valued through other comprehensive income	**(337)**	(113)	195
Net gain from other investment securities	**3**	-	-
	163	165	745

	2022 RS'M	2021 RS'M	2020 RS'M
26. DIVIDEND INCOME			
Quoted investments FVOCI	**23**	14	17
Quoted investments FVPL	**11**	9	8
Unquoted investments FVOCI	**2**	13	11
Subsidiary	**43**	-	-
	79	36	36
27. NON - INTEREST EXPENSE			
(a) Salaries and human resource costs			
Wages and salaries	**2,722**	2,529	2,407
Defined benefit plan (note 16(a))	**118**	223	228
Defined contribution plan	**118**	102	87
Residual retirement gratuities (note 16(b))	**14**	13	14
Compulsory social security obligations	**136**	107	78
Equity settled share-based payments	**16**	7	11
Other personnel expenses	**1,019**	853	838
	4,143	3,834	3,663
(b) Other non-interest expense			
Legal and professional fees	**392**	398	384
Rent, repairs, maintenance and security costs	**342**	358	316
Software licensing and other information technology costs	**609**	544	406
Electricity, water and telephone charges	**283**	265	243
Advertising, marketing costs and sponsoring	**131**	79	156
Postage, courier and stationery costs	**199**	156	149
Insurance costs	**159**	129	98
Others	**128**	88	105
of which short term leases	***8***	*3*	*2*
of which low value leases	***-***	*6*	*12*
of which variable leases	***14***	*10*	*6*
	2,243	2,017	1,857
28. NET IMPAIRMENT OF FINANCIAL ASSETS			
Net allowance for credit impairment			
Cash and cash equivalents	**(17)**	41	(2)
Loans and advances			
Loans to and placements with banks	**217**	246	(49)
Loans and advances to customers	**3,448**	4,431	4,738
Investment securities			
Amortised cost	**(1)**	(1)	260
Fair value through other comprehensive income	**76**	(1)	10
Off balance sheet exposures	**95**	154	(74)
	3,818	4,870	4,883
Recoveries of advances written off	**(426)**	(269)	(65)
	3,392	4,601	4,818

29. INCOME TAX EXPENSE

(a) The tax charge related to statement of profit or loss is as follows:

	2022 RS'M	2021 RS'M	2020 RS'M
Income tax based on the adjusted profit	**1,286**	1,185	1,136
Deferred tax	**(377)**	(493)	(423)
Effect of change in tax rate	**-**	-	(137)
Special levy on banks	**624**	556	563
Corporate social responsibility contribution	**114**	107	104
Over/(under) provision in previous years	**(1)**	-	(13)
Charge for the year	**1,646**	1,355	1,230

The tax on the profits differs from the theoretical amount that would arise using the basic tax rate as follows:

	2022 RS'M	2021 RS'M	2020 RS'M
Profit before tax	**10,594**	8,751	8,639
Less share of profit of associates	**(475)**	(337)	(444)
	10,119	8,414	8,195
Tax calculated at applicable tax rates	**1,108**	1,027	1,012
Effect of change in tax rate	**-**	-	(137)
Impact of:			
Income not subject to tax	**(471)**	(570)	(511)
Expenses not deductible for tax purposes	**278**	235	212
Tax credits	**(6)**	-	-
Special levy on banks	**624**	556	563
Corporate social responsibility contribution	**114**	107	104
Over/(under) provision in previous years	**(1)**	-	(13)
Tax charge	**1,646**	1,355	1,230

Corporate social responsibility (CSR) tax

Corporate Social Responsibility (CSR) tax was legislated by the Government of Mauritius in July 2009. The Bank is entitled to allocate a percentage of its chargeable income of the preceding year to a CSR programme approved by the National Social Inclusion Foundation (formerly known as National CSR Foundation) and the remaining to the Mauritius Revenue Authority.

Bank levy

The Bank is liable to pay a special levy as a percentage of its leviable income from residents excluding Global Business Licence holders.

Applicable tax rates

As from 1 July 2019, the Segment A and Segment B regime has been abolished for income tax purposes and a new tax regime is applicable for the banking sector. The Bank is now being taxed at 5% on the first Rs1.5 billion of its chargeable income, at 15% of its chargeable income between Rs1.5 billion and the base year chargeable income, and at 5% on the remainder, subject to meeting prescribed conditions.

(b) The tax (credit)/charge related to statement of comprehensive income is as follows:

	2022 RS'M	2021 RS'M	2020 RS'M
Remeasurement of defined benefit pension plan and retirement residual gratuities	**1,758**	(2,423)	771
Deferred tax (credit)/charge	**(229)**	315	(100)
Remeasurement of defined benefit pension plan and retirement residual gratuities, net of deferred tax	**1,529**	(2,108)	671

30. DIVIDENDS

Dividends in cash

	2022 RS'M	2021 RS'M	2020 RS'M
Paid on 15 December 2021 at Rs 2.48 per share (2020: Rs 2.70)	**2,200**	-	1,857
Paid on 6 July 2022 at Rs 1.73 per share (2021: Rs 2.91)	**1,534**	2,000	-
	3,734	2,000	1,857

31. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to the ordinary equity holder of the Bank by the weighted average number of ordinary shares outstanding during the year.

	2022	2021	2020
	RS'M	RS'M	RS'M
Profit for the year	**8,948**	7,396	7,409
Weighted average number of ordinary shares (thousands)	**887,960**	689,056	687,960
Earnings per share (Rs)	**10.08**	10.73	10.77

32. COMMITMENTS

(a) Capital commitments

	2022 RS'M	2021 RS'M	2020 RS'M
Expenditure contracted for but not incurred	**192**	152	129
Expenditure approved by the Board but not contracted for	**121**	135	173

(b) Securities pledged

The Bank has pledged Government of Mauritius bonds as collateral for the purpose of overnight facility from the Bank of Mauritius and for repurchase agreement with other financial institutions.

	2022 RS'M	2021 RS'M	2020 RS'M
Government of Mauritius & Bank of Mauritius bonds with Bank of Mauritius	**7,113**	6,413	5,800
Government of Mauritius & Bank of Mauritius bonds with other financial institutions	**32,620**	46,961	9,087
	39,733	53,374	14,887

33. NET CASH FLOWS FROM TRADING ACTIVITIES

	2022 RS'M	2021 RS'M	2020 RS'M
Continuing operations			
Operating profit	**10,119**	8,414	8,195
Increase in other assets	**(3,369)**	(6,014)	(378)
Increase/(decrease) in other liabilities	**374**	1,950	(404)
Net (increase)/decrease in derivative financial instruments	**(312)**	407	(276)
Net decrease/(increase) in investment securities at fair value through profit or loss	**17,612**	(5,883)	3,419
(Release)/additional provision for employee benefits	**(94)**	22	25
Additional provision for residual retirement gratuities	**14**	13	14
Charge/(release) for credit impairment:			
Loans and advances	**3,665**	4,677	4,689
Investment securities	**(1)**	(1)	260
Cash and cash equivalents	**(17)**	41	(2)
Off balance sheet	**95**	154	(74)
Investments fair valued through other comprehensive income	**76**	(1)	10
Exchange profit	**(88)**	(646)	(2,622)
Depreciation of property, plant and equipment	**527**	556	511
Amortisation of intangible assets	**430**	321	229
(Profit)/Loss on disposal of property, plant and equipment	**(3)**	3	2
Loss on scrapped assets	**1**	-	22
Loss/(Profit) on disposal of debt investment securities fair valued through other comprehensive income	**337**	113	(195)
	29,366	4,126	13,425

34. NET CASH FLOWS FROM OTHER OPERATING ACTIVITIES

	2022	2021	2020
	RS'M	RS'M	RS'M
Net increase in deposits	**16,937**	103,876	57,231
Net increase in loans and advances	**(36,628)**	(56,166)	(16,667)
Purchase of investments at fair value through other comprehensive income	**(5,523)**	(36,560)	(63,849)
Proceeds from sale of investments at fair value through other comprehensive income	**9,725**	49,861	67,686
Net increase in investment securities at amortised cost	**(61,221)**	(54,541)	(24,352)
Net increase/(decrease) in other borrowed funds	**16,056**	24,255	(5,015)
	(60,654)	30,725	15,034

35. RELATED PARTY TRANSACTIONS

	Ultimate Holding Company *	Holding Company*	Entities under common control (including defined benefit plan)	Entities in which the Bank holds more than a 10% interest	Directors and Key Management Personnel (including parent)	Enterprises in which Directors and Key Management Personnel have significant interest (including parent)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cash equivalents, Loans and Advances						
Balances at 30 June 2022	**-**	**-**	**2,949**	**605**	**343**	**409**
Net movements during the year	**-**	**-**	**(1,305)**	**34**	**80**	**(12)**
Balances at 30 June 2021	**-**	**-**	**4,254**	**571**	**263**	**421**
Net movements during the year	-	-	1,026	(772)	(41)	88
Balances at 30 June 2020	-	-	3,228	1,343	304	333
Net movements during the year	-	-	(701)	(833)	13	(39)
Balances at 30 June 2019	-	-	3,929	2,176	291	372
Deposits						
Balance at year end:						
30 June 2022	**1,188**	**241**	**5,830**	**59**	**528**	**557**
30 June 2021	588	-	4,779	151	392	405
30 June 2020	141	20	5,423	231	329	406
Amounts due from/(to)						
Balance at year end:						
30 June 2022	**366**	**(1,534)**	**152**	**88**	-	-
30 June 2021	1	(2,000)	128	87	-	-
30 June 2020	2	-	73	87	-	-
Off Balance sheet items						
Balance at year end:						
30 June 2022	**-**	**-**	**2,625**	**74**	**-**	**195**
30 June 2021	-	-	2,169	714	-	192
30 June 2020	-	-	2,397	161	-	5
Interest income						
For the year ended:						
30 June 2022	**-**	**-**	**122**	**6**	**3**	**14**
30 June 2021	-	-	118	12	2	14
30 June 2020	2	-	120	15	6	15
Interest expense						
For the year ended:						
30 June 2022	**-**	**-**	**4**	**1**	**2**	**-**
30 June 2021	-	-	3	1	2	-
30 June 2020	-	-	35	3	4	-
Other income						
For the year ended:						
30 June 2022	**1**	**-**	**149**	**371**	**3**	**4**
30 June 2021	1	-	128	144	3	2
30 June 2020	2	-	175	8	2	4
Non-interest expense						
For the year ended:						
30 June 2022	**(1)**	**-**	**10**	**-**	**-**	**-**
30 June 2021	-	-	139	-	-	-
30 June 2020	-	-	155	-	-	-

The related party transactions were carried out under market terms and conditions with the exception of loans to Key Management Personnel who benefited from preferential rates as applicable to staff.

All the loans are performing

* The Directors regard MCB Investment Holding Limited as its holding company and MCB Group Limited as its ultimate holding company. The figures for 'Amounts due from/(to)' include the Interim Dividend payable to MCB Investment Holding Limited of Rs 1,534M for 2021/2022, Rs 2,000M for 2020/2021 and Rs NIL for 2019/2020.

35. RELATED PARTY TRANSACTIONS (continued)

The Bank introduced a Transfer Pricing policy applicable as from 1 January 2021 with its related entities in line with best practice and has gradually migrated to the new policy with support services being mainly categorised as 'low value services'.

The figures for 'Other income' from Ultimate Holding Company, Holding Company and Entities under common control, include (where applicable) dividend income and support services charged to these entities in respect of notional rental of office space and provision of support, administrative and other assistance.

The figure for 'Entities in which the bank holds more than 10% interest' includes dividend income and an annual amount in respect of management fees charged to Banque Française Commerciale Océan Indien ('BFCOI').

During the year, 88,343 share options were exercised under the Group Employee Share Option scheme by Key Management Personnel, including Executive Directors amounting to Rs 22M (FY 2020/2021: 80,345 share options for Rs 17M; FY 2019/2020: 125,905 share options for Rs 37M).

Key Management Personnel compensation

	2022 RS'M	2021 RS'M	2020 RS'M
Remuneration and other benefits relating to Key Management Personnel, including Directors, were as follows :			
Salaries and short term employee benefits	**121**	124	134
Post employment benefits	**9**	11	8
	130	135	142

36. IBOR

The Bank is exposed to the effects of IBOR reform on its financial assets and liabilities, as set out within the table below.

	Carrying value/nominal Amount at 30 June 2022		**Of which the carrying value/nominal amount at 30 June 2022 have yet to transition to an alternative benchmark interest rate**	
	Assets RS'M	**Liabilities RS'M**	**Assets RS'M**	**Liabilities RS'M**
Non-derivative assets and liabilities exposed				
Measured at amortised cost				
Loans to and placements with banks	**8,651**	**-**	**8,608**	**-**
Loans and advances to customers	**71,399**	**-**	**61,439**	**-**
Investment securities	**410**	**-**	**410**	**-**
Deposits from banks	**-**	**43**	**-**	**43**
Deposits from customers	**-**	**21,027**	**-**	**-**
Other borrowed funds	**-**	**65,098**	**-**	**64,599**
Subordinated liability	**-**	**684**	**-**	**684**
	80,460	**86,852**	**70,457**	**65,326**
Derivative assets and liabilities exposed				
Measured at fair value through profit or loss				
Derivative financial instruments	**56**	**51**	**56**	**51**

37. Additional disclosures as required by the Bank of Mauritius

Under the Guideline on Segmental Reporting under a Single Banking Licence Regime, the Bank of Mauritius requires the Bank to disclose its assets and liabilities, income and expenditure into two segments; Segment A (Seg A) and Segment B (Seg B).

Segment B activity is essentially directed to the provision of international financial services that gives rise to "foreign source income".

Segment B assets will generally consist of placements with and advances to foreign financial institutions, notably associates and overseas correspondents, GBL holders and other non-residents.

However, the liabilities employed to support such assets may come from deposits, borrowings and funds deposited by non-residents, GBL holders and residents.

Segment A activity relates to all banking business other than Segment B activity.

Expenditure incurred by the Bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner.

Statement of financial position as at 30 June 2022

		2022			2021			2020		
	Note	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
ASSETS										
Cash and cash equivalents		**64,594**	**54,648**	**9,946**	101,154	23,475	77,679	68,128	30,514	37,614
Derivative financial instruments	37(a)	**438**	**200**	**238**	1,035	98	937	997	95	902
Loans to and placements with banks	37(b)	**23,934**	**-**	**23,934**	40,869	39	40,830	19,353	6,113	13,240
Loans and advances to customers	37(c)	**306,648**	**142,877**	**163,771**	256,750	140,314	116,436	226,777	127,924	98,853
Investment securities	37(d)	**222,823**	**157,848**	**64,975**	183,560	144,971	38,589	135,915	114,322	21,593
Investment in subsidiary	37(e)	**118**	**-**	**118**	118	-	118	118	-	118
Investments in associates	37(e)	**5,569**	**-**	**5,569**	5,820	-	5,820	4,984	-	4,984
Intangible assets	37(f)	**1,896**	**1,896**	**-**	1,462	1,462	-	1,014	1,014	-
Property, plant and equipment	37(g)	**4,951**	**4,951**	**-**	5,211	5,211	-	5,219	5,219	-
Deferred tax assets		**1,804**	**508**	**1,296**	1,189	386	803	1,009	627	382
Post employee benefit asset		**-**	**-**	**-**	1,218	1,218	-	-	-	-
Other assets	37(h)	**31,742**	**27,261**	**4,481**	27,155	24,203	2,952	22,359	21,896	463
Total assets		**664,517**	**390,189**	**274,328**	625,541	341,377	284,164	485,873	307,724	178,149
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from banks	37(i)	**11,318**	**254**	**11,064**	21,656	223	21,433	7,600	195	7,405
Deposits from customers	37(j)	**481,103**	**320,058**	**161,045**	453,828	286,950	166,878	364,008	259,315	104,693
Derivative financial instruments	37(a)	**497**	**163**	**334**	1,406	198	1,208	961	77	884
Other borrowed funds	37(k)	**92,755**	**9,961**	**82,794**	74,626	24,158	50,468	50,817	17,535	33,282
Subordinated liability	37(l)	**684**	**-**	**684**	875	-	875	1,013	-	1,013
Current tax liabilities		**1,148**	**890**	**258**	1,031	933	98	1,270	1,010	260
Post employee benefit liability		**460**	**460**	**-**	-	-	-	1,170	1,170	-
Other liabilities	37(m)	**9,799**	**9,539**	**260**	8,823	8,729	94	5,820	5,727	93
Total liabilities		**597,764**	**341,325**	**256,439**	562,245	321,191	241,054	432,659	285,029	147,630
Shareholder's equity										
Stated capital		**8,880**	**8,880**	**-**	8,880	8,880	-	6,880	6,880	-
Retained earnings		**48,161**	**48,161**	**-**	45,343	45,343	-	38,949	38,949	-
Other components of equity		**9,712**	**9,155**	**557**	9,073	8,575	498	7,385	7,028	357
Total equity		**66,753**	**66,196**	**557**	63,296	62,798	498	53,214	52,857	357
Total equity and liabilities		**664,517**	**407,521**	**256,996**	625,541	383,989	241,552	485,873	337,886	147,987
CONTINGENT LIABILITIES (NET)	37(n)	**120,441**	**25,116**	**95,325**	117,712	23,085	94,627	68,435	19,981	48,454

37. Additional disclosures as required by the Bank of Mauritius (continued)

Statement of profit or loss for the year ended 30 June 2022

		2022			2021			2020		
	Note	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Interest income using the effective interest method	37(o)	**16,470**	**10,079**	**6,391**	15,628	9,815	5,813	17,884	11,073	6,811
Interest expense	37(p)	**(2,537)**	**(1,106)**	**(1,431)**	(1,938)	(1,031)	(907)	(4,781)	(2,892)	(1,889)
Net interest income		**13,933**	**8,973**	**4,960**	13,690	8,784	4,906	13,103	8,181	4,922
Fee and commission income	37(q)	**7,233**	**3,272**	**3,961**	4,934	2,345	2,589	4,421	2,507	1,914
Fee and commission expense	37(r)	**(2,057)**	**(1,059)**	**(998)**	(1,068)	(511)	(557)	(1,077)	(696)	(381)
Net fee and commission income		**5,176**	**2,213**	**2,963**	3,866	1,834	2,032	3,344	1,811	1,533
Profit arising from dealing in foreign currencies		**1,717**	**1,347**	**370**	1,227	806	421	1,620	1,214	406
Net (loss)/gain from equity financial instruments carried at fair value through profit or loss		**(291)**	**-**	**(291)**	611	-	611	426	-	426
Net gain/(loss) from other financial instruments carried at fair value	37(s)	**163**	**218**	**(55)**	165	88	77	745	535	210
Dividend income	37(t)	**79**	**23**	**56**	36	27	9	36	27	9
Other operating income/(expense)		**77**	**31**	**46**	148	19	129	(1)	(9)	8
		1,745	**1,619**	**126**	2,187	940	1,247	2,826	1,767	1,059
Operating income		**20,854**	**12,805**	**8,049**	19,743	11,558	8,185	19,273	11,759	7,514
Non-interest expense										
Salaries and human resource costs	37(u)	**(4,143)**	**(3,538)**	**(605)**	(3,834)	(3,172)	(662)	(3,663)	(3,142)	(521)
Depreciation of property, plant and equipment		**(527)**	**(491)**	**(36)**	(556)	(518)	(38)	(511)	(481)	(30)
Amortisation of intangible assets		**(430)**	**(397)**	**(33)**	(321)	(296)	(25)	(229)	(209)	(20)
Other	37(v)	**(2,243)**	**(2,021)**	**(222)**	(2,017)	(1,898)	(119)	(1,857)	(1,719)	(138)
		(7,343)	**(6,447)**	**(896)**	(6,728)	(5,884)	(844)	(6,260)	(5,551)	(709)
Operating profit before impairment		**13,511**	**6,358**	**7,153**	13,015	5,674	7,341	13,013	6,208	6,805
Net impairment of financial assets	37(w)	**(3,392)**	**146**	**(3,538)**	(4,601)	(1,286)	(3,315)	(4,818)	(3,477)	(1,341)
Operating profit		**10,119**	**6,504**	**3,615**	8,414	4,388	4,026	8,195	2,731	5,464
Share of profit of associates		**475**	**-**	**475**	337	-	337	444	-	444
Profit before tax		**10,594**	**6,504**	**4,090**	8,751	4,388	4,363	8,639	2,731	5,908
Income tax expense	37(x)	**(1,646)**	**(1,388)**	**(258)**	(1,355)	(1,258)	(97)	(1,230)	(970)	(260)
Profit for the year		**8,948**	**5,116**	**3,832**	7,396	3,130	4,266	7,409	1,761	5,648

37. Additional disclosures as required by the Bank of Mauritius (continued)

Statement of comprehensive income for the year ended 30 June 2022

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Profit for the year	8,948	5,116	3,832	7,396	3,130	4,266	7,409	1,761	5,648
Other comprehensive (expense)/income:									
Items that will not be reclassified to profit or loss:									
Net fair value gain/(loss) on equity instruments	124	124	-	111	111	-	(191)	(191)	-
Reclassification adjustments on disposal of investments at fair value	-	-	-	(1)	(1)	-	-	-	-
Share of other comprehensive income of associates	24	-	24	-	-	-	-	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	(1,529)	(1,529)	-	2,108	2,108	-	(671)	(671)	-
	(1,381)	(1,405)	24	2,218	2,218	-	(862)	(862)	-
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations	(360)	-	(360)	576	-	576	368	-	368
Reclassification adjustments on disposal of investments at fair value	7	-	7	-	-	-	-	-	-
Net fair value (loss)/gain on debt instruments	(23)	(6)	(17)	(108)	2	(110)	5	18	(13)
	(376)	(6)	(370)	468	2	466	373	18	355
Other comprehensive (expense)/income for the year	(1,757)	(1,411)	(346)	2,686	2,220	466	(489)	(844)	355
Total comprehensive income for the year	7,191	3,705	3,486	10,082	5,350	4,732	6,920	917	6,003

37. Additional disclosures as required by the Bank of Mauritius (continued)

(a) Derivative financial instruments

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
(i) Fair value assets									
Currency forwards	**244**	**139**	**105**	143	69	74	143	83	60
Interest rate swaps	**44**	**-**	**44**	733	3	730	725	4	721
Currency swaps	**123**	**61**	**62**	158	26	132	127	8	119
Commodities	**14**	**-**	**14**	-	-	-	-	-	-
Others	**13**	**-**	**13**	1	-	1	2	-	2
	438	**200**	**238**	1,035	98	937	997	95	902
(ii) Fair value liabilities									
Currency forwards	**255**	**110**	**145**	98	46	52	62	20	42
Interest rate swaps	**64**	**9**	**55**	895	-	895	806	-	806
Currency swaps	**164**	**44**	**120**	413	152	261	93	57	36
Commodities	**14**	**-**	**14**	-	-	-	-	-	-
	497	**163**	**334**	1,406	198	1,208	961	77	884

(b) Loans to and placements with banks

	2022 TOTAL RS'M	2022 Seg A RS'M	2022 Seg B RS'M	2021 TOTAL RS'M	2021 Seg A RS'M	2021 Seg B RS'M	2020 TOTAL RS'M	2020 Seg A RS'M	2020 Seg B RS'M
(i) Loans to and placements with banks									
in Mauritius	**815**	**815**	**-**	39	39	-	6,114	6,114	-
outside Mauritius	**34,375**	**-**	**34,375**	119,815	1,000	118,815	50,887	-	50,887
	35,190	**815**	**34,375**	119,854	1,039	118,815	57,001	6,114	50,887
Less:									
Loans and placements with original maturity less than 3 months and included in cash and cash equivalents	**(10,783)**	**(815)**	**(9,968)**	(78,728)	(1,000)	(77,728)	(37,626)	-	(37,626)
	24,407	**-**	**24,407**	41,126	39	41,087	19,375	6,114	13,261
Less allowances for credit impairment	**(473)**	**-**	**(473)**	(257)	-	(257)	(22)	(1)	(21)
	23,934	**-**	**23,934**	40,869	39	40,830	19,353	6,113	13,240
(ii) Remaining term to maturity									
Up to 3 months	**9,077**	**-**	**9,077**	29,577	39	29,538	9,901	434	9,467
Over 3 months and up to 6 months	**2,752**	**-**	**2,752**	5,248	-	5,248	3,163	-	3,163
Over 6 months and up to 1 year	**8,651**	**-**	**8,651**	1,014	-	1,014	6,008	5,680	328
Over 1 year and up to 5 years	**3,747**	**-**	**3,747**	4,965	-	4,965	-	-	-
Over 5 years	**180**	**-**	**180**	322	-	322	303	-	303
	24,407	**-**	**24,407**	41,126	39	41,087	19,375	6,114	13,261

(iii) Allowances for credit impairment

	TOTAL	Seg A		Seg B		
	Total RS'M	Total RS'M	12 months expected credit loss RS'M	Total RS'M	12 months expected credit loss RS'M	Lifetime expected credit loss (credit impaired) RS'M
Provision at 1 July 2021	**256**	**-**	**-**	**256**	**255**	**1**
Provision for credit impairment for the year	**239**	**-**	**-**	**239**	**239**	**-**
Provision released during the year	**(46)**	**-**	**-**	**(46)**	**(45)**	**(1)**
Financial assets that have been derecognised	**(113)**	**-**	**-**	**(113)**	**(113)**	**-**
Changes in models/risk parameters	**137**	**-**	**-**	**137**	**137**	**-**
Provision and interest in suspense at 30 June 2022	**473**	**-**	**-**	**473**	**473**	**-**
Provision at 1 July 2020	10	1	1	9	9	-
Provision for credit impairment for the year	147	-	-	147	146	1
Financial assets that have been derecognised	(11)	(1)	(1)	(10)	(10)	-
Changes in models/risk parameters	110	-	-	110	110	-
Provision at 30 June 2021	256	-	-	256	255	1
Interest in suspense	1	-	-	1	-	1
Provision and interest in suspense at 30 June 2021	257	-	-	257	255	2
Provision at 1 July 2019	59	1	1	58	58	-
Provision for credit impairment for the year	4	-	-	4	4	-
Provision released during the year	(6)	-	-	(6)	(6)	-
Financial assets that have been derecognised	(47)	-	-	(47)	(47)	-
Provision at 30 June 2020	10	1	1	9	9	-
Interest in suspense	12	-	-	12	-	12
Provision and interest in suspense at 30 June 2020	22	1	1	21	9	12

37. Additional disclosures as required by the Bank of Mauritius (continued)

(c) Loans and advances to customers

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Retail customers:									
Credit cards	**912**	**896**	**16**	821	804	17	794	782	12
Mortgages	**34,336**	**33,162**	**1,174**	32,177	31,020	1,157	30,802	29,638	1,164
Other retail loans	**9,260**	**8,487**	**773**	10,118	9,280	838	10,761	9,985	776
Corporate customers	**120,129**	**104,879**	**15,250**	123,015	105,708	17,307	110,051	92,911	17,140
Governments	**-**	**-**	**-**	244	-	244	459	-	459
Entities outside Mauritius	**153,883**	**-**	**153,883**	103,395	-	103,395	83,678	-	83,678
	318,520	**147,424**	**171,096**	269,770	146,812	122,958	236,545	133,316	103,229
Less:									
Allowances for credit impairment	**(11,872)**	**(4,547)**	**(7,325)**	(13,020)	(6,498)	(6,522)	(9,768)	(5,392)	(4,376)
	306,648	**142,877**	**163,771**	256,750	140,314	116,436	226,777	127,924	98,853

(i) Remaining term to maturity

	2022 TOTAL RS'M	2022 Seg A RS'M	2022 Seg B RS'M	2021 TOTAL RS'M	2021 Seg A RS'M	2021 Seg B RS'M	2020 TOTAL RS'M	2020 Seg A RS'M	2020 Seg B RS'M
Up to 3 months	**127,589**	**37,117**	**90,472**	81,354	40,541	40,813	62,014	35,060	26,954
Over 3 months and up to 6 months	**13,672**	**3,998**	**9,674**	4,856	3,717	1,139	4,425	3,782	643
Over 6 months and up to 1 year	**7,731**	**3,448**	**4,283**	15,557	4,348	11,209	13,471	3,525	9,946
Over 1 year and up to 5 years	**84,709**	**28,643**	**56,066**	78,673	23,340	55,333	70,248	20,898	49,350
Over 5 years	**84,819**	**74,218**	**10,601**	89,330	74,866	14,464	86,387	70,051	16,336
	318,520	**147,424**	**171,096**	269,770	146,812	122,958	236,545	133,316	103,229

(ii) Credit concentration of risk by industry sectors

	2022 TOTAL RS'M	2022 Seg A RS'M	2022 Seg B RS'M	2021 TOTAL RS'M	2021 Seg A RS'M	2021 Seg B RS'M	2020 TOTAL RS'M	2020 Seg A RS'M	2020 Seg B RS'M
Agriculture and fishing	**715**	**715**	**-**	5,115	5,115	-	7,536	6,892	644
Manufacturing	**9,682**	**702**	**8,980**	909	909	-	947	947	-
of which EPZ	***67***	***67***	**-**	*61*	*61*	-	*33*	*33*	-
Tourism	**18,145**	**14,286**	**3,859**	17,818	14,074	3,744	13,541	11,463	2,078
Transport	**195**	**103**	**92**	9,046	16	9,030	7,254	16	7,238
Construction	**6,361**	**6,361**	**-**	11,223	11,223	-	9,482	9,482	-
Financial and business services	**9,308**	**9,308**	**-**	64,024	9,544	54,480	64,823	9,773	55,050
Traders	**261,203**	**14,657**	**246,546**	99,865	3,293	96,572	68,866	2,847	66,019
Global Business Licence holders	**9,626**	**-**	**9,626**	10,217	-	10,217	10,090	-	10,090
Others	**8,803**	**803**	**8,000**	8,961	906	8,055	8,112	2,152	5,960
	324,038	**46,935**	**277,103**	227,178	45,080	182,098	190,651	43,572	147,079

37. Additional disclosures as required by the Bank of Mauritius (continued)

(c) Loans and advances to customers (continued)

(iii) Allowances for credit impairment

	TOTAL	Seg A				Seg B			
	Total	Total	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Provision at 1 July 2021	11,173	5,341	1,309	1,923	2,109	5,832	1,368	2,790	1,674
Exchange adjustment	126	-	-	-	-	126	-	-	126
Transfer to 12 months ECL	-	41	739	(547)	(151)	(41)	196	(235)	(2)
Transfer to lifetime ECL not credit impaired	-	1	(26)	95	(68)	(1)	(97)	97	(1)
Transfer to lifetime ECL credit impaired	-	-	(9)	(19)	28	-	-	(1,126)	1,126
Provision for credit impairment for the year	7,056	2,381	1,086	558	737	4,675	684	(58)	4,049
Provision released during the year	(2,559)	(1,798)	(784)	(763)	(251)	(761)	(550)	(167)	(44)
Financial assets that have been derecognised	(1,524)	(462)	(195)	(25)	(242)	(1,062)	(160)	(272)	(630)
Write offs	(4,138)	(1,381)	-	-	(1,381)	(2,757)	-	-	(2,757)
Changes in models/risk parameters	475	(12)	(228)	216	-	487	(85)	572	-
Provision at 30 June 2022	10,609	4,111	1,892	1,438	781	6,498	1,356	1,601	3,541
Interest in suspense	1,263	436	-	-	436	827	-	-	827
Provision and interest in suspense at 30 June 2022	11,872	4,547	1,892	1,438	1,217	7,325	1,356	1,601	4,368
Provision at 1 July 2020	8,126	4,267	1,051	1,877	1,339	3,859	630	1,575	1,654
Exchange adjustment	95	-	-	-	-	95	-	-	95
Transfer to 12 months ECL	-	-	226	(132)	(94)	-	65	(51)	(14)
Transfer to lifetime ECL not credit impaired	-	-	(100)	134	(34)	-	(59)	59	-
Transfer to lifetime ECL credit impaired	-	-	(25)	(102)	127	-	(19)	(51)	70
Provision for credit impairment for the year	5,375	2,916	605	825	1,486	2,459	421	939	1,099
Provision released during the year	(1,765)	(1,537)	(521)	(744)	(272)	(228)	(124)	(76)	(28)
Financial assets that have been derecognised	(738)	(423)	(68)	(236)	(119)	(315)	(72)	(196)	(47)
Write offs	(1,479)	(324)	-	-	(324)	(1,155)	-	-	(1,155)
Changes in models/risk parameters	1,559	442	141	301	-	1,117	526	591	-
Provision at 30 June 2021	11,173	5,341	1,309	1,923	2,109	5,832	1,368	2,790	1,674
Interest in suspense	1,847	1,157	-	-	1,157	690	-	-	690
Provision and interest in suspense at 30 June 2021	13,020	6,498	1,309	1,923	3,266	6,522	1,368	2,790	2,364
Provision at 1 July 2019	4,470	1,903	775	216	912	2,567	556	425	1,586
Exchange adjustment	173	-	-	-	-	173	-	-	173
Transfer to 12 months ECL	-	-	104	(29)	(75)	-	4	(1)	(3)
Transfer to lifetime ECL not credit impaired	-	-	(129)	139	(10)	-	(66)	66	-
Transfer to lifetime ECL credit impaired	-	-	(24)	(9)	33	-	-	-	-
Provision for credit impairment for the year	5,272	3,338	164	1,565	1,609	1,934	187	1,119	628
Provision released during the year	(771)	(465)	(293)	(30)	(142)	(306)	(201)	(51)	(54)
Financial assets that have been derecognised	(623)	(145)	(76)	(6)	(63)	(478)	(94)	(38)	(346)
Write offs	(1,255)	(925)	-	-	(925)	(330)	-	-	(330)
Changes in models /risk parameters	860	561	530	31	-	299	244	55	-
Provision at 30 June 2020	8,126	4,267	1,051	1,877	1,339	3,859	630	1,575	1,654
Interest in suspense	1,642	1,125	-	-	1,125	517	-	-	517
Provision and interest in suspense at 30 June 2020	9,768	5,392	1,051	1,877	2,464	4,376	630	1,575	2,171

37. Additional disclosures as required by the Bank of Mauritius (continued)

(c) Loans and advances to customers (continued)

(iv) Allowances for credit impairment by industry sectors

	Seg A					
	2022					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	6,125	54	117	111	12	240
Manufacturing	10,444	302	114	207	130	451
of which EPZ	*2,027*	*1*	*32*	*133*	*-*	*165*
Tourism	22,194	125	633	523	36	1,192
Transport	2,804	18	49	1	7	57
Construction	9,756	574	118	17	330	465
Financial and business services	23,173	235	270	166	100	536
Traders	17,161	220	305	26	111	442
Personal	41,862	864	185	60	354	599
of which credit cards	*852*	*22*	*10*	*1*	*20*	*31*
of which housing	*33,162*	*611*	*92*	*25*	*205*	*322*
Professional	911	82	11	1	57	69
Foreign governments	-	-	-	-	-	-
Global Business Licence holders	-	-	-	-	-	-
Others	12,994	113	90	326	80	496
	147,424	2,587	1,892	1,438	1,217	4,547

	Seg B					
	2022					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	1,467	610	3	20	428	451
Manufacturing	9,287	1	61	-	1	62
of which EPZ	*-*	*-*	*-*	*-*	*-*	*-*
Tourism	10,080	-	254	904	-	1,158
Transport	2,443	-	125	-	-	125
Construction	3,612	-	108	-	-	108
Financial and business services	7,602	12	59	1	11	71
Traders	105,882	1,649	274	357	823	1,454
Personal	1,874	39	34	5	14	53
of which credit cards	*14*	*1*	*-*	*-*	*1*	*1*
of which housing	*1,174*	*32*	*2*	*2*	*7*	*11*
Professional	91	1	1	-	1	2
Foreign governments	-	-	-	-	-	-
Global Business Licence holders	16,175	7,414	142	25	3,080	3,247
Others	12,583	71	295	289	10	594
	171,096	9,797	1,356	1,601	4,368	7,325

	Total					
	2022					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	7,592	664	120	131	440	691
Manufacturing	19,731	303	175	207	131	513
of which EPZ	*2,027*	*1*	*32*	*133*	*-*	*165*
Tourism	32,274	125	887	1,427	36	2,350
Transport	5,247	18	174	1	7	182
Construction	13,368	574	226	17	330	573
Financial and business services	30,775	247	329	167	111	607
Traders	123,043	1,869	579	383	934	1,896
Personal	43,736	903	219	65	368	652
of which credit cards	*866*	*23*	*10*	*1*	*21*	*32*
of which housing	*34,336*	*643*	*94*	*27*	*212*	*333*
Professional	1,002	83	12	1	58	71
Foreign governments	-	-	-	-	-	-
Global Business Licence holders	16,175	7,414	142	25	3,080	3,247
Others	25,577	184	385	615	90	1,090
	318,520	12,384	3,248	3,039	5,585	11,872

*Non performing loans excludes interest in suspense.

37. Additional disclosures as required by the Bank of Mauritius (continued)

(c) Loans and advances to customers (continued)

(iv) Allowances for credit impairment by industry sectors (continued)

	Seg A					
	2021					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	6,558	585	124	13	887	1,024
Manufacturing	9,739	496	101	271	277	649
of which EPZ	*2,040*	*158*	*22*	*152*	*138*	*312*
Tourism	21,361	694	218	915	136	1,269
Transport	2,687	72	29	2	64	95
Construction	14,730	1,249	227	14	851	1,092
Financial and business services	25,661	309	184	191	128	503
Traders	19,685	637	222	54	389	665
Personal	40,348	1,142	137	38	422	597
of which credit cards	*764*	*21*	*13*	*1*	*18*	*32*
of which housing	*31,020*	*726*	*52*	*16*	*229*	*297*
Professional	1,269	129	10	5	76	91
Foreign governments	-	-	-	-	-	-
Global Business Licence holders	-	-	-	-	-	-
Others	4,774	69	57	420	36	513
	146,812	5,382	1,309	1,923	3,266	6,498

	Seg B					
	2021					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	821	579	3	-	294	297
Manufacturing	3,163	1	63	-	1	64
of which EPZ	-	-	-	-	-	-
Tourism	8,651	-	240	711	-	951
Transport	5,443	-	20	173	-	193
Construction	2,635	-	50	-	-	50
Financial and business services	26,857	770	453	57	575	1,085
Traders	43,585	1,016	180	461	878	1,519
Personal	1,912	81	13	3	40	56
of which credit cards	*15*	-	-	-	-	-
of which housing	*1,157*	*71*	*2*	*2*	*31*	*35*
Professional	100	2	1	-	2	3
Foreign governments	244	-	-	-	-	-
Global Business Licence holders	19,770	1,809	208	1,216	568	1,992
Others	9,777	129	137	169	6	312
	122,958	4,387	1,368	2,790	2,364	6,522

	Total					
	2021					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	7,379	1,164	127	13	1,181	1,321
Manufacturing	12,902	497	164	271	278	713
of which EPZ	*2,040*	*158*	*22*	*152*	*138*	*312*
Tourism	30,012	694	458	1,626	136	2,220
Transport	8,130	72	49	175	64	288
Construction	17,365	1,249	277	14	851	1,142
Financial and business services	52,518	1,079	637	248	703	1,588
Traders	63,270	1,653	402	515	1,267	2,184
Personal	42,260	1,223	150	41	462	653
of which credit cards	*779*	*21*	*13*	*1*	*18*	*32*
of which housing	*32,177*	*797*	*54*	*18*	*260*	*332*
Professional	1,369	131	11	5	78	94
Foreign governments	244	-	-	-	-	-
Global Business Licence holders	19,770	1,809	208	1,216	568	1,992
Others	14,551	198	194	589	42	825
	269,770	9,769	2,677	4,713	5,630	13,020

*Non performing loans excludes interest in suspense.

37. Additional disclosures as required by the Bank of Mauritius (continued)

(c) Loans and advances to customers (continued)

(iv) Allowances for credit impairment by industry sectors (continued)

	Seg A 2020						Seg B 2020					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	5,511	616	24	243	654	921	798	545	2	-	235	237
Manufacturing	9,826	473	88	200	211	499	3,794	-	5	-	-	5
of which EPZ	*2,126*	*139*	*11*	*121*	*94*	*226*	-	-	-	-	-	-
Tourism	16,201	243	178	984	44	1,206	7,049	-	103	554	-	657
Transport	1,971	185	49	1	134	184	5,527	998	46	60	1,293	1,399
Construction	14,528	1,327	176	12	515	703	2,305	-	52	-	-	52
Financial and business services	24,308	440	86	135	44	265	26,115	825	156	31	167	354
Traders	15,519	671	128	85	221	434	28,128	1,407	64	201	377	642
Personal	39,622	1,545	268	105	538	911	1,882	98	56	4	32	92
of which credit cards	*744*	*26*	*21*	*2*	*18*	*41*	*10*	*1*	-	-	*1*	*1*
of which housing	*29,638*	*964*	*62*	*30*	*283*	*375*	*1,164*	*75*	*2*	*3*	*14*	*19*
Professional	1,126	140	12	35	77	124	72	2	1	2	2	5
Foreign governments	-	-	-	-	-	-	459	-	-	-	-	-
Global Business Licence holders	-	-	-	-	-	-	19,211	114	96	643	64	803
Others	4,704	82	42	77	26	145	7,889	1	49	80	1	130
	133,316	5,722	1,051	1,877	2,464	5,392	103,229	3,990	630	1,575	2,171	4,376

	Total 2020					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	6,309	1,161	26	243	889	1,158
Manufacturing	13,620	473	93	200	211	504
of which EPZ	*2,126*	*139*	*11*	*121*	*94*	*226*
Tourism	23,250	243	281	1,538	44	1,863
Transport	7,498	1,183	95	61	1,427	1,583
Construction	16,833	1,327	228	12	515	755
Financial and business services	50,423	1,265	242	166	211	619
Traders	43,647	2,078	192	286	598	1,076
Personal	41,504	1,643	324	109	570	1,003
of which credit cards	*754*	*27*	*21*	*2*	*19*	*42*
of which housing	*30,802*	*1,039*	*64*	*33*	*297*	*394*
Professional	1,198	142	13	37	79	129
Foreign governments	459	-	-	-	-	-
Global Business Licence holders	19,211	114	96	643	64	803
Others	12,593	83	91	157	27	275
	236,545	9,712	1,681	3,452	4,635	9,768

*Non performing loans excludes interest in suspense.

37. Additional disclosures as required by the Bank of Mauritius (continued)

(d) Investment securities

	2022			2021			2020		
	TOTAL RS'M	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**
Investment in debt securities at amortised cost	**216,503**	**156,182**	**60,321**	155,282	125,538	29,744	100,741	100,354	387
Less:									
Allowances for credit impairment on investment in debt securities at amortised cost	**(357)**	**(294)**	**(63)**	(358)	(337)	(21)	(359)	(350)	(9)
	216,146	**155,888**	**60,258**	154,924	125,201	29,723	100,382	100,004	378
Fair value through other comprehensive income	**3,567**	**1,262**	**2,305**	7,914	1,752	6,162	20,694	1,572	19,122
Fair value through profit or loss	**3,110**	**698**	**2,412**	20,722	18,018	2,704	14,839	12,746	2,093
	222,823	**157,848**	**64,975**	183,560	144,971	38,589	135,915	114,322	21,593

There were no credit impaired investments at fair value through other comprehensive income in 2022. (2021: Rs 101M/Provision Rs 11M, 2020: Rs 90M/Provision Rs 10M)

	2022			2021			2020		
	TOTAL RS'M	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**
(i) Investment in debt securities at amortised cost									
Government of Mauritius & Bank of Mauritius bonds	**111,658**	**111,658**	**-**	103,843	103,843	-	72,143	72,143	-
Treasury bills	**20,809**	**16,327**	**4,482**	7,415	167	7,248	7,084	7,084	-
Foreign bonds	**55,839**	**-**	**55,839**	22,000	-	22,000	387	-	387
Notes	**27,813**	**27,813**	**-**	21,643	21,147	496	20,803	20,803	-
Indexed linked note	**384**	**384**	**-**	381	381	-	324	324	-
	216,503	**156,182**	**60,321**	155,282	125,538	29,744	100,741	100,354	387

Allowances for credit impairment on investment in debt securities at amortised cost

		Seg A		Seg B	
	TOTAL RS'M	**12 months expected credit loss RS'M**	**Lifetime expected credit loss (not credit impaired) RS'M**	**12 months expected credit loss RS'M**	**Lifetime expected credit loss (not credit impaired) RS'M**
At 1 July 2021	**358**	**231**	**106**	**21**	**-**
Transfer to 12 month ECL	**-**	**102**	**(102)**	**-**	**-**
Provision for credit impairment for the year	**140**	**83**	**-**	**57**	
Provision released during the year	**(107)**	**(94)**	**-**	**(13)**	**-**
Financial assets that have been derecognised	**(65)**	**(61)**	**(4)**	**-**	**-**
Changes in models/risk parameters	**31**	**33**	**-**	**(2)**	**-**
At 30 June 2022	**357**	**294**	**-**	**63**	**-**
At 1 July 2020	359	83	267	9	-
Transfer to 12 month ECL	-	133	(133)	-	-
Provision for credit impairment for the year	37	22	-	15	-
Provision released during the year	(129)	(87)	(42)	-	-
Financial assets that have been derecognised	(13)	(8)	(5)	-	-
Changes in models/risk parameters	104	88	19	(3)	-
At 30 June 2021	358	231	106	21	-
At 1 July 2019	99	99	-	-	-
Transfer to lifetime ECL not credit impaired	-	(44)	44	-	-
Provision for credit impairment for the year	222	-	214	8	-
Provision released during the year	(12)	(12)	-	-	-
Financial assets that have been derecognised	(5)	(5)	-	-	-
Changes in models/risk parameters	55	45	9	1	-
At 30 June 2020	359	83	267	9	-

(ii) Fair value through other comprehensive income by levels

	2022			2021			2020		
	TOTAL RS'M	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**
Quoted - Level 1									
Official list: shares (equity instrument)	**961**	**961**	**-**	797	797	-	684	684	-
Bonds (debt instrument)	**1,662**	**103**	**1,559**	6,182	726	5,456	19,141	656	18,485
	2,623	**1,064**	**1,559**	6,979	1,523	5,456	19,825	1,340	18,485
Unquoted - Level 2									
Investment fund (debt instrument)	**675**	**-**	**675**	677	-	677	625	-	625
Unquoted - Level 3									
Shares (equity instrument)	**269**	**198**	**71**	258	229	29	244	232	12
	3,567	**1,262**	**2,305**	7,914	1,752	6,162	20,694	1,572	19,122

(iii) Fair value through profit or loss by levels

	2022			2021			2020		
	TOTAL RS'M	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**
Quoted- Level 1									
Foreign bonds (debt instrument)	**-**	**-**	**-**	1	-	1	1	-	1
Foreign shares (equity instrument)	**2,412**	**-**	**2,412**	2,703	-	2,703	2,092	-	2,092
	2,412	**-**	**2,412**	2,704	-	2,704	2,093	-	2,093
Unquoted - Level 2									
Government of Mauritius & Bank of Mauritius bonds (debt instrument)	**196**	**196**	**-**	1,251	1,251	-	893	893	-
Treasury bills (debt instrument)	**502**	**502**	**-**	16,767	16,767	-	11,853	11,853	-
	698	**698**	**-**	18,018	18,018	-	12,746	12,746	-
	3,110	**698**	**2,412**	20,722	18,018	2,704	14,839	12,746	2,093

37. Additional disclosures as required by the Bank of Mauritius (continued)

(e) Investments in subsidiary and associates

(i) Investment in subsidiary

The Bank's interest in its subsidiary is as follows:

			2022			2021			2020		
	Country of incorporation	Holding %	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
MCB Madagascar SA	**Madagascar**	**80.00**	**118**	**-**	**118**	118	-	118	118	-	118

(ii) Investments in associates

The Bank's interest in its associates is as follows:

	Country of incorporation	Holding %
Banque Française Commerciale Océan Indien	Reunion	49.99
Société Générale Moçambique	Mozambique	35.00

Movements in investments in associates

	SEGMENT B			
	BFCOI RS'M	SG Moçambique RS'M	Subordinated loan to BFCOI RS'M	Total RS'M
At 30 June 2019	3,294	370	415	4,079
Share of profit of associates	438	6	-	444
Share of other movements in associates	392	(24)	-	368
Increase in shareholding	-	50	-	50
Adjustments	-	-	43	43
At 30 June 2020	4,124	402	458	4,984
Share of profit of associates	331	6	-	337
Share of other movements in associates	526	50	-	576
Dividend received from associates	(134)	-	-	(134)
Adjustments	(7)	6	58	57
At 30 June 2021	**4,840**	**464**	**516**	**5,820**
Share of profit of associates	**400**	**75**	**-**	**475**
Exchange differences on translating foreign operations	**(388)**	**28**	**-**	**(360)**
Share of other movements in associates	**24**	**-**	**-**	**24**
Net subordinated loan granted to associate	**-**	**-**	**40**	**40**
Dividend received from associates	**(383)**	**-**	**-**	**(383)**
Adjustments	**-**	**(4)**	**(43)**	**(47)**
At 30 June 2022	**4,493**	**563**	**513**	**5,569**

37. Additional disclosures as required by the Bank of Mauritius (continued)

(f) Intangible assets

	Computer Software RS'M	Work in progress RS'M	Total RS'M
Cost			
At 30 June 2019	1,453	83	1,536
Additions	56	462	518
Scrap/Impairment	(700)	(22)	(722)
Transfer	265	(265)	-
At 30 June 2020	1,074	258	1,332
Additions	153	564	717
Scrap/Impairment	(1)	-	(1)
Transfer	356	(356)	-
At 30 June 2021	**1,582**	**466**	**2,048**
Additions	**83**	**856**	**939**
Transfer	**808**	**(808)**	**-**
At 30 June 2022	**2,473**	**514**	**2,987**
Accumulated Amortisation			
At 30 June 2019	731	-	731
Scrap/Impairment	(700)	-	(700)
Amortisation adjustment	58	-	58
Charge for the year	229	-	229
At 30 June 2020	318	-	318
Scrap/Impairment	(1)	-	(1)
Amortisation adjustment	(52)	-	(52)
Charge for the year	321	-	321
At 30 June 2021	**586**	**-**	**586**
Amortisation adjustment	**75**	**-**	**75**
Charge for the year	**430**	**-**	**430**
At 30 June 2022	**1,091**	**-**	**1,091**
Net book values - Segment A			
At 30 June 2022	**1,382**	**514**	**1,896**
At 30 June 2021	996	466	1,462
At 30 June 2020	756	258	1,014

Intangible assets are classified as non-current asset.

37. Additional disclosures as required by the Bank of Mauritius (continued)

(g) Property, plant and equipment

	Land and buildings RS'M	Computer and other equipment RS'M	Furniture, fittings and vehicles RS'M	Work in progress RS'M	Right-of-use Assets (Land and buildings RS'M	Total RS'M
Cost						
At 30 June 2019	4,553	2,926	858	74	-	8,411
Recognition of right-of-use assets on initial application of IFRS 16	-	-	-	-	151	151
Additions	83	215	16	275	-	589
Scrap	-	(77)	(11)	-	-	(88)
Disposals	-	(29)	(9)	-	-	(38)
Transfer	32	116	31	(179)	-	-
At 30 June 2020	4,668	3,151	885	170	151	9,025
Additions	9	248	3	179	90	529
Scrap	-	(60)	(17)	-	-	(77)
Disposals	(1)	(74)	(12)	-	-	(87)
Cancellation	-	-	-	-	(3)	(3)
Adjustment on re-measurement*	-	-	-	-	2	2
Transfer	39	123	38	(200)	-	-
At 30 June 2021	**4,715**	**3,388**	**897**	**149**	**240**	**9,389**
Additions	**-**	**204**	**18**	**156**	**167**	**545**
Scrap	**-**	**(130)**	**(1)**	**-**	**-**	**(131)**
Disposals	**-**	**(3)**	**(9)**	**-**	**-**	**(12)**
Cancellation	**-**	**-**	**-**	**-**	**(80)**	**(80)**
Adjustment on re-measurement*	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Transfer	**63**	**60**	**34**	**(157)**	**-**	**-**
At 30 June 2022	**4,778**	**3,519**	**939**	**148**	**326**	**9,710**
Accumulated depreciation						
At 30 June 2019	932	2,009	506	-	-	3,447
Charge for the year	76	334	56	-	45	511
Depreciation adjustment	-	(39)	9	-	-	(30)
Scrap adjustment	-	(74)	(11)	-	-	(85)
Disposal adjustment	-	(29)	(8)	-	-	(37)
At 30 June 2020	1,008	2,201	552	-	45	3,806
Charge for the year	78	363	56	-	59	556
Depreciation adjustment	-	(16)	(10)	-	-	(26)
Scrap adjustment	-	(60)	(15)	-	-	(75)
Disposal adjustment	-	(73)	(10)	-	-	(83)
At 30 June 2021	**1,086**	**2,415**	**573**	**-**	**104**	**4,178**
Charge for the year	**80**	**324**	**59**	**-**	**64**	**527**
Depreciation adjustment	**-**	**182**	**13**	**-**	**-**	**195**
Scrap adjustment	**-**	**(130)**	**-**	**-**	**-**	**(130)**
Disposal adjustment	**-**	**(2)**	**(9)**	**-**	**-**	**(11)**
At 30 June 2022	**1,166**	**2,789**	**636**	**-**	**168**	**4,759**
Net book values - Segment A						
At 30 June 2022	**3,612**	**730**	**303**	**148**	**158**	**4,951**
At 30 June 2021	3,629	973	324	149	136	5,211
At 30 June 2020	3,660	950	333	170	106	5,219

Property, plant and equipment are classified as non-current asset.
Following the adoption of IFRS 16, the Bank has presented right-of-use assets within 'property, plant and equipment'.
The leases under Right-of-use Assets consist mainly of rental of space for ATMs and the lease terms are in the range of 1 to 10 years.
Moreover, the Bank does not have the possibility of acquiring the asset at the end of the lease.
*The Bank reviewed the discounting rate used upon adoption of IFRS 16 to measure the present value of the remaining lease payments from 5.6% to 4.5% (2021: from 5.6% to 4.1%).

37. Additional disclosures as required by the Bank of Mauritius (continued)

(h) Other assets

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Mandatory balances with Central Bank	**24,146**	**24,146**	**-**	21,990	21,990	-	19,821	19,821	-
Prepayments & other receivables	**1,880**	**1,238**	**642**	1,126	993	133	813	713	100
Credit card clearing	**490**	**490**	**-**	152	152	-	155	155	-
Non-banking assets acquired in satisfaction of debts*	**101**	**101**	**-**	79	79	-	60	60	-
Impersonal & other accounts	**5,125**	**1,286**	**3,839**	3,808	989	2,819	1,510	1,147	363
	31,742	**27,261**	**4,481**	27,155	24,203	2,952	22,359	21,896	463

* The Bank's policy is to dispose of such assets as soon as the market permits.
All elements under other assets are classified as current assets except 'non-banking assets acquired in satisfaction of debts' and 'impersonal and other accounts'.

37. Additional disclosures as required by the Bank of Mauritius (continued)

(i) Deposits from banks

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Demand deposits	5,205	254	4,951	16,955	223	16,732	4,484	195	4,289
Money market deposits with remaining term to maturity:									
Up to 3 months	4,271	-	4,271	2,570	-	2,570	1,447	-	1,447
Over 3 months and up to 6 months	-	-	-	1,663	-	1,663	1,430	-	1,430
Over 6 months and up to 1 year	1,799	-	1,799	427	-	427	201	-	201
Over 1 year and up to 5 years	43	-	43	41	-	41	38	-	38
	6,113	-	6,113	4,701	-	4,701	3,116	-	3,116
	11,318	254	11,064	21,656	223	21,433	7,600	195	7,405

Deposits from banks can be classified as:

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Current	11,275	254	11,021	21,615	223	21,392	7,562	195	7,367
Non-current	43	-	43	41	-	41	38	-	38

(j) Deposits from customers

(i) **Retail customers**

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Demand deposits	52,473	34,461	18,012	46,602	29,420	17,182	40,815	26,121	14,694
Savings deposits	185,371	175,279	10,092	169,830	160,437	9,393	152,765	143,869	8,896
Time deposits with remaining term to maturity:									
Up to 3 months	2,487	1,984	503	3,419	2,636	783	4,532	3,349	1,183
Over 3 months and up to 6 months	1,679	1,313	366	1,673	1,294	379	2,125	1,726	399
Over 6 months and up to 1 year	3,490	2,988	502	3,302	2,845	457	4,596	3,879	717
Over 1 year and up to 5 years	9,760	8,734	1,026	9,320	8,495	825	10,257	9,175	1,082
Over 5 years	6	5	1	8	7	1	49	47	2
	17,422	15,024	2,398	17,722	15,277	2,445	21,559	18,176	3,383
	255,266	224,764	30,502	234,154	205,134	29,020	215,139	188,166	26,973

(ii) **Corporate customers**

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Demand deposits	200,862	83,559	117,303	193,036	67,625	125,411	120,215	57,503	62,712
Savings deposits	5,342	5,339	3	6,145	6,138	7	5,077	5,071	6
Time deposits with remaining term to maturity:									
Up to 3 months	11,903	2,892	9,011	12,598	4,124	8,474	12,777	3,768	9,009
Over 3 months and up to 6 months	2,640	1,004	1,636	2,315	637	1,678	3,403	1,533	1,870
Over 6 months and up to 1 year	3,354	1,102	2,252	4,131	2,091	2,040	2,677	1,884	793
Over 1 year and up to 5 years	1,631	1,293	338	1,326	1,078	248	4,522	1,192	3,330
Over 5 years	1	1	-	-	-	-	-	-	-
	19,529	6,292	13,237	20,370	7,930	12,440	23,379	8,377	15,002
	225,733	95,190	130,543	219,551	81,693	137,858	148,671	70,951	77,720

(iii) **Government**

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Demand deposits	45	45	-	54	54	-	44	44	-
Savings deposits	59	59	-	69	69	-	154	154	-
	104	104	-	123	123	-	198	198	-
	481,103	320,058	161,045	453,828	286,950	166,878	364,008	259,315	104,693

Deposits from customers can be classified as:

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Current	469,705	310,025	159,680	443,174	277,370	165,804	349,180	248,901	100,279
Non-current	11,398	10,033	1,365	10,654	9,580	1,074	14,828	10,414	4,414

37. Additional disclosures as required by the Bank of Mauritius (continued)

(k) Other borrowed funds

(i) Other borrowed funds comprise the following:

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Borrowings from banks:									
in Mauritius	9,961	9,961	-	24,158	24,158	-	17,535	17,535	-
abroad	82,794	-	82,794	50,468	-	50,468	33,282	-	33,282
	92,755	9,961	82,794	74,626	24,158	50,468	50,817	17,535	33,282

The carrying amounts of other borrowed funds are not materially different from their fair values

(ii) Remaining term to maturity:

	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
On demand or within a period not exceeding 1 year	24,181	3,207	20,974	43,844	15,611	28,233	43,556	17,535	26,021
Within a period of more than 1 year but not exceeding 3 years	57,962	6,754	51,208	17,154	8,547	8,607	352	-	352
Within a period of more than 3 years	10,612	-	10,612	13,628	-	13,628	6,909	-	6,909
	92,755	9,961	82,794	74,626	24,158	50,468	50,817	17,535	33,282

(l) Subordinated liability

	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
USD 30M subordinated debt maturing in August 2023 at an average interest rate of 3.5% (2021: 3.5% and 2020: 5.2%)	875	-	875	1,013	-	1,013	1,040	-	1,040
Repayment of USD 5.3M during the year (2021: USD 4.5M, 2020: USD 3.8M)	(225)	-	(225)	(179)	-	(179)	(137)	-	(137)
Exchange adjustments and others	34	-	34	41	-	41	110	-	110
	684	-	684	875	-	875	1,013	-	1,013

(m) Other liabilities

	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Allowances for credit impairment on off balance sheet exposures	484	283	201	389	312	77	235	154	81
Lease liabilities	163	163	-	139	139	-	109	109	-
Impersonal, other accounts and deferred income	7,618	7,559	59	6,295	6,278	17	5,476	5,464	12
Proposed dividend	1,534	1,534	-	2,000	2,000	-	-	-	-
	9,799	9,539	260	8,823	8,729	94	5,820	5,727	93

(n) Contingent liabilities

(i) Instruments

	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Guarantees on account of customers	60,460	16,959	43,501	71,930	17,282	54,648	23,554	13,501	10,053
Letters of credit and other obligations on account of customers (net)	46,320	3,394	42,926	38,028	1,160	36,868	36,877	2,377	34,500
Other contingent items (net)	3,537	-	3,537	2,539	57	2,482	1,550	-	1,550
	110,317	20,353	89,964	112,497	18,499	93,998	61,981	15,878	46,103
(ii) Commitments									
Loans and other facilities, including undrawn credit facilities	10,124	4,763	5,361	5,215	4,586	629	6,356	4,005	2,351
(iii) Tax assessments	-	-	-	-	-	-	98	98	-
	120,441	25,116	95,325	117,712	23,085	94,627	68,435	19,981	48,454

37. Additional disclosures as required by the Bank of Mauritius (continued)

(o) Interest income using the effective interest method

	2022			2021			2020		
	TOTAL RS'M	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**	**TOTAL RS'M**	**Seg A RS'M**	**Seg B RS'M**
Loans to and placements with banks	**649**	**7**	**642**	577	168	409	875	343	532
Loans and advances to customers	**11,375**	**5,905**	**5,470**	11,061	5,780	5,281	12,968	7,009	5,959
Investments at amortised cost	**4,411**	**4,151**	**260**	3,891	3,845	46	3,691	3,691	-
Investments at fair value through other comprehensive income	**35**	**16**	**19**	99	22	77	350	30	320
	16,470	**10,079**	**6,391**	15,628	9,815	5,813	17,884	11,073	6,811

(p) Interest expense

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Deposits from banks	**20**	**-**	**20**	16	-	16	65	-	65
Deposits from customers	**948**	**867**	**81**	883	732	151	3,147	2,602	545
Subordinated liability	**26**	**-**	**26**	31	-	31	52	-	52
Other borrowed funds	**1,536**	**232**	**1,304**	1,002	293	709	1,509	282	1,227
Leases	**7**	**7**	**-**	6	6	-	8	8	-
	2,537	**1,106**	**1,431**	1,938	1,031	907	4,781	2,892	1,889

(q) Fee and commission income

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Cards and other related fees	**2,930**	**1,991**	**939**	1,686	1,181	505	1,755	1,364	391
Trade finance fees	**1,417**	**96**	**1,321**	997	122	875	596	164	432
Transaction fees	**1,043**	**591**	**452**	925	533	392	851	510	341
Guarantee fees	**943**	**196**	**747**	381	160	221	335	144	191
Loan related	**459**	**204**	**255**	368	165	203	418	166	252
Private banking and wealth management fees	**423**	**190**	**233**	497	171	326	334	134	200
Others	**18**	**4**	**14**	80	13	67	132	25	107
	7,233	**3,272**	**3,961**	4,934	2,345	2,589	4,421	2,507	1,914

(r) Fee and commission expense

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Cards and other related fees	**1,655**	**1,059**	**596**	786	510	276	863	696	167
Loan related and trade finance fees	**377**	**-**	**377**	258	-	258	197	-	197
Transaction fees	**25**	**-**	**25**	24	1	23	17	-	17
	2,057	**1,059**	**998**	1,068	511	557	1,077	696	381

(s) Net gain/(loss) from other financial instruments carried at fair value

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Net gain/(loss) from derivative financial instruments fair valued through profit or loss	**243**	**(9)**	**252**	168	1	167	(60)	-	(60)
Net gain from investment securities fair valued through profit or loss	**254**	**225**	**29**	110	87	23	610	535	75
Net (loss)/gain from investment securities fair valued through other comprehensive income	**(337)**	**-**	**(337)**	(113)	-	(113)	195	-	195
Net gain from other investment securities	**3**	**2**	**1**	-	-	-	-	-	-
	163	**218**	**(55)**	165	88	77	745	535	210

(t) Dividend income

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Quoted investments FVOCI	**23**	**23**	**-**	14	14	-	17	17	-
Quoted investments FVPL	**11**	**-**	**11**	9	-	9	8	-	8
Unquoted investments FVOCI	**2**	**-**	**2**	13	13	-	11	10	1
Subsidiary	**43**	**-**	**43**	-	-	-	-	-	-
	79	**23**	**56**	36	27	9	36	27	9

37. Additional disclosures as required by the Bank of Mauritius (continued)

(u) Salaries and human resource costs

	2022			2021			2020		
	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M	TOTAL RS'M	Seg A RS'M	Seg B RS'M
Wages and salaries	**2,722**	**2,341**	**381**	2,529	2,109	420	2,407	2,079	328
Defined benefit plan	**118**	**76**	**42**	223	179	44	228	189	39
Defined contribution plan	**118**	**76**	**42**	102	94	8	87	79	8
Residual retirement gratuities	**14**	**14**	**-**	13	13	-	14	14	-
Compulsory social security obligations	**136**	**116**	**20**	107	91	16	78	69	9
Equity settled share-based payments	**16**	**16**	**-**	7	7	-	11	11	-
Other personnel expenses	**1,019**	**899**	**120**	853	679	174	838	701	137
	4,143	**3,538**	**605**	3,834	3,172	662	3,663	3,142	521

(v) Other non-interest expense

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Legal and professional fees	**392**	**252**	**140**	398	314	84	384	270	114
Rent,repairs,maintenance and security costs	**342**	**322**	**20**	358	336	22	316	301	15
Software licensing and other information technology costs	**609**	**599**	**10**	544	518	26	406	388	18
Electricity,water and telephone charges	**283**	**253**	**30**	265	238	27	243	233	10
Advertising, marketing costs and sponsoring	**131**	**97**	**34**	79	66	13	156	126	30
Postage,courier and stationery costs	**199**	**186**	**13**	156	144	12	149	137	12
Insurance costs	**159**	**145**	**14**	129	118	11	98	91	7
Others	**128**	**167**	**(39)**	88	164	(76)	105	173	(68)
of which short term leases	***8***	***8***	**-**	*3*	*3*	-	*2*	*2*	-
of which low value leases	**-**	**-**	**-**	*6*	*6*	-	*12*	*12*	-
of which variable leases	***14***	***14***	**-**	*10*	*10*	-	*6*	*6*	-
	2,243	**2,021**	**222**	2,017	1,898	119	1,857	1,719	138

(w) Net impairment of financial assets

The impairment charge related to the Statement of Profit or Loss:

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Allowance for credit impairment:									
Cash and cash equivalent	**(17)**	**9**	**(26)**	41	5	36	(2)	-	(2)
Loans and advances	**3,239**	**(77)**	**3,316**	4,408	1,138	3,270	4,624	3,229	1,395
Investment securities:									
Amortised cost	**(1)**	**(43)**	**42**	(1)	(13)	12	260	250	10
Fair value through other comprehensive income	**76**	**(6)**	**82**	(1)	(2)	1	10	2	8
Off balance sheet exposures	**95**	**(29)**	**124**	154	158	(4)	(74)	(4)	(70)
	3,392	**(146)**	**3,538**	4,601	1,286	3,315	4,818	3,477	1,341

(x) Income tax expense

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Current tax expense									
Current year	**2,024**	**1,277**	**747**	1,848	1,332	516	1,803	1,221	582
(Over)/Under provision in previous years	**(1)**	**5**	**(6)**	-	1	(1)	(13)	(3)	(10)
	2,023	**1,282**	**741**	1,848	1,333	515	1,790	1,218	572
Deferred tax	**(377)**	**106**	**(483)**	(493)	(75)	(418)	(423)	(314)	(109)
Effect of change in tax rate	**-**	**-**	**-**	-	-	-	(137)	66	(203)
Charge for the year	**1,646**	**1,388**	**258**	1,355	1,258	97	1,230	970	260

The tax on the profits differs from the theoretical amount that would arise using the basic tax rate as follows:

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Profit before tax:	**10,594**	**6,504**	**4,090**	8,751	4,388	4,363	8,639	2,731	5,908
Less share of profit of associates	**(475)**	**-**	**(475)**	(337)	-	(337)	(444)	-	(444)
	10,119	**6,504**	**3,615**	8,414	4,388	4,026	8,195	2,731	5,464
Tax calculated at applicable tax rates of 15%/5%	**1,108**	**479**	**629**	1,027	579	448	1,012	493	519
Effect of change in tax rate	**-**	**-**	**-**	-	-	-	(137)	66	(203)
Impact of:									
Income not subject to tax	**(471)**	**52**	**(523)**	(570)	(118)	(452)	(511)	(357)	(154)
Expenses not deductible for tax purposes	**278**	**120**	**158**	235	133	102	212	104	108
Tax credits	**(6)**	**(6)**	**-**	-	-	-	-	-	-
Special levy on banks	**624**	**624**	**-**	556	556	-	563	563	-
Corporate Social Responsibility contribution	**114**	**114**	**-**	107	107	-	104	104	-
(Over)/Under provision in previous years	**(1)**	**5**	**(6)**	-	1	(1)	(13)	(3)	(10)
Tax charge	**1,646**	**1,388**	**258**	1,355	1,258	97	1,230	970	260

The tax (credit)/charge related to statement of comprehensive income is as follows:

	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B	2020 TOTAL	2020 Seg A	2020 Seg B
Remeasurement of defined benefit pension plan and retirement residual gratuities	**1,758**	**1,758**	**-**	(2,423)	(2,423)	-	771	771	-
Deferred tax (credit)/charge	**(229)**	**(229)**	**-**	315	315	-	(100)	(100)	-
Remeasurement of defined benefit pension plan and retirement residual gratuities, net of deferred tax	**1,529**	**1,529**	**-**	(2,108)	(2,108)	-	671	671	-