The Mauritius Commercial Bank Limited
Financial Statements
30 June 2023

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 2023 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 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 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

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
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Ebène 72201
Mauritius

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 106, which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 2023, 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, the Banking Act 2004 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Provision for expected credit losses - Financial assets which are not credit impaired</td></tr>
<tr><td>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. 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.</td><td>Our audit procedures included amongst others:

• Inspecting the minutes of the Risk Monitoring Committee, Audit Committee and the Board of Directors to ensure that there are governance controls in place in relation to assessment of the ECL;
• Using specialist team in performing certain procedures;
• 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 assessing the 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.</td></tr>
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Independent auditor's report to the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses – Loans and advances to customers which are credit impaired	
Provision for expected credit losses on credit-impaired loans and advances to customers involve the use of assumptions which are 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 the provision for expected credit losses on credit-impaired loans and advances to customers. The most significant judgements are: - whether impairment events have occurred; - valuation of collateral and future cash flows; and - management judgements and assumptions used. The details of the provisions for expected credit losses on credit-impaired loans and advances to customers are disclosed in Note 6(b)(iv) to the financial statements. 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 the Risk Monitoring Committee, Audit Committee and Board of Directors 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 recalculating 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 collaterals 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 below sections:

- MCB at a glance;
- Reflections from the Chairperson;
- Board of Directors; Committees of the Board and Leadership Team;
- About this report;
- Our corporate profile;
- Delivering on our strategic objectives;
- Financial performance;
- Corporate governance report, including the statement of directors' responsibilities and statement of compliance;
- Company Secretary's certificate;
- Risk and capital management report;
- Statement of management's responsibility for financial reporting and
- Administrative information

The other information 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.

Deloitte.

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Mauritius

Independent auditor's report to the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Auditor's responsibilities for the audit of the financial statements

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.

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 ("the Code") 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, 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 Agrawal, FCA
Licensed by FRC

25 September 2022

	Notes	2023 RS'M	2022 RS'M	2021 RS'M
ASSETS				
Cash and cash equivalents	4	**113,609**	64,594	101,154
Derivative financial instruments	5	**1,214**	438	1,035
Loans to and placements with banks	6(a)	**14,092**	23,934	40,869
Loans and advances to customers	6(b)	**329,650**	306,648	256,750
Investment securities	7	**247,405**	222,823	183,560
Investment in subsidiary	8(a)	**118**	118	118
Investments in associates	8(b)	**6,084**	5,569	5,820
Intangible assets	9	**2,211**	1,896	1,462
Property, plant and equipment	10	**5,003**	4,951	5,211
Deferred tax assets	11	**2,710**	1,804	1,189
Post employee benefit asset	17	**455**	-	1,218
Other assets	12	**39,061**	31,742	27,155
Total assets		**761,612**	664,517	625,541
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Deposits from banks	13(a)	**15,752**	11,318	21,656
Deposits from customers	13(b)	**547,586**	481,103	453,828
Derivative financial instruments	5	**1,216**	497	1,406
Other borrowed funds	14	**84,422**	92,755	74,626
Debt securities	15	**13,759**	-	-
Subordinated liabilities	16	**7,059**	684	875
Current tax liabilities		**2,872**	1,148	1,031
Post employee benefit liability	17	**-**	460	-
Other liabilities	18	**13,552**	9,799	8,823
Total liabilities		**686,218**	597,764	562,245
Shareholder's equity				
Stated capital	19	**8,880**	8,880	8,880
Retained earnings		**56,625**	48,161	45,343
Other components of equity		**9,889**	9,712	9,073
Total equity		**75,394**	66,753	63,296
Total equity and liabilities		**761,612**	664,517	625,541
CONTINGENT LIABILITIES (NET)	20	**121,559**	120,441	117,712

These financial statements were approved by the Board of Directors and authorised for issue on the 25 September 2023.

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 106 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 2023

	Notes	**2023 RS'M**	2022 RS'M	2021 RS'M
Interest income using the effective interest method	21	**31,739**	16,470	15,628
Interest expense	22	**(13,259)**	(2,537)	(1,938)
Net interest income		**18,480**	13,933	13,690
Fee and commission income	23	**8,414**	7,233	4,934
Fee and commission expense	24	**(2,570)**	(2,057)	(1,068)
Net fee and commission income		**5,844**	5,176	3,866
Profit arising from dealing in foreign currencies		**2,769**	1,717	1,227
Net gain/(loss) from equity financial instruments carried at fair value through profit or loss		**564**	(291)	611
Net gain from other financial instruments carried at fair value	25	**280**	163	165
Dividend income	26	**102**	79	36
Other operating income		**79**	77	148
		3,794	1,745	2,187
Operating income		**28,118**	20,854	19,743
Non-interest expense				
Salaries and human resource costs	27(a)	**(4,950)**	(4,143)	(3,834)
Depreciation of property, plant and equipment	10	**(523)**	(527)	(556)
Amortisation of intangible assets	9	**(593)**	(430)	(321)
Other	27(b)	**(3,176)**	(2,243)	(2,017)
		(9,242)	(7,343)	(6,728)
Operating profit before impairment		**18,876**	13,511	13,015
Net impairment of financial assets	28	**(3,520)**	(3,392)	(4,601)
Operating profit		**15,356**	10,119	8,414
Share of profit of associates	8(b)	**544**	475	337
Profit before tax		**15,900**	10,594	8,751
Income tax expense	29	**(2,941)**	(1,646)	(1,355)
Profit for the year		**12,959**	8,948	7,396
Earnings per share (Rs)	31	**14.59**	10.08	10.73

The notes on pages 15 to 106 form part of these financial statements.
Auditor's report on pages 2 to 4.

	Notes	2023 RS'M	2022 RS'M	2021 RS'M
Profit for the year		**12,959**	8,948	7,396
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Net fair value (loss)/gain on equity instruments		**(38)**	124	111
Reclassification adjustments on disposal of equity investments at fair value		**-**	-	(1)
Share of other comprehensive income of associates		**54**	24	-
Remeasurement of defined benefit pension plan, net of deferred tax	29(b)	**(224)**	(1,529)	2,108
		(208)	(1,381)	2,218
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	8(b)	**294**	(360)	576
Reclassification adjustments on disposal of debt investments at fair value		**-**	7	-
Net fair value loss on debt instruments		**(79)**	(23)	(108)
		215	(376)	468
Other comprehensive income/(expense) for the year		**7**	(1,757)	2,686
Total comprehensive income for the year		**12,966**	7,191	10,082

The notes on pages 15 to 106 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	Total Equity RS'M
At 1 July 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		**8,880**	**48,161**	**159**	**673**	**8,880**	**66,753**
Profit for the year		**-**	**12,959**	**-**	**-**	**-**	**12,959**
Other comprehensive (expense)/income for the year		**-**	**(170)**	**(117)**	**294**	**-**	**7**
Total comprehensive income/(expense) for the year		**-**	**12,789**	**(117)**	**294**	**-**	**12,966**
Dividends	30	**-**	**(4,325)**	**-**	**-**	**-**	**(4,325)**
Transactions with owner		**-**	**(4,325)**	**-**	**-**	**-**	**(4,325)**
At 30 June 2023	19	**8,880**	**56,625**	**42**	**967**	**8,880**	**75,394**

The notes on pages 15 to 106 form part of these financial statements.
Auditor's report on pages 2 to 4.

	Notes	2023 RS'M	2022 RS'M	2021 RS'M
Operating activities				
Net cash flows from trading activities	33	**13,817**	29,366	4,126
Net cash flows from other operating activities	34	**24,167**	(60,654)	30,725
Dividends received from associates	8(b)	**410**	383	134
Dividends paid	30	**(3,559)**	(4,200)	-
Income tax paid		**(2,084)**	(1,906)	(2,080)
Net cash flows from operating activities		**32,751**	(37,011)	32,905
Investing activities				
Net subordinated loan granted to associate	8(b)	**-**	(40)	-
Purchase of property, plant and equipment		**(485)**	(378)	(439)
Purchase of intangible assets		**(908)**	(939)	(717)
Proceeds from sale of property, plant and equipment		**7**	4	3
Net cash flows from investing activities		**(1,386)**	(1,353)	(1,153)
Financing activities				
Issue of share capital	19	**-**	-	2,000
Repayment of lease liabilities		**(72)**	(61)	(60)
Issue of debt securities	15	**13,506**	-	-
Issue/(refund) of subordinated liabilities	16	**6,285**	(225)	(179)
Net cash flows from financing activities		**19,719**	(286)	1,761
Increase/(Decrease) in cash and cash equivalents		**51,084**	(38,650)	33,513
Net cash and cash equivalents at 1 July		**62,559**	101,209	67,696
Net cash and cash equivalents at 30 June	4	**113,643**	62,559	101,209

The notes on pages 15 to 106 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 a limited liability company on 18 August 1955. Its registered office is situated at 9-15, Sir William Newton Street, Port Louis, Mauritius. The Bank is listed on the International Securities Market of the London Stock Exchange since October 2022.

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") as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004, and 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. The directors further have a reasonable expectation that the Bank has adequate resources to continue in operational existence in the foreseeable future.

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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

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 2022, 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:

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards adopted by the Bank (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 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.

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.

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.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to IFRS 16 sale and leaseback transaction with variable payments that do not depend on an index or rate

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that related to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for reporting periods beginning on or after 1 January 2024.

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

The Bank has not yet considered the potential impact of the application of these amendments on the Bank's financial statements.

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.

If there is objective evidence that the Bank's net investment in an associate is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Bank's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Bank discontinues the use of the equity method from the date when the investment ceases to be an associate . When the Bank retains an interest in the former associate and the retained interest is a financial asset, the Bank measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Bank accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Bank reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Bank transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the financial statements only to the extent of interests in the associate that are not related to the Bank.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency translation (continued)

(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 and are not subsequently retranslated.

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.

(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).

The Effective Interest Rate (EIR) 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.

(f) Fees and commissions

The Bank recognises fee and commission income charged for services provided by the Bank as and when performance obligations are satisfied, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Bank recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

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. When it is unlikely that a loan is drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(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. 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), 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 Bank 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

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.

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 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 profit or loss.

FVPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. The Bank may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognized in profit or loss. 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 profit or loss' line in the 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.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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).

Where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment , the Bank performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivatve contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments**.**

(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) 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 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 ECL is computed as follows:

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down

- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

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.

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 Guideline on Credit Impairment Measurement and Income Recognition.

Credit impaired

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occured. It is credit impaired and is in Stage 3 when contractual payments or accounts in excess are past due by more than 90 days and/or other quantitaive and qualitative factors indicate that the obligator is unlikely to honour its credit obligations.

Evidence of credit-impairment includes observable data about the following events:
- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

(i) Impairment of financial assets (continued)

Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

Measurement of ECL

The key inputs used for measuring ECL are:
- probability of default (PD)
- loss given default (LGD)
- exposure at default (EAD)

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with effect of any changes in estimate accounted for on a prospective basis.

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) Intangible assets

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.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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.

(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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(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 17 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.Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Bank supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(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

Ordinary shares are classified as equity.
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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Leases

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

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

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Bank and the lease does not benefit from a guarantee from the Bank.

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

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

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

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

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included as part of Property, plant and equipment in the statement of financial position. Details about the right-of-use is disclosed in note 10.

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other non-interest expense” in profit or loss.

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

(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.

(y) Operating segments

The Bank's segmental reporting is in accordance with IFRS 8 Operating segment. Operating segments are reported in a manner consistent with internal reporting provided to Chief Executive Officer and management who are responsible for allocating resources and assessing performance of the operating segment. The Chief Operating Decision Maker (CODM) is the CEO and ultimately the Board. Information provided for resource allocation and assessment of performance can be split into two segment namely the domestic segment and the international segment.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As part of the process of preparing the financial statements of the Bank, management is called upon to make judgement, estimates and assumptions. This affect the reported amount of revenues, expenses, assets, liabilities and the disclosures. 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.

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) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Significant increase in credit risk

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

(c) 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.

(d) Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are available. Only where these are unavailable that the Bank employs less observable inputs. Unobservable input are used where observable or less observable input are unavailable.

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.

(e) 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.

(f) Deferred Tax

Deferred Tax are recognized to the extent that it is probable that future taxable income will be available against which unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Recognition of deferred tax assets depends on management's intention of the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefit thereon. The outcome of their actual utilization may be different.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS(continued)

(g) Provision and Contingencies

Provision is recognised in the financial statements when the Bank has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. A reliable estimate is required to be made. Management makes various assumptions in order to determine whether to recognise a provision and its amount thereafter. For potential litigation and claims, management relies on the advice of the Bank's legal department and counsel.

(h) Measurement of expected credit loss

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.

(i) 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.

(j) Leases

The adoption of IFRS 16 requires significant judgement and estimate. Critical judgement like the determination of whether an extension or termination option will be exercised. Other key assumption and estimate are:
- Determination of the appropriate rate to discount the lease payments
- Estimating the lease term
- Assessing whether the right of use is impaired

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 2023.

At 30 June 2023	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	56,177	174	56,003	807	609	198	1,027	308	120	719
Wholesale	762,525	3,972	758,553	18,464	3,289	15,175	10,767	7,517	1,995	3,250
Total	**818,702**	**4,146**	**814,556**	**19,271**	**3,898**	**15,373**	**11,794**	**7,825**	**2,115**	**3,969**
Retail										
Housing loans	36,852	48	36,804	437	314	123	511	153	26	358
SME	9,445	33	9,412	118	84	34	200	55	25	145
Unsecured and revolving	5,557	88	5,469	126	121	5	98	74	12	24
Other secured loans	4,323	5	4,318	126	90	36	218	26	57	192
Total Retail	**56,177**	**174**	**56,003**	**807**	**609**	**198**	**1,027**	**308**	**120**	**719**
Wholesale										
Sovereign	288,634	110	288,524	-	-	-	285	28	26	257
Financial institutions	85,668	847	84,821	-	-	-	-	-	-	-
Project finance	5,618	93	5,525	70	35	35	410	408	17	2
Energy & commodities	179,799	532	179,267	4,848	911	3,937	890	733	13	157
Corporate	202,806	2,390	200,416	13,546	2,343	11,203	9,182	6,348	1,939	2,834
Total Wholesale	**762,525**	**3,972**	**758,553**	**18,464**	**3,289**	**15,175**	**10,767**	**7,517**	**1,995**	**3,250**

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 2023	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	73,352	-	-	1	-	-	73,351	-	-
3	1,505	-	-	-	-	-	1,505	-	-
4	19,540	-	-	1	-	-	19,539	-	-
5	32,164	-	-	7	-	-	32,157	-	-
6	3,978	-	-	1	-	-	3,977	-	-
7	17,975	-	-	8	-	-	17,967	-	-
8	202,687	-	-	28	-	-	202,659	-	-
9	35	-	-	-	-	-	35	-	-
10	6,470	-	-	-	-	-	6,470	-	-
11	29,548	121	-	63	-	-	29,485	121	-
12	58,873	564	-	231	88	-	58,642	476	-
13	118,331	1,780	-	611	88	-	117,720	1,692	-
14	58,986	3,074	-	578	278	-	58,408	2,796	-
15	114,788	2,935	-	1,259	368	-	113,529	2,567	-
16	12,594	4,562	-	430	1,117	-	12,164	3,445	-
17	7,589	3,505	-	475	744	-	7,114	2,761	-
18	2,042	1,386	-	102	513	-	1,940	873	-
19	2,068	537	-	177	93	-	1,891	444	-
20	-	-	10,767	-	-	7,517	-	-	3,250
Total	**762,525**	**18,464**	**10,767**	**3,972**	**3,289**	**7,517**	**758,553**	**15,175**	**3,250**
Sovereign									
2	73,352	-	-	1	-	-	73,351	-	-
4	15,546	-	-	1	-	-	15,545	-	-
8	198,648	-	-	28	-	-	198,620	-	-
13	213	-	-	-	-	-	213	-	-
19	875	-	-	80	-	-	795	-	-
20	-	-	285	-	-	28	-	-	257
Total	**288,634**	**-**	**285**	**110**	**-**	**28**	**288,524**	**-**	**257**
Financial Institutions									
3	1,505	-	-	-	-	-	1,505	-	-
4	105	-	-	-	-	-	105	-	-
5	32,164	-	-	7	-	-	32,157	-	-
6	2,044	-	-	1	-	-	2,043	-	-
7	17,975	-	-	8	-	-	17,967	-	-
8	4,039	-	-	-	-	-	4,039	-	-
9	35	-	-	-	-	-	35	-	-
10	6,344	-	-	-	-	-	6,344	-	-
11	2,391	-	-	7	-	-	2,384	-	-
12	262	-	-	1	-	-	261	-	-
13	1,419	-	-	10	-	-	1,409	-	-
15	3,708	-	-	36	-	-	3,672	-	-
16	4,675	-	-	244	-	-	4,431	-	-
17	7,143	-	-	440	-	-	6,703	-	-
18	1,859	-	-	93	-	-	1,766	-	-
Total	**85,668**	**-**	**-**	**847**	**-**	**-**	**84,821**	**-**	**-**

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

At 30 June 2023	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	4,193	-	-	34	-	-	4,159	-	-
14	113	-	-	1	-	-	112	-	-
15	507	70	-	11	35	-	496	35	-
16	236	-	-	6	-	-	230	-	-
17	386	-	-	32	-	-	354	-	-
18	183	-	-	9	-	-	174	-	-
20	-	-	410	-	-	408	-	-	2
Total	**5,618**	**70**	**410**	**93**	**35**	**408**	**5,525**	**35**	**2**
Energy & Commodities									
4	3,889	-	-	-	-	-	3,889	-	-
5	-	-	-	-	-	-	-	-	-
6	1,934	-	-	-	-	-	1,934	-	-
11	3,383	-	-	2	-	-	3,381	-	-
12	10,009	-	-	10	-	-	9,999	-	-
13	44,741	1,367	-	81	68	-	44,660	1,299	-
14	29,564	-	-	60	-	-	29,504	-	-
15	81,885	888	-	291	99	-	81,594	789	-
16	4,394	-	-	88	-	-	4,306	-	-
17	-	1,569	-	-	358	-	-	1,211	-
18	-	1,024	-	-	386	-	-	638	-
19	-	-	-	-	-	-	-	-	-
20	-	-	890	-	-	733	-	-	157
Total	**179,799**	**4,848**	**890**	**532**	**911**	**733**	**179,267**	**3,937**	**157**
Corporate									
10	126	-	-	-	-	-	126	-	-
11	23,774	121	-	54	-	-	23,720	121	-
12	48,602	564	-	220	88	-	48,382	476	-
13	67,765	413	-	486	20	-	67,279	393	-
14	29,309	3,074	-	517	278	-	28,792	2,796	-
15	28,688	1,977	-	921	234	-	27,767	1,743	-
16	3,289	4,562	-	92	1,117	-	3,197	3,445	-
17	60	1,936	-	3	386	-	57	1,550	-
18	-	362	-	-	127	-	-	235	-
19	1,193	537	-	97	93	-	1,096	444	-
20	-	-	9,182	-	-	6,348	-	-	2,834
Total	**202,806**	**13,546**	**9,182**	**2,390**	**2,343**	**6,348**	**200,416**	**11,203**	**2,834**

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**

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	-	-
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									
2									
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 (continued)

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)

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.

	2023 RS 'M	2022 RS 'M	2021 RS 'M
Amortised cost before restructure	**12**	24	741
Net modification gain or loss	**8**	3	44
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	**4**	7	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 held at 30 June are shown below:

	2023 RS 'M	2022 RS 'M	2021 RS 'M
Property	**104**	101	79

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)

	2023 RS 'M	2022 RS 'M	2021 RS 'M
Derivative financial instruments	**1,214**	438	1,035
Investment securities	**1,521**	698	18,019

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. The Bank considers that it is sufficiently collaterised against its impaired book.

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.

The Bank did not hold any financial instrument for which no loss allowance is recognised because of collateral. There was no change in the Bank's collateral policy during the year.

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit quality (continued)

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.

	2023	2022	2021
	RS'M	RS'M	RS'M
Agriculture and fishing	**481**	715	5,115
Manufacturing	**7,562**	9,682	909
Tourism	**12,401**	18,145	17,818
Transport	**2,504**	195	9,046
Construction	**6,993**	6,361	11,223
Financial and business services	**13,683**	9,308	64,024
Traders	**216,036**	261,203	99,865
of which Petroleum & Energy products	***189,045***	*225,849*	*90,147*
Global Business Licence holders	**8,144**	9,626	10,217
Others	**8,218**	8,803	8,961
	276,022	**324,038**	**227,178**

Refer to the risk management report for further details on concentration risk management

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Market risk refers to the potential of market price fluctuations, such as those in interest rates, equity prices, foreign exchange rates, and market credit spreads, impacting a bank's income or the valuation of its financial instrument holdings. The primary objective of market risk management is to proficiently handle and regulate these exposures within acceptable benchmarks, all while optimizing returns from risk-associated endeavors.

The formulation of market risk management policies within the Bank lies under the jurisdiction of the Board Risk Monitoring Committee. The execution of these policies and the oversight of this risk category are entrusted to both the Risk Business Unit (BU) and the Asset and Liability Committee (ALCO). Central to the supervision and control of market risk activities are the Market Risk Business Unit (MRBU) and the Assets and Liabilities Management Unit (ALM Unit). These units play a pivotal role in the ongoing monitoring and regulation of market risk activities.

The MRBU is devoted to ensuring the effective adherence to market risk policies and guidelines, as well as maintaining a vigilant watch over predetermined limits. Similarly, the ALM Unit concentrates on monitoring the interest rate risk in the banking book. Their collective efforts contribute to a comprehensive approach to risk management within the Bank.

(i) Investment Price risk

Investment price risk pertains to the vulnerability of an investment's value to shifts in market prices. This risk emanates from a multitude of factors, including the interplay of supply and demand, prevailing economic conditions, geopolitical occurrences, and prevailing market sentiment. The Bank designates a portion of its investments under the categories of Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL).

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%.

	2023	2022	2021
	RS 'M	RS 'M	RS 'M
Financial assets at fair value through other comprehensive income	**97**	178	396
Financial assets at fair value through profit or loss	**225**	156	1,036
	322	**334**	**1,432**

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
2023 (RS 'M)	**(21)**	**(23)**	**(40)**	**(9)**
2022(RS 'M)	(7)	(10)	(25)	(1)
2021 (RS 'M)	(13)	(15)	(39)	(7)

At 30 June 2023	EURO RS 'M	USD RS 'M	GBP RS 'M	MUR RS 'M	OTHER RS 'M	TOTAL RS 'M
Financial Assets						
Cash and cash equivalents	11,215	36,869	6,038	54,156	5,365	113,643
Derivative financial instruments	446	242	-	526	-	1,214
Loans to and placements with banks	310	14,596	-	2	(28)	14,880
Loans and advances to customers	30,092	187,422	379	127,749	296	345,938
Investment securities	11,988	81,314	4,247	150,269	2	247,820
Other financial assets	2,963	4,835	510	24,426	351	33,085
	57,014	325,278	11,174	357,128	5,986	756,580
Less allowances for credit impairment						(17,525)
Total						**739,055**
Financial liabilities						
Deposits from banks	943	13,535	449	784	41	15,752
Deposits from customers	49,556	208,505	6,621	277,689	5,215	547,586
Derivative financial instruments	456	242	-	518	-	1,216
Other borrowed funds	3,370	80,867	288	(118)	15	84,422
Debt securities	-	13,759	-	-	-	13,759
Subordinated liabilities	-	7,113	-	(54)	-	7,059
Other financial liabilities	243	629	55	3,006	26	3,959
Total	54,568	324,650	7,413	281,825	5,297	673,753
Net on-balance sheet position	2,446	628	3,761	75,303	689	82,827
Less allowances for credit impairment						(17,525)
						65,302
Off balance sheet net notional position	9,196	18,099	5,156	-	1,746	34,197
Credit commitments	4,655	108,353	153	20,370	1,542	135,073

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

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)

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)

(iii) Interest rate risk

Interest rate risk in the banking book encompasses the potential adverse effects on earnings resulting from fluctuations in market interest rates. This risk primarily affects non-traded assets and liabilities, specifically encompassing loans, deposits, and financial instruments held without the intent of trading. To effectively manage this risk, the Asset and Liability Management Business Unit, situated within the Finance Strategic Business Unit employs a variety of strategies.

Net interest income (NII) sensitivity stands as a key metric, evaluating the anticipated changes in net interest income across diverse interest rate scenarios, while holding all other economic factors constant. ALCO oversees the fluctuations in net interest income sensitivity.

The calculations of NII sensitivity assume uniform interest rate movements across all maturities within the 'up-shock' scenario. In contrast, the 'down-shock' scenario assumes a floor at zero for rates, except when market rates are already negative, as seen in the Euro case.

The below table delineates the carrying amount of the Bank's financial instruments, categorized by the earlier of contractual repricing or maturity dates.

Interest Rate Risk Earnings Impact Analysis

The Bank is exposed to interest rate risk (IRR), primarily manifested as repricing risk. To effectively measure and oversee this particular risk, the Bank employs an interest rate risk gap analysis, illustrated below. One of the methodologies utilized involves the Bank of Mauritius (BOM) framework, which incorporates a 200 basis point parallel shift in interest rates. This framework provides insights into estimating the potential one-year earnings impact based on a static balance sheet scenario.

	2023 RS 'M	2022 RS 'M	2021 RS 'M
Impact on Earnings	**1,833**	211	273

Interest sensitivity of assets and liabilities- repricing analysis

At 30 June 2023	**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	111,666	905	-	1	-	-	1,071	113,643
Derivative financial instruments	6	-	-	-	-	-	1,208	1,214
Loans to and placements with banks	1,560	9,893	3,015	-	101	311	-	14,880
Loans and advances to customers	204,015	50,507	34,247	15,026	19,993	10,948	11,202	345,938
Investment securities	27,171	14,343	23,158	38,439	71,298	66,941	6,470	247,820
Other financial assets	-	-	-	-	-	-	33,085	33,085
	344,418	75,648	60,420	53,466	91,392	78,200	53,036	756,580
Less allowances for credit impairment								(17,525)
Total								**739,055**
Financial liabilities								
Deposits from banks	9,645	1,065	3,938	1,104	-	-	-	15,752
Deposits from customers	284,367	12,545	9,785	17,136	9,340	634	213,779	547,586
Derivative financial instruments	-	-	-	-	2	-	1,214	1,216
Other borrowed funds	1,047	49,199	19,323	2,003	12,492	50	308	84,422
Debt securities	-	-	-	-	-	13,566	193	13,759
Subordinated liabilities	6,696	273	-	-	-	-	90	7,059
Other financial liabilities	-	-	-	-	-	-	3,959	3,959
Total	301,755	63,082	33,046	20,243	21,834	14,250	219,543	673,753
On balance sheet interest sensitivity gap	42,663	12,566	27,374	33,223	69,558	63,950	(166,507)	82,827
Less allowances for credit impairment								(17,525)
								65,302

* Includes interest receivable

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 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

* Includes interest receivable

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
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

* Includes interest receivable

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iv) Liquidity risk

Liquidity risk entails the risk of being unable to procure readily available funds to satisfy immediate or near-term obligations in a cost-efficient manner. The Bank recognizes the indispensable nature of skillfully managing liquidity, not only to foster market confidence but also to ensure the enduring viability of its operations.

In order to effectively navigate liquidity and funding risk, the Bank has established a robust internal framework that synergizes Risk, Finance, and Treasury Management functions, all of which operate under the vigilant oversight of the Asset and Liability Committee (ALCO). The Bank has implemented a series of key strategies to proficiently manage liquidity risk:

- Proactively forecast future cash flows and devise plans to address both routine operational necessities as well as diverse potential scenarios and contingencies.
- Oversee day-to-day liquidity by closely monitoring intra-day liquidity dynamics and projecting future cash flows, thereby guaranteeing the capability to meet all outgoing fund requirements.
- Uphold a reserve of liquid assets that can be promptly mobilized in situations of unanticipated cash outflows.
- Foster a diversified and stable funding foundation to fortify the Bank's financial resilience.
- Rigorously monitor a set of early warning indicators that signal potential liquidity stress.
- Maintain a comprehensive Contingency Funding Plan to address liquidity emergencies.

The below table provides a breakdown of financial assets and liabilities according to their remaining contractual maturities as of the end of the reporting period. The Bank also holds financial assets and financial liabilities for which the expected cash flows are significantly different from the contractual cash flows. The most common examples of such instruments are the current deposits from customers which are largely repayable on demand are not expected to be withdrawn immediately but to remain stable or increase. Similarly, retail mortgage loans might have a longer average contractual maturity but the average expected maturity could be lower since customers may take advantage of early repayment options.

The amounts disclosed in the following tables are undiscounted.

Maturities of assets and liabilities

At 30 June 2023	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	112,981	-	-	1	-	-	671	113,653
Derivative financial instruments	-	-	-	-	-	-	1,202	1,202
Loans to and placements with banks	1,543	7,217	2,043	87	4,125	311	-	15,326
Loans and advances to customers	101,393	28,896	30,570	22,595	86,502	131,743	11,738	413,437
Investment securities	27,002	11,963	20,319	36,595	80,441	86,949	4,836	268,105
Other financial assets	-	-	-	-	-	-	33,085	33,085
	242,919	48,076	52,932	59,278	171,068	219,003	51,532	844,808
Less allowances for credit impairment								(17,525)
Total								**827,283**
Financial liabilities								
Deposits from banks	9,902	808	3,949	1,159	45	-	-	15,863
Deposits from customers	483,153	13,933	11,963	20,801	17,507	4,321	-	551,678
Derivative financial instruments	-	1	1	2	5	-	1,204	1,213
Other borrowed funds	2,478	26,683	10,937	2,935	43,792	4,662	(118)	91,369
Debt securities	-	-	543	543	2,176	15,835	193	19,290
Subordinated liabilities	-	296	-	6,696	-	-	(63)	6,929
Other financial liabilities	-	-	-	-	-	-	3,959	3,959
Lease liabilities	-	-	-	-	-	-	*200*	*200*
Total	495,533	41,721	27,393	32,136	63,525	24,818	5,175	690,301
Net liquidity gap	(252,614)	6,355	25,539	27,142	107,543	194,185	46,357	154,507
Less allowances for credit impairment								(17,525)
								136,982
Off balance sheet net notional position	6,576	3,615	5,141	29,647	48,950	10,708	-	104,637
Credit commitments	5,425	10,808	6,359	1,678	2,799	373,184	-	400,253

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iv) Liquidity risk (continued)

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)

(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.

(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 2023						
Financial assets						
Cash and cash equivalents	113,609	-	-	-	-	113,609
Derivative financial instruments	-	-	1,214	-	-	1,214
Loans to and placements with banks	14,092	-	-	-	-	14,092
Loans and advances to customers	329,650	-	-	-	-	329,650
Investment securities	240,972	4,497	-	715	1,221	247,405
Other financial assets	33,085	-	-	-	-	33,085
Total	**731,408**	**4,497**	**1,214**	**715**	**1,221**	**739,055**
Financial liabilities						
Deposits from banks	15,752	-	-	-	-	15,752
Deposits from customers	547,586	-	-	-	-	547,586
Derivative financial instruments	-	-	1,216	-	-	1,216
Other borrowed funds	84,422	-	-	-	-	84,422
Debt securities	13,759	-	-	-	-	13,759
Subordinated liabilities	7,059	-	-	-	-	7,059
Other financial liabilities	3,959	-	-	-	-	3,959
Total	**672,537**	**-**	**1,216**	**-**	**-**	**673,753**
Net on-balance sheet position	**58,871**	**4,497**	**(2)**	**715**	**1,221**	**65,302**

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 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**

	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**

3. FINANCIAL RISK MANAGEMENT (continued)

(g) Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Bank's balance statement of financial position at their fair values.

	Carrying value RS 'M	Fair value RS 'M	Level 1 RS 'M	Level 2 RS 'M
At 30 June 2023				
Financial assets				
Loans to and placements with banks	14,092	14,092	-	14,092
Loans and advances to customers	329,650	328,812	-	328,812
Investment securities	240,972	232,272	232,272	-
Financial liabilities				
Deposits from banks	15,752	15,762	-	15,762
Deposits from customers	547,586	547,908	-	547,908
Other borrowed funds	84,422	85,376	-	85,376
Debt securities	13,759	13,985	13,985	-
Subordinated liabilities	7,059	7,060	-	7,060

(i) Loans and advances to banks and to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(ii) Deposits at amortised cost

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.
The estimated fair value of fixed interest-bearing deposits and debt securities issued and not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(iii) Debt securities in issue

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

(iv) Subordinated liabilities

The estimated fair value of the loan capital and not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

4. CASH AND CASH EQUIVALENTS

	2023	2022	2021
	RS'M	RS'M	RS'M
Cash in hand	**3,059**	3,191	2,804
Foreign currency notes and coins	**132**	122	89
Unrestricted balances with Central Bank*	**671**	50,118	14,117
Balances due in clearing	**400**	354	381
Treasury and BOM bills	**46,344**	66	5,092
Money market placements	**11,663**	2,140	4,140
Balances with banks abroad	**51,374**	7,828	73,588
Interbank loans	**-**	815	1,000
	113,643	64,634	101,211
Allowances for credit impairment (12 months expected credit loss)	**(34)**	(40)	(57)
	113,609	64,594	101,154

* 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 2022	**40**
Provision for credit impairment for the year	**70**
Provision released during the year	**(23)**
Financial assets that have been derecognised	**(1)**
Changes in models/risk parameters	**(52)**
At 30 June 2023	**34**
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

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

	2023	2022	2021
	RS'M	RS'M	RS'M
Cash and cash equivalents	**113,643**	64,634	101,211
Other borrowed funds (see note 14(a))	**-**	(2,075)	(2)
Net cash and cash equivalents	**113,643**	62,559	101,209
Increase/(Decrease) in cash and cash equivalents	**51,084**	(38,650)	33,513

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 2023			
Currency forwards	**21,263**	**470**	**473**
Interest rate swaps	**4,792**	**266**	**627**
Currency swaps	**14,994**	**43**	**47**
Commodities	**4,643**	**63**	**63**
Others	**13,225**	**372**	**6**
	58,917	**1,214**	**1,216**
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	3,597	13	-
	29,992	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	250	1	-
	74,130	1,035	1,406

*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

	2023 RS'M	2022 RS'M	2021 RS'M
(i) Loans to and placements with banks			
in Mauritius	**-**	815	39
outside Mauritius	**77,917**	34,375	119,815
	77,917	35,190	119,854
Less:			
Loans to and placements with banks with original maturity less than 3 months and included in cash and cash equivalents	**(63,037)**	(10,783)	(78,728)
	14,880	24,407	41,126
Less:			
Allowances for credit impairment	**(788)**	(473)	(257)
	14,092	23,934	40,869
(ii) Remaining term to maturity			
Up to 3 months	**-**	9,077	29,577
Over 3 months and up to 6 months	**8,278**	2,752	5,248
Over 6 months and up to 1 year	**2,139**	8,651	1,014
Over 1 year and up to 5 years	**-**	3,747	4,965
Over 5 years	**4,463**	180	322
	14,880	24,407	41,126
Loans to and placements with banks can be classified as :			
Current	**10,417**	20,480	35,839
Non-current	**4,463**	3,927	5,287
	14,880	24,407	41,126

(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 2022	**24,407**	**-**	**24,407**
New loans and placements with banks, originated or purchase	**11,938**	**-**	**11,938**
Loans and placements with banks derecognised or repaid (excluding write off)	**(21,465)**	**-**	**(21,465)**
At 30 June 2023	**14,880**	**-**	**14,880**
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

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

(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 2022	**473**	**-**	**473**
Provision for credit impairment for the year	**657**	**-**	**657**
Provision released during the year	**(76)**	**-**	**(76)**
Financial assets that have been derecognised	**(257)**	**-**	**(257)**
Changes in models/risk parameters	**(9)**	**-**	**(9)**
Provision and interest in suspense at 30 June 2023	**788**	**-**	**788**
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 and interest in suspense 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

There were no non performing loans (NPL) under Loans to and placements with banks in 2022 & 2023 (2021:NPL:Rs1M).
(Provisions 2023 and 2022: Rs Nil; 2021:Rs1M)

(b) Loans and advances to customers

	2023 RS'M	2022 RS'M	2021 RS'M
(i) Loans and advances to customers			
Retail customers:			
Credit cards	**979**	912	821
Mortgages	**37,332**	34,336	32,177
Other retail loans	**9,976**	9,260	10,118
Corporate customers	**132,670**	120,129	123,015
Governments	**-**	-	244
Entities outside Mauritius	**164,981**	153,883	103,395
	345,938	318,520	269,770
Less:			
Allowances for credit impairment	**(16,288)**	(11,872)	(13,020)
	329,650	306,648	256,750

(ii) Remaining term to maturity

	2023 RS'M	2022 RS'M	2021 RS'M
Up to 3 months	**129,433**	127,589	81,354
Over 3 months and up to 6 months	**20,469**	13,672	4,856
Over 6 months and up to 1 year	**12,948**	7,731	15,557
Over 1 year and up to 5 years	**86,342**	84,709	78,673
Over 5 years	**96,746**	84,819	89,330
	345,938	318,520	269,770
Loans and advances to customers can be classified as :			
Current	**162,850**	148,992	101,767
Non-current	**183,088**	169,528	168,003
	345,938	318,520	269,770

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 2022	**287,648**	**17,225**	**13,647**	**318,520**
Exchange adjustment	**-**	**-**	**82**	**82**
Transfer to 12 months ECL	**1,961**	**(1,679)**	**(282)**	**-**
Transfer to lifetime ECL not credit impaired	**(3,402)**	**4,300**	**(898)**	**-**
Transfer to lifetime ECL credit impaired	**(1,715)**	**(592)**	**2,307**	**-**
New loans and advances to customers, originated or purchase	**189,018**	**6,394**	**1,113**	**196,525**
Loans and advances to customers derecognised or repaid (excluding write off)	**(27,448)**	**(2,925)**	**(1,115)**	**(31,488)**
Financial assets that have been derecognised	**(132,818)**	**(3,938)**	**(665)**	**(137,421)**
Write offs	**-**	**-**	**(280)**	**(280)**
At 30 June 2023	**313,244**	**18,785**	**13,909**	**345,938**
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

6. LOANS (continued)

(b) Loans and advances to customers (continued)

(iv) Allowances for credit impairment

	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 2022	**3,248**	**3,039**	**4,322**	**10,609**
Exchange adjustment	**-**	**-**	**82**	**82**
Transfer to 12 months ECL	**275**	**(207)**	**(68)**	**-**
Transfer to lifetime ECL not credit impaired	**(51)**	**699**	**(648)**	**-**
Transfer to lifetime ECL credit impaired	**(36)**	**(98)**	**134**	**-**
Provision for credit impairment for the year	**1,656**	**2,151**	**4,561**	**8,368**
Provision released during the year	**(1,840)**	**(1,444)**	**(187)**	**(3,471)**
Financial assets that have been derecognised	**(563)**	**(297)**	**(176)**	**(1,036)**
Write offs	**-**	**-**	**(195)**	**(195)**
Changes in models/risk parameters	**(173)**	**(11)**	**-**	**(184)**
At 30 June 2023	**2,516**	**3,832**	**7,825**	**14,173**
Interest in suspense	**-**	**-**	**2,115**	**2,115**
Provision and interest in suspense at 30 June 2023	**2,516**	**3,832**	**9,940**	**16,288**
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

6. LOANS (continued)

(b) Loans and advances to customers (continued)

(v) Allowances for credit impairment by industry sectors

	2023					
	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	**8,150**	**633**	**93**	**166**	**904**	**1,163**
Manufacturing	**12,810**	**41**	**136**	**164**	**22**	**322**
Tourism	**28,815**	**461**	**377**	**1,389**	**444**	**2,210**
Transport	**7,414**	**11**	**99**	**12**	**7**	**118**
Construction	**12,875**	**58**	**107**	**105**	**28**	**240**
Financial and business services	**53,112**	**290**	**441**	**225**	**216**	**882**
Traders	**115,564**	**719**	**528**	**875**	**470**	**1,873**
of which Petroleum & Energy products	***93,224***	***-***	***322***	***823***	***-***	***1,145***
Personal	**48,274**	**849**	**124**	**64**	**357**	**545**
of which credit cards	***959***	***30***	***9***	***3***	***27***	***39***
of which housing	***37,332***	***511***	***47***	***22***	***178***	***247***
Professional	**295**	**11**	**4**	**1**	**4**	**9**
Global Business Licence holders	**23,849**	**7,285**	**44**	**63**	**6,595**	**6,702**
Others	**34,780**	**1,436**	**563**	**768**	**893**	**2,224**
Of which Energy and Commodities Asset Backed financing	***17,126***	***890***	***74***	***89***	***746***	***909***
	345,938	**11,794**	**2,516**	**3,832**	**9,940**	**16,288**

	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
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	107,002	1,062	482	215	751	1,448
of which Petroleum & Energy products	*89,865*	*856*	*173*	*190*	*654*	*1,017*
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	41,618	991	482	783	273	1,538
Of which Energy and Commodities Asset Backed financing	*16,041*	*807*	*97*	*168*	*183*	*448*
	318,520	12,384	3,248	3,039	5,585	11,872

	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
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	50,673	1,653	402	515	1,267	2,184
of which Petroleum & Energy products	*31,494*	1,269	182	461	1,086	1,729
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
Global Business Licence holders	19,770	1,809	208	1,216	568	1,992
Others	27,392	198	194	589	42	825
Of which Energy and Commodities Asset Backed financing	*12,597*	-	*24*	*40*	-	*64*
	269,770	9,769	2,677	4,713	5,630	13,020

*Non performing loans excludes interest in suspense.

7. INVESTMENT SECURITIES

(a) Investment securities

	2023 RS'M	2022 RS'M	2021 RS'M
Investment in debt securities at amortised cost (note 7(b))	**241,387**	216,503	155,282
Less allowances for credit impairment on investment in debt securities at amortised cost	**(415)**	(357)	(358)
	240,972	216,146	154,924
Investment in debt and equity securities measured at fair value through other comprehensive income (note 7(c))	**1,936**	3,567	7,914
Investment in debt and equity securities measured at fair value through profit or loss (note 7(d))	**4,497**	3,110	20,722
	247,405	222,823	183,560

As at 30 June 2023 and 2022, there were no credit impaired investments fair valued through other comprehensive income.
(**Credit Impaired** 2021:Rs101M/Provisions Rs 11M); **12 months expected credit loss** - 2021: Rs 8M)

Investment securities(gross of allowances for credit impairment) can be classified as:

Current	**90,835**	48,667	39,313
Non-current	**156,985**	174,513	144,605

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

	2023 RS'M	2022 RS'M	2021 RS'M
Government of Mauritius and Bank of Mauritius bonds	**106,753**	111,658	103,843
Treasury bills	**33,446**	20,809	7,415
Foreign bonds	**72,775**	55,839	22,000
Notes	**28,019**	27,813	21,643
Index linked note	**394**	384	381
	241,387	216,503	155,282

(ii) Remaining term to maturity

	2023					
	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	**7,980**	**5,428**	**13,324**	**56,430**	**23,591**	**106,753**
Treasury bills	**23,141**	**9,322**	**983**	**-**	**-**	**33,446**
Foreign bonds	**2,471**	**2,505**	**18,284**	**38,739**	**10,776**	**72,775**
Notes	**1,772**	**2,421**	**1,683**	**11,298**	**10,845**	**28,019**
Index linked note	**-**	**-**	**-**	**226**	**168**	**394**
	35,364	**19,676**	**34,274**	**106,693**	**45,380**	**241,387**

	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

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 RS'M	Lifetime expected credit loss (not credit impaired) RS'M	Total RS'M
At 1 July 2022	**216,503**	**-**	**216,503**
Transfer to lifetime ECL not credit impaired	**(422)**	**422**	**-**
Investments originated or purchased	**73,544**	**15**	**73,559**
Investments derecognised or repaid	**(48,667)**	**(8)**	**(48,675)**
At 30 June 2023	**240,958**	**429**	**241,387**
At 1 July 2021	153,370	1,912	155,282
Transfer to 12 months ECL	1,505	(1,505)	-
Investments originated or purchased	85,668	-	85,668
Investments derecognised or repaid	(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	(23,236)	(204)	(23,440)
At 30 June 2021	153,370	1,912	155,282

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

	12 months expected credit loss RS'M	Lifetime expected credit loss (not credit impaired) RS'M	Total RS'M
At 1 July 2022	**357**	**-**	**357**
Transfer to lifetime ECL not credit impaired	**(5)**	**5**	**-**
Provision for credit impairment for the year	**308**	**62**	**370**
Provision released during the year	**(120)**	**(3)**	**(123)**
Financial assets that have been derecognised	**(31)**	**-**	**(31)**
Changes in models/risk parameters	**(159)**	**1**	**(158)**
At 30 June 2023	**350**	**65**	**415**
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

7. INVESTMENT SECURITIES (continued)

(c) (i) Investment in debt and equity securities measured at fair value through other comprehensive income by levels

	2023 RS'M	2022 RS'M	2021 RS'M
Quoted - Level 1			
Official list : shares (equity instrument)	**861**	961	797
Bonds (debt instrument)	**125**	1,662	6,182
	986	2,623	6,979
Unquoted - Level 2			
Investment fund (debt instrument)	**590**	675	677
Unquoted - Level 3			
Shares (equity instrument)	**360**	269	258
	1,936	3,567	7,914

(ii) Reconciliation of level 3 fair value measurements

	2023 RS'M	2022 RS'M	2021 RS'M
At 1 July	**269**	258	244
Additions	**1**	17	99
Disposal of investment	**-**	-	(101)
Movement in fair value	**90**	(6)	16
At 30 June	**360**	269	258

(d) Investment in debt and equity securities measured at fair value through profit or loss by levels

	2023 RS'M	2022 RS'M	2021 RS'M
Quoted - Level 1			
Foreign bonds (debt instrument)	**136**	-	1
Foreign shares (equity instrument)	**2,976**	2,412	2,703
	3,112	2,412	2,704
Unquoted - Level 2			
Government of Mauritius & Bank of Mauritius bonds (debt instrument)	**1,021**	196	1,251
Treasury bills (debt instrument)	**364**	502	16,767
	1,385	698	18,018
	4,497	3,110	20,722

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.

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.

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.

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
The Mauritius Commercial Bank(Madagascar) S.A						
Year ended 30 June 2023	**Madagascar**	**Banking & Financial Services**	**11,350**	**10,528**	**80.00**	**118**
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

(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 2023							
Banque Française Commerciale Océan Indien	**Reunion**	**Banking & Financial Services**	**107,314**	**97,619**	**5,125**	**978**	**49.99**
Société Générale Moçambique, S.A	**Mozambique**	**Banking & Financial Services**	**11,311**	**9,662**	**1,796**	**158**	**35.00**
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, S.A	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, S.A	Mozambique	Banking & Financial Services	11,328	10,146	878	16	35.00

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

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

8. INVESTMENTS IN SUBSIDIARY AND ASSOCIATES(continued)

(b) Investments in associates(continued)

(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 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**
Share of profit of associates	**489**	**55**	**-**	**544**
Exchange differences on translating foreign operations	**287**	**7**	**-**	**294**
Share of other movements in associates	**54**	**-**	**-**	**54**
Dividend received from associates	**(410)**	**-**	**-**	**(410)**
Adjustments	**-**	**3**	**30**	**33**
At 30 June 2023	**4,913**	**628**	**543**	**6,084**

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

Banque Française Commerciale Océan Indien (BFCOI)

	2023 RS'M	2022 RS'M	2021 RS'M
Summarised statement of financial position:			
Current assets	**13,424**	11,607	17,753
Non current assets	**93,890**	88,224	97,111
Current liabilities	**23,904**	21,276	25,362
Non current liabilities	**73,715**	69,681	79,955
Equity attributable to owners of BFCOI	**9,695**	8,874	9,547
Summarised statement of profit or loss and other comprehensive income:			
Revenue	**5,125**	4,853	4,547
Profit	**978**	801	662
Other comprehensive income	**109**	47	-
Total comprehensive income	**1,087**	848	662

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

9. INTANGIBLE ASSETS

	Computer software RS'M	Work in progress RS'M	Total RS'M
Cost			
At 1 July 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**
Additions	**13**	**895**	**908**
Adjustment	**675**	**-**	**675**
Transfer	**1,172**	**(1,172)**	**-**
At 30 June 2023	**4,333**	**237**	**4,570**
Accumulated amortisation			
At 1 July 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**
Charge for the year	**593**	**-**	**593**
Adjustment	**675**	**-**	**675**
At 30 June 2023	**2,359**	**-**	**2,359**
Net book values			
At 30 June 2023	**1,974**	**237**	**2,211**
At 30 June 2022	1,382	514	1,896
At 30 June 2021	996	466	1,462

Intangible assets are classified as non-current assets.

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 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**
Additions	**14**	**273**	**20**	**178**	**132**	**617**
Scrap	**-**	**(78)**	**(1)**	**-**	**-**	**(79)**
Disposals	**-**	**(4)**	**(16)**	**-**	**-**	**(20)**
Adjustment on re-measurement	**-**	**-**	**-**	**-**	**(39)**	**(39)**
Adjustment	**-**	**105**	**-**	**-**	**-**	**105**
Transfer	**40**	**72**	**31**	**(143)**	**-**	**-**
At 30 June 2023	**4,832**	**3,887**	**973**	**183**	**419**	**10,294**
Accumulated depreciation						
At 1 July 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**
Charge for the year	**81**	**324**	**58**	**-**	**60**	**523**
Scrap adjustment	**-**	**(78)**	**-**	**-**	**-**	**(78)**
Adjustment	**-**	**105**	**-**	**-**	**-**	**105**
Disposal adjustment	**-**	**(4)**	**(14)**	**-**	**-**	**(18)**
At 30 June 2023	**1,247**	**3,136**	**680**	**-**	**228**	**5,291**
Net book values						
At 30 June 2023	**3,585**	**751**	**293**	**183**	**191**	**5,003**
At 30 June 2022	3,612	730	303	148	158	4,951
At 30 June 2021	3,629	973	324	149	136	5,211

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 5 years.

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

11. DEFERRED TAX ASSETS

	Balance as at 1 July RS'M	Effect of change in tax rate 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
2023						
Provisions and post retirement benefits	**195**	**30**	**-**	**166**	**39**	**430**
Provisions for credit impairment	**1,892**	**291**	**(1)**	**492**	**-**	**2,674**
Accelerated tax depreciation	**(283)**	**(43)**	**-**	**(68)**	**-**	**(394)**
At 30 June 2023	**1,804**	**278**	**(1)**	**590**	**39**	**2,710**
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

The applied deferred tax rate is 15% (2022 & 2021:13%)
Deferred tax assets are classified as non-current asset.

12. OTHER ASSETS

	2023 RS'M	2022 RS'M	2021 RS'M
Mandatory balances with Central Bank	**30,639**	24,146	21,990
Prepayments and other receivables	**1,939**	1,880	1,126
Credit card clearing	**1,162**	490	152
Non-banking assets acquired in satisfaction of debts*	**104**	101	79
Impersonal and other accounts	**5,217**	5,125	3,808
	39,061	31,742	27,155

* 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'.

Management has assessed the impact of ECLs on the balances as immaterial.

13. DEPOSITS

	2023 RS'M	2022 RS'M	2021 RS'M
(a) Deposits from banks			
Demand deposits	**7,795**	5,205	16,955
Money market deposits with remaining term to maturity:			
Up to 3 months	**2,870**	4,271	2,570
Over 3 months and up to 6 months	**3,893**	-	1,663
Over 6 months and up to 1 year	**1,150**	1,799	427
Over 1 year and up to 5 years	**44**	43	41
	7,957	6,113	4,701
	15,752	11,318	21,656
Deposits from banks can be classified as:			
Current	**15,708**	11,275	21,615
Non-current	**44**	43	41
(b) Deposits from customers			
(i) Retail customers			
Demand deposits	**49,119**	52,473	46,602
Savings deposits	**195,731**	185,371	169,830
Time deposits with remaining term to maturity:			
Up to 3 months	**6,410**	2,487	3,419
Over 3 months and up to 6 months	**3,803**	1,679	1,673
Over 6 months and up to 1 year	**6,445**	3,490	3,302
Over 1 year and up to 5 years	**12,069**	9,760	9,320
Over 5 years	**30**	6	8
	28,757	17,422	17,722
	273,607	255,266	234,154
(ii) Corporate customers			
Demand deposits	**205,448**	200,862	193,036
Savings deposits	**5,452**	5,342	6,145
Time deposits with remaining term to maturity:			
Up to 3 months	**33,943**	11,903	12,598
Over 3 months and up to 6 months	**7,662**	2,640	2,315
Over 6 months and up to 1 year	**13,613**	3,354	4,131
Over 1 year and up to 5 years	**7,710**	1,631	1,326
Over 5 years	**-**	1	-
	62,928	19,529	20,370
	273,828	225,733	219,551
(iii) Government			
Demand deposits	**95**	45	54
Savings deposits	**56**	59	69
	151	104	123
	547,586	481,103	453,828
Deposits from customers can be classified as:			
Current	**527,777**	469,705	443,174
Non-current	**19,809**	11,398	10,654

14. OTHER BORROWED FUNDS

(a) Other borrowed funds comprise the following:

	2023	2022	2021
	RS'M	RS'M	RS'M
Borrowings from banks:			
in Mauritius	**18,740**	9,961	24,158
abroad	**65,682**	82,794	50,468
	84,422	92,755	74,626
Other borrowed funds include borrowings with original maturity of less than 3 months as shown in note 4	**-**	2,075	2

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

(b) Remaining term to maturity:

	2023	2022	2021
On demand or within a period not exceeding 1 year	**37,705**	24,181	43,844
Within a period of more than 1 year but not exceeding 3 years	**41,800**	57,962	17,154
Within a period of more than 3 years	**4,917**	10,612	13,628
	84,422	92,755	74,626

Other borrowed funds can be classified as:

	2023	2022	2021
Current	**37,705**	24,181	43,844
Non-current	**46,717**	68,574	30,782

15. Debt securities

	2023 RS'M
5-year senior unsecured notes maturing in 2028 at a fixed coupon rate of 7.95%	**13,506**
Exchange adjustments and others	**253**
	13,759

Debt securities are classified as non-current liabilities.

During the year, the Bank launched a Global Medium Term Note Programme, which enables the Bank to tap into the international bond market for up to USD 3 billion. This programme has earned a Baa3 rating from Moody's and was registered on the International Securities Market of the London Stock Exchange in October 2022. It aims at diversifying the funding sources of the Bank and support its overall growth strategy.

Under this programme, the Bank issued its first bond for a notional value of USD 300 million on 26 April 2023.

16. SUBORDINATED LIABILITIES

Subordinated liabilities comprises the following:

		2023 RS'M	2022 RS'M	2021 RS'M
USD 30M subordinated debt maturing in August 2023 at an average interest rate of 6.1% (2022 and 2021: 3.5%)	(i)	**684**	875	1,013
Repayment of USD 9M during the year (2022: USD 5.3M, 2021: USD 4.5M)	(i)	**(404)**	(225)	(179)
USD 147M floating rate unsecured Tier 2 notes maturing on 30 March 2033 at an average interest rate of 8.6%	(ii)	**6,689**	-	-
Exchange adjustments and others		**90**	34	41
		7,059	684	875

Subordinated liabilities can be classified as:

	2023	2022	2021
Current	**220**	-	-
Non-current	**6,839**	684	875

The carrying amount of the subordinated liabilities are not materially different from their fair value.

(i) In 2013, the Bank secured USD 30 million through a 10-year amortizing subordinated debt arrangement with the African Development Bank. The remaining balance is fully repayable in August 2023.

(ii) On 31 March 2023, the Bank successfully concluded its inaugural Basel III compliant Tier 2 bond issuance, amounting to USD 147 million. This bond was issued under the umbrella of a private placement agreement with the African Development Bank. With an original maturity span of 10 years, it features semi-annual amortization, which comes into play starting from the sixth year.

This bond helps consolidate the capital of the Bank and provides the necessary buffer to support its growth strategy.

17 POST EMPLOYEE BENEFIT (ASSET)/LIABILITY

		2023 Rs'M	2022 Rs'M	2021 Rs'M
	Post employee benefit (asset)/liability			
(a)	Staff superannuation fund (defined benefit section)	**(689)**	278	(1,344)
(b)	Residual retirement gratuities	**234**	182	126
		(455)	460	(1,218)

(a) Staff superannuation fund (defined benefit section)

	2023 Rs'M	2022 Rs'M	2021 Rs'M
Reconciliation of net defined benefit (asset)/liability			
Opening balance	**278**	(1,344)	1,041
Amount recognised in statement of profit or loss	**230**	131	255
Amount recognised in statement of comprehensive income	**234**	1,716	(2,407)
Less employer contributions	**(1,431)**	(225)	(233)
Closing balance	**(689)**	278	(1,344)
Reconciliation of fair value of plan assets			
Opening balance	**8,765**	8,952	7,555
Interest income	**492**	443	241
Employer contributions	**1,431**	225	233
Transfer of assets	**-**	-	(45)
Benefits paid	**(376)**	(401)	(322)
Return on plan assets (below)/above interest income	**(83)**	(454)	1,290
Closing balance	**10,229**	8,765	8,952
Reconciliation of present value of defined benefit obligation			
Opening balance	**9,043**	7,608	8,596
Current service cost	**253**	203	229
Interest expense	**469**	371	270
Past service cost	**-**	-	(3)
Transfer of assets	**-**	-	(45)
Benefits paid	**(376)**	(401)	(322)
Liability experience loss	**-**	96	-
Liability loss/(gain) due to change in financial assumptions	**151**	1,166	(1,117)
Closing balance	**9,540**	9,043	7,608
Components of amount recognised in statement of profit or loss			
Current service cost	**253**	203	229
Past service cost	**-**	-	(3)
Net interest on net defined benefit (asset)/liability	**(23)**	(72)	29
Total	**230**	131	255
Analysed as follows:			
The Mauritius Commercial Bank Limited (see note 27(a))	**195**	118	223
Other members of The MCB Group Limited	**35**	13	32
	230	131	255
Components of amount recognised in statement of comprehensive income			
Return on plan assets below/(above) interest income	**83**	454	(1,290)
Liability experience loss	**-**	96	-
Liability loss/(gain) due to change in financial assumptions	**151**	1,166	(1,117)
Total	**234**	1,716	(2,407)

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

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

	2023	2022	2021
Allocation of plan assets at end of year	**%**	%	%
Equity - Local quoted	**30**	38	32
Equity - Local unquoted	**1**	1	1
Debt - Overseas quoted	**1**	-	1
Debt - Local quoted	**13**	11	12
Debt - Local unquoted	**8**	5	5
Property - Local	**5**	6	5
Investment funds	**31**	31	37
Cash and other	**11**	8	7
Total	**100**	100	100

Allocation of plan assets at end of year	**%**	%	%
Reporting entity's own transferable financial instruments	**9**	11	10
Property occupied by reporting entity	**5**	6	6
Other assets used by reporting entity	**2**	3	3

Principal assumptions used at end of year			
Discount rate	**5.7%**	5.3%	5.0%
Rate of salary increases	**4.2%**	3.7%	2.5%
Rate of pension increases	**2.7%**	2.2%	1.0%
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

	2023 Rs'M	2022 Rs'M	2021 Rs'M
Sensitivity analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**1,718**	1,628	1,301
Decrease due to 1% increase in discount rate	**1,345**	1,275	1,027
Increase due to 1% increase in salary increase rate	**745**	697	-
Decrease due to 1% decrease in salary increase rate	**630**	597	-
Increase due to 1% increase in pension increase rate	**897**	850	-
Decrease due to 1% decrease in pension increase rate	**773**	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 asset of Rs 689M as at 30 June 2023 for the defined benefit pension plan (2022: net defined liability of Rs 278M and 2021: net defined asset of Rs 1,344M).

The liability loss due to change in financial assumptions amounting to Rs 151M 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 1.6% p.a. in 2022 to 1.5% p.a. in 2023 and in the net post-retirement discount rate (the difference between the nominal discount rate and the pension increase rate) from 3.1% p.a. in 2022 to 3.0% p.a. in 2023.

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.

17 POST EMPLOYEE BENEFIT (ASSET)/LIABILITY (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):	**324**
Weighted average duration of the defined benefit obligation:	**16 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.

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

(b) Residual retirement gratuities

Amounts recognised in the financial statements at end of year

	2023 Rs'M	2022 Rs'M	2021 Rs'M
Reconciliation of net defined benefit liability			
Opening balance	**182**	126	129
Amount recognised in statement of profit or loss (see note 27(a))	**48**	14	13
Amount recognised in statement of comprehensive income	**29**	42	(16)
Employer contributions	**(25)**	-	-
Closing balance	**234**	182	126
Reconciliation of present value of defined benefit obligation			
Opening balance	**182**	126	129
Current service cost	**27**	8	11
Interest expense	**21**	6	4
Past service cost	**-**	-	(2)
Other benefits paid	**(25)**	-	-
Liability experience loss/(gain)	**19**	(6)	1
Liability loss/(gain) due to change in financial assumptions	**10**	48	(17)
Closing balance	**234**	182	126
Components of amount recognised in statement of profit or loss			
Current service cost	**27**	8	11
Past service cost	**-**	-	(2)
Net interest on net defined benefit liability	**21**	6	4
Total (see note 27(a))	**48**	14	13
Components of amount recognised in other statement of comprehensive income			
Liability experience loss/(gain)	**19**	(6)	1
Liability loss/(gain) due to change in financial assumptions	**10**	48	(17)
Total	**29**	42	(16)
Principal assumptions used at end of year			
Discount rate	5.7%	5.3%	5.0%
Rate of salary increases	4.2%	3.7%	2.5%
Rate of pension increases	2.7%	2.2%	1.0%
Average retirement age (ARA)	63	63	63

	2023 Rs'M	2022 Rs'M	2021 Rs'M
Sensitivity analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**52**	59	42
Decrease due to 1% increase in discount rate	**42**	45	32
Increase due to 1% increase in salary increase rate	**47**	50	-
Decrease due to 1% decrease in salary increase rate	**38**	38	-
Increase due to 1% increase in pension increase rate	**5**	8	-
Decrease due to 1% decrease in pension increase rate	**1**	9	-

The Bank has also recognised a net defined benefit liability of Rs 234M as at 30 June 2023 (2022: Rs 182M, 2021: Rs 126M) 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 loss of Rs 19M disclosed is due to the retirement gratuities paid to employees who retired during the year being higher than their past service reserve.

The liability loss of Rs 10M 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 1.6% p.a. in 2022 to 1.5% p.a. in 2023 and in the net post-retirement discount rate (the difference between the nominal discount rate and the pension increase rate) from 3.1% p.a. in 2022 to 3.0% p.a. in 2023.

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):	**nil**
Weighted average duration of the defined benefit obligation:	**22 years**

Note: Employee benefits obligations have been provided for based on the report from Aon Hewitt Ltd., Actuaries and Consultants dated 4 September 2023.

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

	2023	2022	2021
	RS'M	RS'M	RS'M
18. OTHER LIABILITIES			
Allowances for credit impairment on off balance sheet exposures (18 (a))	**459**	484	389
Lease liabilities (18 (b))	**200**	163	139
Impersonal, other accounts and deferred income	**10,593**	7,618	6,295
Proposed dividend (see note 30)	**2,300**	1,534	2,000
	13,552	9,799	8,823

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 2022	**484**	**-**	**484**
Provision for credit impairment for the year	**387**	**-**	**387**
Provision released during the year	**(353)**	**-**	**(353)**
Changes in models/risk parameters	**(59)**	**-**	**(59)**
At 30 June 2023	**459**	**-**	**459**
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

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

	2023	2022	2021
	RS'M	RS'M	RS'M
Over 6 months and up to 1 year	**52**	10	14
Over 1 year and up to 5 years	**148**	153	125
	200	163	139

19. STATED CAPITAL AND RESERVES

(a) Stated capital

Issued and paid up share 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 2021,2022 and 2023	**887,960,247**	**8,880**

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

(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) 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

		2023	2022	2021
		RS'M	RS'M	RS'M
(a)	**Instruments**			
	Guarantees on account of customers	**51,287**	60,460	71,930
	Letters of credit and other obligations on account of customers (net)	**56,528**	46,320	38,028
	Other contingent items (net)	**1,473**	3,537	2,539
		109,288	110,317	112,497
(b)	**Commitments**			
	Loans and other facilities, including undrawn credit facilities	**12,260**	10,124	5,215
(c)	**Tax assessments**	**11**	-	-
		121,559	120,441	117,712

On 30 June 2023, the Bank received income tax assessments relating to years of assessment 2016/2017 to 2019/2020 against which the Bank has objected.
Additional tax payable based on the notices of assessment amounts to MUR 10.6 million.

21. INTEREST INCOME USING THE EFFECTIVE INTEREST METHOD

	2023 RS'M	2022 RS'M	2021 RS'M
Loans to and placements with banks	**3,620**	649	577
Loans and advances to customers	**20,882**	11,375	11,061
Investments at amortised cost	**7,199**	4,411	3,891
Investments at fair value through other comprehensive income	**38**	35	99
	31,739	16,470	15,628

22. INTEREST EXPENSE

	2023 RS'M	2022 RS'M	2021 RS'M
Deposits from banks	**269**	20	16
Deposits from customers	**8,093**	948	883
Debt securities	**192**	-	-
Subordinated liabilities	**177**	26	31
Other borrowed funds	**4,511**	1,536	1,002
Lease liabilities	**17**	7	6
	13,259	2,537	1,938

23. FEE AND COMMISSION INCOME

	2023 RS'M	2022 RS'M	2021 RS'M
Cards and other related fees	**3,697**	2,930	1,686
Trade finance fees	**1,283**	1,417	997
Transaction fees	**1,220**	1,043	925
Guarantee fees	**1,319**	943	381
Loan related fees	**484**	459	368
Private banking and wealth management fees	**391**	423	497
Others	**20**	18	80
	8,414	7,233	4,934

24. FEE AND COMMISSION EXPENSE

	2023 RS'M	2022 RS'M	2021 RS'M
Cards and other related fees	**2,166**	1,655	786
Loan related and trade finance fees	**379**	377	258
Transaction fees	**25**	25	24
	2,570	2,057	1,068

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

	2023 RS'M	2022 RS'M	2021 RS'M
Net gain from derivative financial instruments fair valued through profit or loss	**55**	243	168
Net gain from investment securities fair valued through profit or loss	**209**	254	110
Net loss from derecognition of debt securities measured at fair valued through other comprehensive income	**-**	(337)	(113)
Net gain from other investment securities	**16**	3	-
	280	163	165

	2023 RS'M	2022 RS'M	2021 RS'M
26. DIVIDEND INCOME			
Quoted investments FVOCI	**24**	23	14
Quoted investments FVPL	**22**	11	9
Unquoted investments FVOCI	**25**	2	13
Subsidiary	**31**	43	-
	102	79	36

27. NON - INTEREST EXPENSE

	2023 RS'M	2022 RS'M	2021 RS'M
(a) Salaries and human resource costs			
Wages and salaries	**3,306**	2,722	2,529
Defined benefit plan (note 17(a))	**195**	118	223
Defined contribution plan	**218**	118	102
Residual retirement gratuities (note 17(b))	**48**	14	13
Compulsory social security obligations	**147**	136	107
Equity settled share-based payments	**4**	16	7
Other personnel expenses	**1,032**	1,019	853
	4,950	4,143	3,834
(b) Other non-interest expense			
Legal and professional fees	**634**	392	398
Rent, repairs, maintenance and security costs	**407**	342	358
Software licensing and other information technology costs	**932**	609	544
Electricity, water and telephone charges	**319**	283	265
Advertising, marketing costs and sponsoring	**227**	131	79
Postage, courier and stationery costs	**197**	199	156
Insurance costs	**187**	159	129
Others	**273**	128	88
of which short term leases	***21***	*8*	*3*
of which low value leases	***-***	*-*	*6*
of which variable leases	***-***	*14*	*10*
	3,176	2,243	2,017

28. NET IMPAIRMENT OF FINANCIAL ASSETS

	2023 RS'M	2022 RS'M	2021 RS'M
Net allowance for credit impairment			
Cash and cash equivalents	**(6)**	(17)	41
Loans and advances			
Loans to and placements with banks	**315**	217	246
Loans and advances to customers	**3,677**	3,448	4,431
Investment securities			
Amortised cost	**58**	(1)	(1)
Fair value through other comprehensive income	**(1)**	76	(1)
Off balance sheet exposures	**(25)**	95	154
	4,018	3,818	4,870
Recoveries of advances previoulsy written off	**(498)**	(426)	(269)
	3,520	3,392	4,601

29. INCOME TAX EXPENSE

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

	2023	2022	2021
	RS'M	RS'M	RS'M
Income tax based on the adjusted profit	**2,498**	1,286	1,185
Deferred tax	**(590)**	(377)	(493)
Effect of change in tax rate	**289**	-	-
Special levy on banks	**645**	624	556
Corporate social responsibility contribution	**98**	114	107
(Under)/Over provision in previous years	**1**	(1)	-
Charge for the year	**2,941**	1,646	1,355

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

	2023	2022	2021
Profit before tax	**15,900**	10,594	8,751
Less share of profit of associates	**(544)**	(475)	(337)
	15,356	10,119	8,414
Tax calculated at applicable tax rates	**2,185**	1,108	1,027
Effect of change in tax rate	**289**	-	-
Impact of:			
Income not subject to tax	**(1,153)**	(471)	(570)
Expenses not deductible for tax purposes	**882**	278	235
Tax credits	**(6)**	(6)	-
Special levy on banks	**645**	624	556
Corporate social responsibility contribution	**98**	114	107
(Under)/Over provision in previous years	**1**	(1)	-
Tax charge	**2,941**	1,646	1,355

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 was abolished for income tax purposes and a new tax regime was applicable for the banking sector.
Accordingly, the Bank was subjected to income tax of 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 a reduced rate of 5% on the remainder, subject to meeting prescribed conditions.
The Mauritius Revenue Authority is now of the view that the lapsing of the prescribed conditions implies that banks should no longer apply the reduced rate of 5% on chargeable profits in excess of the base year profit as from the year ended 30 June 2022.

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

	2023	2022	2021
Remeasurement of defined benefit pension plan and retirement residual gratuities	**263**	1,758	(2,423)
Deferred tax (credit)/charge	**(39)**	(229)	315
Remeasurement of defined benefit pension plan and retirement residual gratuities, net of deferred tax	**224**	1,529	(2,108)

30. DIVIDENDS

	2023	2022	2021
	RS'M	RS'M	RS'M
Dividends in cash			
Opening dividend payable	**1,534**	2,000	-
Declared during the year	**4,325**	3,734	2,000
Paid during the year	**(3,559)**	(4,200)	-
Closing dividend payable	**2,300**	1,534	2,000

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.

	2023	2022	2021
	RS'M	RS'M	RS'M
Profit for the year	**12,959**	8,948	7,396
Weighted average number of ordinary shares (thousands)	**887,960**	887,960	689,056
Earnings per share (Rs)	**14.59**	10.08	10.73

32. COMMITMENTS

(a) Capital commitments

	2023 RS'M	2022 RS'M	2021 RS'M
Expenditure contracted for but not incurred	**197**	192	152
Expenditure approved by the Board but not contracted for	**92**	121	135

(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.

	2023 RS'M	2022 RS'M	2021 RS'M
Government of Mauritius & Bank of Mauritius bonds with Bank of Mauritius	**7,631**	7,113	6,413
Government of Mauritius & Bank of Mauritius bonds with other financial institutions	**37,647**	32,620	46,961
	45,278	39,733	53,374

33. NET CASH FLOWS FROM TRADING ACTIVITIES

	2023 RS'M	2022 RS'M	2021 RS'M
Continuing operations			
Operating profit	**15,356**	10,119	8,414
Increase in other assets	**(8,234)**	(3,369)	(6,014)
Increase in other liabilities	**2,957**	374	1,950
Net (increase)/decrease in derivative financial instruments	**(57)**	(312)	407
Net (increase)/decrease in investment securities at fair value through profit or loss	**(1,387)**	17,612	(5,883)
(Release)/additional provision for employee benefits	**(104)**	(94)	22
Additional provision for residual retirement gratuities	**48**	14	13
Charge/(release) for credit impairment:			
Loans and advances	**3,992**	3,665	4,677
Investment securities	**58**	(1)	(1)
Cash and cash equivalents	**(6)**	(17)	41
Off balance sheet	**(25)**	95	154
Investments fair valued through other comprehensive income	**(1)**	76	(1)
Exchange profit/(loss)	**108**	(88)	(646)
Depreciation of property, plant and equipment	**523**	527	556
Amortisation of intangible assets	**593**	430	321
(Profit)/Loss on disposal of property, plant and equipment	**(5)**	(3)	3
Loss on scrapped assets	**1**	1	-
Loss on disposal of debt investment securities fair valued through other comprehensive income	**-**	337	113
	13,817	29,366	4,126

34. NET CASH FLOWS FROM OTHER OPERATING ACTIVITIES

	2023	2022	2021
	RS'M	RS'M	RS'M
Net increase in deposits	**70,917**	16,937	103,876
Net increase in loans and advances	**(17,152)**	(36,628)	(56,166)
Purchase of investments at fair value through other comprehensive income	**(237)**	(5,523)	(36,560)
Proceeds from sale of investments at fair value through other comprehensive income	**1,781**	9,725	49,861
Net increase in investment securities at amortised cost	**(24,884)**	(61,221)	(54,541)
Net (decrease)/increase in other borrowed funds	**(6,258)**	16,056	24,255
	24,167	**(60,654)**	**30,725**

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 2023	**1,617**	**-**	**3,542**	**634**	**182**	**22**
Net movements during the year	**1,617**	**-**	**593**	**29**	**(161)**	**(387)**
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
Deposits						
Balance at year end:						
30 June 2023	**1,593**	**272**	**6,032**	**28**	**415**	**261**
30 June 2022	1,188	241	5,830	59	528	557
30 June 2021	588	-	4,779	151	392	405
Amounts due from/(to)						
Balance at year end:						
30 June 2023	**1**	**(1,910)**	**140**	**96**	-	-
30 June 2022	366	(1,534)	152	88	-	-
30 June 2021	1	(2,000)	128	87	-	-
Off Balance sheet items						
Balance at year end:						
30 June 2023	**-**	**-**	**2,572**	**3**	**-**	**237**
30 June 2022	-	-	2,625	74	-	195
30 June 2021	-	-	2,169	714	-	192
Interest income						
For the year ended:						
30 June 2023	**38**	**-**	**191**	**17**	**5**	**1**
30 June 2022	-	-	122	6	3	14
30 June 2021	-	-	118	12	2	14
Interest expense						
For the year ended:						
30 June 2023	**7**	**-**	**147**	**1**	**8**	**-**
30 June 2022	-	-	4	1	2	-
30 June 2021	-	-	3	1	2	-
Other income						
For the year ended:						
30 June 2023	**1**	**-**	**150**	**399**	**3**	**1**
30 June 2022	1	-	149	371	3	4
30 June 2021	1	-	128	144	3	2
Non-interest expense						
For the year ended:						
30 June 2023	**(1)**	**-**	**(16)**	**-**	**-**	**-**
30 June 2022	(1)	-	10	-	-	-
30 June 2021	-	-	139	-	-	-

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 2,300M for 2022/2023, Rs 1,534M for 2021/2022 and Rs 2,000M for 2020/2021.

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 as per the Group's transfer pricing policy.

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, 50,114 share options were exercised under the Group Employee Share Option scheme by Key Management Personnel, including Executive Directors amounting to Rs 20M(FY 2021/2022: 88,343 share options for Rs 22M; FY 2020/2021: 80,345 share options for Rs 17M).

Key Management Personnel compensation

	2023 RS'M	2022 RS'M	2021 RS'M
Remuneration and other benefits relating to Key Management Personnel, including Directors, were as follows :			
Salaries and short term employee benefits	**139**	121	124
Post employment benefits	**12**	9	11
	151	130	135

36. OPERATING SEGMENTS

The Bank's Chief Executive Officer, supported by the Board is considered as the Chief Operation Decision Maker (CODM) for the purpose of identifying the Bank's reportable segment. The Chief Operation Decision Maker reviews the Bank's performance based on the identified segments which enable management to assess its performance towards meeting its strategic intent of "extending our frontier." Furthermore, internal management reports cover the performance of the domestic and international markets. The Bank's reportable segment under IFRS 8 are:

1. Domestic segment - This segment englobes all our banking activities and other financial services offered to customers in Mauritius ranging from deposit taking, provision of loan, card services and other investment products.

2. International segment - This segment relates to the provision of financial services to customers outside Mauritius.

Reported segment profit or loss information

	DOMESTIC			INTERNATIONAL		
	2023 RS'M	2022 RS'M	2021 RS'M	**2023 RS'M**	2022 RS'M	2021 RS'M
Interest income using the effective interest method	**14,922**	10,079	9,815	**16,817**	6,391	5,813
Interest expense	**(6,442)**	(1,106)	(1,031)	**(6,817)**	(1,431)	(907)
Net fee and commission income	**2,718**	2,213	1,834	**3,126**	2,963	2,032
Dividend income	**27**	23	27	**75**	56	9
Operating income	**13,078**	12,805	11,558	**15,040**	8,049	8,185
Depreciation of property, plant and equipment	**(470)**	(491)	(518)	**(53)**	(36)	(38)
Amortisation of intangible assets	**(506)**	(397)	(296)	**(87)**	(33)	(25)
Net impairment of financial assets	**1,042**	146	(1,286)	**(4,562)**	(3,538)	(3,315)
Operating profit (adjusted)	**6,846**	6,670	4,674	**8,971**	3,699	4,078
Share of profit of associates	**-**	-	-	**544**	475	337
Profit before tax (adjusted)	**6,846**	6,670	4,674	**9,515**	4,174	4,415
Income tax expense	**(1,705)**	(1,282)	(1,333)	**(1,826)**	(741)	(515)
Profit for the year (adjusted)	**5,141**	5,388	3,341	**7,689**	3,433	3,900

Reported segment asset and liabilities information						
Loan and advances to customers	**155,852**	142,877	140,314	**173,798**	163,771	116,436
Deposit from customers	**344,709**	320,058	286,950	**202,877**	161,045	166,878
Total Assets (adjusted)	**400,080**	389,681	339,773	**358,367**	273,032	283,361
Total Liabilities (adjusted)	**377,939**	340,865	321,191	**308,279**	256,439	241,054

Reconciliation of reported profit or loss

	2023 RS'M	2022 RS'M	2021 RS'M
Total profit or loss for reportable segments	**12,830**	8,821	7,241
Adjustment to pension expense	**(461)**	(250)	(338)
Adjustment for deferred tax	**590**	377	493
Profit for the year	**12,959**	8,948	7,396

Reconciliation of assets and liabilities

	2023 RS'M	2022 RS'M	2021 RS'M
Total assets for reportable segment	**758,447**	662,713	623,134
Deferred tax	**2,710**	1,804	1,189
Post employee benefit asset	**455**	-	1,218
	761,612	664,517	625,541
Total liabilities for reportable segment	**686,218**	597,304	562,245
Post employee benefit liability	**-**	460	-
	686,218	597,764	562,245

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 2023

		2023			2022			2021		
		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
	Note									
ASSETS										
Cash and cash equivalents		**113,609**	**54,599**	**59,010**	64,594	54,648	9,946	101,154	23,475	77,679
Derivative financial instruments	37(a)	**1,214**	**45**	**1,169**	438	200	238	1,035	98	937
Loans to and placements with banks	37(b)	**14,092**	**-**	**14,092**	23,934	-	23,934	40,869	39	40,830
Loans and advances to customers	37(c)	**329,650**	**155,852**	**173,798**	306,648	142,877	163,771	256,750	140,314	116,436
Investment securities	37(d)	**247,405**	**147,455**	**99,950**	222,823	157,848	64,975	183,560	144,971	38,589
Investment in subsidiary	37(e)	**118**	**-**	**118**	118	-	118	118	-	118
Investments in associates	37(e)	**6,084**	**-**	**6,084**	5,569	-	5,569	5,820	-	5,820
Intangible assets	37(f)	**2,211**	**2,211**	**-**	1,896	1,896	-	1,462	1,462	-
Property, plant and equipment	37(g)	**5,003**	**5,003**	**-**	4,951	4,951	-	5,211	5,211	-
Deferred tax assets		**2,710**	**525**	**2,185**	1,804	508	1,296	1,189	386	803
Post employee benefit asset		**455**	**455**	**-**	-	-	-	1,218	1,218	-
Other assets	37(h)	**39,061**	**34,915**	**4,146**	31,742	27,261	4,481	27,155	24,203	2,952
Total assets		**761,612**	**401,060**	**360,552**	664,517	390,189	274,328	625,541	341,377	284,164
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from banks	37(i)	**15,752**	**240**	**15,512**	11,318	254	11,064	21,656	223	21,433
Deposits from customers	37(j)	**547,586**	**344,709**	**202,877**	481,103	320,058	161,045	453,828	286,950	166,878
Derivative financial instruments	37(a)	**1,216**	**64**	**1,152**	497	163	334	1,406	198	1,208
Other borrowed funds	37(k)	**84,422**	**18,740**	**65,682**	92,755	9,961	82,794	74,626	24,158	50,468
Debt securities	37(l)	**13,759**	**-**	**13,759**	-	-	-	-	-	-
Subordinated liabilities	37(m)	**7,059**	**-**	**7,059**	684	-	684	875	-	875
Current tax liabilities		**2,872**	**1,719**	**1,153**	1,148	890	258	1,031	933	98
Post employee benefit liability		**-**	**-**	**-**	460	460	-	-	-	-
Other liabilities	37(n)	**13,552**	**12,467**	**1,085**	9,799	9,539	260	8,823	8,729	94
Total liabilities		**686,218**	**377,939**	**308,279**	597,764	341,325	256,439	562,245	321,191	241,054
Shareholder's equity										
Stated capital		**8,880**	**8,880**	**-**	8,880	8,880	-	8,880	8,880	-
Retained earnings		**56,625**	**56,625**	**-**	48,161	48,161	-	45,343	45,343	-
Other components of equity		**9,889**	**9,051**	**838**	9,712	9,155	557	9,073	8,575	498
Total equity		**75,394**	**74,556**	**838**	66,753	66,196	557	63,296	62,798	498
Total equity and liabilities		**761,612**	**452,495**	**309,117**	664,517	407,521	256,996	625,541	383,989	241,552
CONTINGENT LIABILITIES (NET)	37(0)	**121,559**	**31,361**	**90,198**	120,441	25,116	95,325	117,712	23,085	94,627

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

Statement of profit or loss for the year ended 30 June 2023

		2023			2022			2021		
		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
	Note									
Interest income using the effective interest method	37(p)	31,739	14,922	16,817	16,470	10,079	6,391	15,628	9,815	5,813
Interest expense	37(q)	(13,259)	(6,442)	(6,817)	(2,537)	(1,106)	(1,431)	(1,938)	(1,031)	(907)
Net interest income		18,480	8,480	10,000	13,933	8,973	4,960	13,690	8,784	4,906
Fee and commission income	37(r)	8,414	4,041	4,373	7,233	3,272	3,961	4,934	2,345	2,589
Fee and commission expense	37(s)	(2,570)	(1,323)	(1,247)	(2,057)	(1,059)	(998)	(1,068)	(511)	(557)
Net fee and commission income		5,844	2,718	3,126	5,176	2,213	2,963	3,866	1,834	2,032
Profit arising from dealing in foreign currencies		2,769	1,592	1,177	1,717	1,347	370	1,227	806	421
Net gain/(loss) from equity financial instruments carried at fair value through profit or loss		564	-	564	(291)	-	(291)	611	-	611
Net gain(loss) from other financial instruments carried at fair value	37(t)	280	233	47	163	218	(55)	165	88	77
Dividend income	37(u)	102	27	75	79	23	56	36	27	9
Other operating income		79	28	51	77	31	46	148	19	129
		3,794	1,880	1,914	1,745	1,619	126	2,187	940	1,247
Operating income		28,118	13,078	15,040	20,854	12,805	8,049	19,743	11,558	8,185
Non-interest expense										
Salaries and human resource costs	37(v)	(4,950)	(3,813)	(1,137)	(4,143)	(3,538)	(605)	(3,834)	(3,172)	(662)
Depreciation of property, plant and equipment		(523)	(470)	(53)	(527)	(491)	(36)	(556)	(518)	(38)
Amortisation of intangible assets		(593)	(506)	(87)	(430)	(397)	(33)	(321)	(296)	(25)
Other	37(w)	(3,176)	(2,776)	(400)	(2,243)	(2,021)	(222)	(2,017)	(1,898)	(119)
		(9,242)	(7,565)	(1,677)	(7,343)	(6,447)	(896)	(6,728)	(5,884)	(844)
Operating profit before impairment		18,876	5,513	13,363	13,511	6,358	7,153	13,015	5,674	7,341
Net impairment of financial assets	37(x)	(3,520)	1,042	(4,562)	(3,392)	146	(3,538)	(4,601)	(1,286)	(3,315)
Operating profit		15,356	6,555	8,801	10,119	6,504	3,615	8,414	4,388	4,026
Share of profit of associates		544	-	544	475	-	475	337	-	337
Profit before tax		15,900	6,555	9,345	10,594	6,504	4,090	8,751	4,388	4,363
Income tax expense	37(y)	(2,941)	(1,805)	(1,136)	(1,646)	(1,388)	(258)	(1,355)	(1,258)	(97)
Profit for the year		12,959	4,750	8,209	8,948	5,116	3,832	7,396	3,130	4,266

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

Statement of comprehensive income for the year ended 30 June 2023

	2023			2022			2021		
	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	12,959	4,750	8,209	8,948	5,116	3,832	7,396	3,130	4,266
Other comprehensive income/(expense):									
Items that will not be reclassified to profit or loss:									
Net fair value (loss)/gain on equity instruments	(38)	(108)	70	124	124	-	111	111	-
Reclassification adjustments on disposal of investments at fair value	-	-	-	-	-	-	(1)	(1)	-
Share of other comprehensive income of associates	54	-	54	24	-	24	-	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	(224)	(224)	-	(1,529)	(1,529)	-	2,108	2,108	-
	(208)	(332)	124	(1,381)	(1,405)	24	2,218	2,218	-
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations	294	-	294	(360)	-	(360)	576	-	576
Reclassification adjustments on disposal of investments at fair value	-	-	-	7	-	7	-	-	-
Net fair value (loss)/gain on debt instruments	(79)	(2)	(77)	(23)	(6)	(17)	(108)	2	(110)
	215	(2)	217	(376)	(6)	(370)	468	2	466
Other comprehensive income/(expense) for the year	7	(334)	341	(1,757)	(1,411)	(346)	2,686	2,220	466
Total comprehensive income for the year	12,966	4,416	8,550	7,191	3,705	3,486	10,082	5,350	4,732

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

(a) Derivative financial instruments

	2023			2022			2021		
	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	**470**	**24**	**446**	244	139	105	143	69	74
Interest rate swaps	**266**	**8**	**258**	44	-	44	733	3	730
Currency swaps	**43**	**13**	**30**	123	61	62	158	26	132
Commodities	**63**	**-**	**63**	14	-	14	-	-	-
Others	**372**	**-**	**372**	13	-	13	1	-	1
	1,214	**45**	**1,169**	438	200	238	1,035	98	937
(ii) Fair value liabilities									
Currency forwards	**473**	**39**	**434**	255	110	145	98	46	52
Interest rate swaps	**627**	**10**	**617**	64	9	55	895	-	895
Currency swaps	**47**	**15**	**32**	164	44	120	413	152	261
Commodities	**63**	**-**	**63**	14	-	14	-	-	-
Others	**6**	**-**	**6**	-	-	-	-	-	-
	1,216	**64**	**1,152**	497	163	334	1,406	198	1,208

(b) Loans to and placements with banks

	2023 TOTAL	2023 Seg A	2023 Seg B	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B
(i) Loans to and placements with banks									
in Mauritius	**-**	**-**	**-**	815	815	-	39	39	-
outside Mauritius	**77,917**	**-**	**77,917**	34,375	-	34,375	119,815	1,000	118,815
	77,917	**-**	**77,917**	35,190	815	34,375	119,854	1,039	118,815
Less:									
Loans and placements with original maturity less than 3 months and included in cash and cash equivalents	**(63,037)**	**-**	**(63,037)**	(10,783)	(815)	(9,968)	(78,728)	(1,000)	(77,728)
	14,880	**-**	**14,880**	24,407	-	24,407	41,126	39	41,087
Less allowances for credit impairment	**(788)**	**-**	**(788)**	(473)	-	(473)	(257)	-	(257)
	14,092	**-**	**14,092**	23,934	-	23,934	40,869	39	40,830
(ii) Remaining term to maturity									
Up to 3 months	**-**	**-**	**-**	9,077	-	9,077	29,577	39	29,538
Over 3 months and up to 6 months	**8,278**	**-**	**8,278**	2,752	-	2,752	5,248	-	5,248
Over 6 months and up to 1 year	**2,139**	**-**	**2,139**	8,651	-	8,651	1,014	-	1,014
Over 1 year and up to 5 years	**-**	**-**	**-**	3,747	-	3,747	4,965	-	4,965
Over 5 years	**4,463**	**-**	**4,463**	180	-	180	322	-	322
	14,880	**-**	**14,880**	24,407	-	24,407	41,126	39	41,087

(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 2022	**473**	**-**	**-**	**473**	**473**	**-**
Provision for credit impairment for the year	**657**	**-**	**-**	**657**	**657**	**-**
Provision released during the year	**(76)**	**-**	**-**	**(76)**	**(76)**	**-**
Financial assets that have been derecognised	**(257)**	**-**	**-**	**(257)**	**(257)**	**-**
Changes in models/risk parameters	**(9)**	**-**	**-**	**(9)**	**(9)**	**-**
Provision and interest in suspense at 30 June 2023	**788**	**-**	**-**	**788**	**788**	**-**
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

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

(c) Loans and advances to customers

	2023			2022			2021		
	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	**979**	**954**	**25**	912	896	16	821	804	17
Mortgages	**37,332**	**36,053**	**1,279**	34,336	33,162	1,174	32,177	31,020	1,157
Other retail loans	**9,976**	**9,254**	**722**	9,260	8,487	773	10,118	9,280	838
Corporate customers	**132,670**	**113,392**	**19,278**	120,129	104,879	15,250	123,015	105,708	17,307
Governments	**-**	**-**	**-**	-	-	-	244	-	244
Entities outside Mauritius	**164,981**	**-**	**164,981**	153,883	-	153,883	103,395	-	103,395
	345,938	**159,653**	**186,285**	318,520	147,424	171,096	269,770	146,812	122,958
Less:									
Allowances for credit impairment	**(16,288)**	**(3,801)**	**(12,487)**	(11,872)	(4,547)	(7,325)	(13,020)	(6,498)	(6,522)
	329,650	**155,852**	**173,798**	306,648	142,877	163,771	256,750	140,314	116,436

(i) Remaining term to maturity

	2023 TOTAL	2023 Seg A	2023 Seg B	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B
Up to 3 months	**129,433**	**38,314**	**91,119**	127,589	37,117	90,472	81,354	40,541	40,813
Over 3 months and up to 6 months	**20,469**	**12,562**	**7,907**	13,672	3,998	9,674	4,856	3,717	1,139
Over 6 months and up to 1 year	**12,948**	**5,521**	**7,427**	7,731	3,448	4,283	15,557	4,348	11,209
Over 1 year and up to 5 years	**86,342**	**23,296**	**63,046**	84,709	28,643	56,066	78,673	23,340	55,333
Over 5 years	**96,746**	**79,960**	**16,786**	84,819	74,218	10,601	89,330	74,866	14,464
	345,938	**159,653**	**186,285**	318,520	147,424	171,096	269,770	146,812	122,958

(ii) Credit concentration of risk by industry sectors

	2023 TOTAL	2023 Seg A	2023 Seg B	2022 TOTAL	2022 Seg A	2022 Seg B	2021 TOTAL	2021 Seg A	2021 Seg B
Agriculture and fishing	**481**	**481**	**-**	715	715	-	5,115	5,115	-
Manufacturing	**7,562**	**7,562**	**-**	9,682	702	8,980	909	909	-
Tourism	**12,401**	**10,787**	**1,614**	18,145	14,286	3,859	17,818	14,074	3,744
Transport	**2,504**	**87**	**2,417**	195	103	92	9,046	16	9,030
Construction	**6,993**	**6,993**	**-**	6,361	6,361	-	11,223	11,223	-
Financial and business services	**13,683**	**13,683**	**-**	9,308	9,308	-	64,024	9,544	54,480
Traders	**216,036**	**9,609**	**206,427**	261,203	14,657	246,546	99,865	3,293	96,572
of which Petroleum & Energy products	***189,045***	***33***	***189,012***	*225,849*	-	*225,849*	*90,147*	-	*90,147*
Global Business Licence holders	**8,144**	**-**	**8,144**	9,626	-	9,626	10,217	-	10,217
Others	**8,218**	**907**	**7,311**	8,803	803	8,000	8,961	906	8,055
	276,022	**50,109**	**225,913**	324,038	46,935	277,103	227,178	45,080	182,098

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 2022	10,609	4,111	1,892	1,438	781	6,498	1,356	1,601	3,541
Exchange adjustment	82	-	-	-	-	82	-	-	82
Transfer to 12 months ECL	-	(3)	243	(180)	(66)	3	32	(27)	(2)
Transfer to lifetime ECL not credit impaired	-	-	(35)	49	(14)	-	(16)	650	(634)
Transfer to lifetime ECL credit impaired	-	-	(6)	(12)	18	-	(30)	(86)	116
Provision for credit impairment for the year	8,368	2,084	482	1,116	486	6,284	1,174	1,035	4,075
Provision released during the year	(3,471)	(2,178)	(1,319)	(686)	(173)	(1,293)	(521)	(758)	(14)
Financial assets that have been derecognised	(1,036)	(351)	(217)	(57)	(77)	(685)	(346)	(240)	(99)
Write offs	(195)	(187)	-	-	(187)	(8)	-	-	(8)
Changes in models/risk parameters	(184)	(87)	(82)	(5)	-	(97)	(91)	(6)	-
Provision at 30 June 2023	14,173	3,389	958	1,663	768	10,784	1,558	2,169	7,057
Interest in suspense	2,115	412	-	-	412	1,703	-	-	1,703
Provision and interest in suspense at 30 June 2023	16,288	3,801	958	1,663	1,180	12,487	1,558	2,169	8,760
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

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					
	2023					
	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	7,097	15	92	99	7	198
Manufacturing	9,416	41	54	164	21	239
Tourism	19,860	27	241	420	14	675
Transport	2,585	11	23	12	7	42
Construction	9,518	58	78	105	28	211
Financial and business services	37,774	277	139	224	204	567
Traders	21,259	717	169	52	468	689
of which Petroleum & Energy products	*331*	*-*	*5*	*-*	*-*	*5*
Personal	46,248	809	102	45	336	483
of which credit cards	*934*	*29*	*9*	*2*	*26*	*37*
of which housing	*36,053*	*475*	*46*	*20*	*160*	*226*
Professional	295	11	4	1	4	9
Global Business Licence holders	-	-	-	-	-	-
Others	5,601	261	56	540	92	688
Of which Energy and Commodities Asset Backed financing	*-*	*-*	*-*	*-*	*-*	*-*
	159,653	2,227	958	1,662	1,181	3,801

	Seg B					
	2023					
	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	1,053	618	1	67	897	965
Manufacturing	3,394	-	82	-	1	83
Tourism	8,955	434	136	969	430	1,535
Transport	4,829	-	76	-	-	76
Construction	3,357	-	29	-	-	29
Financial and business services	15,338	13	302	1	12	315
Traders	94,305	2	359	823	2	1,184
of which Petroleum & Energy products	*92,893*	*-*	*317*	*823*	*-*	*1,140*
Personal	2,026	40	22	19	21	62
of which credit cards	*25*	*1*	*-*	*1*	*1*	*2*
of which housing	*1,279*	*36*	*1*	*2*	*18*	*21*
Professional	-	-	-	-	-	-
Global Business Licence holders	23,849	7,285	44	63	6,595	6,702
Others	29,179	1,175	507	228	801	1,536
Of which Energy and Commodities Asset Backed financing	*17,126*	*890*	*74*	*89*	*746*	*909*
	186,285	9,567	1,558	2,170	8,759	12,487

	Total					
	2023					
	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	8,150	633	93	166	904	1,163
Manufacturing	12,810	41	136	164	22	322
Tourism	28,815	461	377	1,389	444	2,210
Transport	7,414	11	99	12	7	118
Construction	12,875	58	107	105	28	240
Financial and business services	53,112	290	441	225	216	882
Traders	115,564	719	528	875	470	1,873
of which Petroleum & Energy products	*93,224*	*-*	*322*	*823*	*-*	*1,145*
Personal	48,274	849	124	64	357	545
of which credit cards	*959*	*30*	*9*	*3*	*27*	*39*
of which housing	*37,332*	*511*	*47*	*22*	*178*	*247*
Professional	295	11	4	1	4	9
Global Business Licence holders	23,849	7,285	44	63	6,595	6,702
Others	34,780	1,436	563	768	893	2,224
Of which Energy and Commodities Asset Backed financing	*17,126*	*890*	*74*	*89*	*746*	*909*
	345,938	11,794	2,516	3,832	9,940	16,288

*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						Seg B					
	2022						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	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	6,125	54	117	111	12	240	1,467	610	3	20	428	451
Manufacturing	10,444	302	114	207	130	451	9,287	1	61	-	1	62
Tourism	22,194	125	633	523	36	1,192	10,080	-	254	904	-	1,158
Transport	2,804	18	49	1	7	57	2,443	-	125	-	-	125
Construction	9,756	574	118	17	330	465	3,612	-	108	-	-	108
Financial and business services	23,173	235	270	166	100	536	7,602	12	59	1	11	71
Traders	17,161	220	305	26	111	442	89,841	842	177	189	640	1,006
of which Petroleum & Energy products	*389*	*16*	*11*	*1*	*16*	*28*	*89,476*	*840*	*162*	*189*	*638*	*989*
Personal	41,862	864	185	60	354	599	1,874	39	34	5	14	53
of which credit cards	*852*	*22*	*10*	*1*	*20*	*31*	*14*	*1*	-	-	*1*	*1*
of which housing	*33,162*	*611*	*92*	*25*	*205*	*322*	*1,174*	*32*	*2*	*2*	*7*	*11*
Professional	911	82	11	1	57	69	91	1	1	-	1	2
Global Business Licence holders	-	-	-	-	-	-	16,175	7,414	142	25	3,080	3,247
Others	12,994	113	90	326	80	496	28,624	878	392	457	193	1,042
Of which Energy and Commodities Asset Backed financing	-	-	-	-	-	-	*16,041*	*807*	*97*	*168*	*183*	*448*
	147,424	2,587	1,892	1,438	1,217	4,547	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
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	107,002	1,062	482	215	751	1,448
of which Petroleum & Energy products	*89,865*	*856*	*173*	*190*	*654*	*1,017*
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	41,618	991	482	783	273	1,538
Of which Energy and Commodities Asset Backed financing	*16,041*	*807*	*97*	*168*	*183*	*448*
	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
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
of which Petroleum & Energy products	*595*	*254*	*6*	*1*	*210*	*217*
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
Global Business Licence holders	-	-	-	-	-	-
Others	4,774	69	57	420	36	513
Of which Energy and Commodities Asset Backed financing	-	-	-	-	-	-
	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
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	30,988	1,016	180	461	878	1,519
of which Petroleum & Energy products	*30,899*	*1,015*	*176*	*460*	*876*	*1,512*
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
Global Business Licence holders	19,770	1,809	208	1,216	568	1,992
Others	22,618	129	137	169	6	312
Of which Energy and Commodities Asset Backed financing	*12,597*		*24*	*40*		*64*
	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
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	50,673	1,653	402	515	1,267	2,184
of which Petroleum & Energy products	*31,494*	*1,269*	*182*	*461*	*1,086*	*1,729*
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
Global Business Licence holders	19,770	1,809	208	1,216	568	1,992
Others	27,392	198	194	589	42	825
Of which Energy and Commodities Asset Backed financing	*12,597*	-	*24*	*40*	-	*64*
	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)

(d) Investment securities

	2023			2022			2021		
	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	241,387	145,078	96,309	216,503	156,182	60,321	155,282	125,538	29,744
Less:									
Allowances for credit impairment on investment in debt securities at amortised cost	(415)	(210)	(205)	(357)	(294)	(63)	(358)	(337)	(21)
	240,972	144,868	96,104	216,146	155,888	60,258	154,924	125,201	29,723
Investment in debt and equity securities at:									
Fair value through other comprehensive income	1,936	1,202	734	3,567	1,262	2,305	7,914	1,752	6,162
Fair value through profit or loss	4,497	1,385	3,112	3,110	698	2,412	20,722	18,018	2,704
	247,405	147,455	99,950	222,823	157,848	64,975	183,560	144,971	38,589

As at 30 June 2023 and 2022, there were no credit impaired investments fair valued through other comprehensive income.
(Credit Impaired 2021:Rs101M/Provisions Rs 11M); 12 months expected credit loss - 2021: Rs 8M)

(i) Investment in debt securities at amortised cost

	2023			2022			2021		
	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
Government of Mauritius & Bank of Mauritius bonds	106,753	106,753	-	111,658	111,658	-	103,843	103,843	-
Treasury bills	33,446	9,912	23,534	20,809	16,327	4,482	7,415	167	7,248
Foreign bonds	72,775	-	72,775	55,839	-	55,839	22,000	-	22,000
Notes	28,019	28,019	-	27,813	27,813	-	21,643	21,147	496
Indexed linked note	394	394	-	384	384	-	381	381	-
	241,387	145,078	96,309	216,503	156,182	60,321	155,282	125,538	29,744

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 2022	357	294	-	63	-
Transfer to lifetime ECL not credit impaired	-	-	-	(5)	5
Provision for credit impairment for the year	370	173	-	135	62
Provision released during the year	(123)	(120)	-	-	(3)
Financial assets that have been derecognised	(31)	(31)	-	-	-
Changes in models/risk parameters	(158)	(106)	-	(53)	1
At 30 June 2023	415	210	-	140	65
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	-

(ii) Investment in debt and equity securities measured at fair value through other comprehensive income by levels

	2023			2022			2021		
	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)	861	861	-	961	961	-	797	797	-
Bonds (debt instrument)	125	124	1	1,662	103	1,559	6,182	726	5,456
	986	985	1	2,623	1,064	1,559	6,979	1,523	5,456
Unquoted - Level 2									
Investment fund (debt instrument)	590	-	590	675	-	675	677	-	677
Unquoted - Level 3									
Shares (equity instrument)	360	217	143	269	198	71	258	229	29
	1,936	1,202	734	3,567	1,262	2,305	7,914	1,752	6,162

(iii) Investment in debt and equity securities measured at fair value through profit or loss by levels

	2023			2022			2021		
	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)	136	-	136	-	-	-	1	-	1
Foreign shares (equity instrument)	2,976	-	2,976	2,412	-	2,412	2,703	-	2,703
	3,112	-	3,112	2,412	-	2,412	2,704	-	2,704
Unquoted - Level 2									
Government of Mauritius & Bank of Mauritius bonds (debt instrument)	1,021	1,021	-	196	196	-	1,251	1,251	-
Treasury bills (debt instrument)	364	364	-	502	502	-	16,767	16,767	-
	1,385	1,385	-	698	698		18,018	18,018	-
	4,497	1,385	3,112	3,110	698	2,412	20,722	18,018	2,704

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:

			2023			2022			2021		
	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
The Mauritius Commercial Bank(Madagascar) S.A	**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, S.A	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 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**
Share of profit of associates	**489**	**55**	**-**	**544**
Exchange differences on translating foreign operations	**287**	**7**	**-**	**294**
Share of other movements in associates	**54**	**-**	**-**	**54**
Dividend received from associates	**(410)**	**-**	**-**	**(410)**
Adjustments	**-**	**3**	**30**	**33**
At 30 June 2023	**4,913**	**628**	**543**	**6,084**

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 1 July 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**
Additions	**13**	**895**	**908**
Adjustment	**675**	**-**	**675**
Transfer	**1,172**	**(1,172)**	**-**
At 30 June 2023	**4,333**	**237**	**4,570**
Accumulated Amortisation			
At 1 July 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**
Charge for the year	**593**	**-**	**593**
Adjustment	**675**	**-**	**675**
At 30 June 2023	**2,359**	**-**	**2,359**
Net book values - Segment A			
At 30 June 2023	**1,974**	**237**	**2,211**
At 30 June 2022	1,382	514	1,896
At 30 June 2021	996	466	1,462

Intangible assets are classified as non-current assets.

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 1 July 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**
Additions	**14**	**273**	**20**	**178**	**132**	**617**
Scrap	**-**	**(78)**	**(1)**	**-**	**-**	**(79)**
Disposals	**-**	**(4)**	**(16)**	**-**	**-**	**(20)**
Adjustment on re-measurement	**-**	**-**	**-**	**-**	**(39)**	**(39)**
Adjustment	**-**	**105**	**-**	**-**	**-**	**105**
Transfer	**40**	**72**	**31**	**(143)**	**-**	**-**
At 30 June 2023	**4,832**	**3,887**	**973**	**183**	**419**	**10,294**
Accumulated depreciation						
At 1 July 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**
Charge for the year	**81**	**324**	**58**	**-**	**60**	**523**
Scrap adjustment	**-**	**(78)**	**-**	**-**	**-**	**(78)**
Adjustment	**-**	**105**	**-**	**-**	**-**	**105**
Disposal adjustment	**-**	**(4)**	**(14)**	**-**	**-**	**(18)**
At 30 June 2023	**1,247**	**3,136**	**680**	**-**	**228**	**5,291**
Net book values - Segment A						
At 30 June 2023	**3,585**	**751**	**293**	**183**	**191**	**5,003**
At 30 June 2022	3,612	730	303	148	158	4,951
At 30 June 2021	3,629	973	324	149	136	5,211

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

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

(h) Other assets

	2023			2022			2021		
	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	**30,639**	**30,639**	**-**	24,146	24,146	-	21,990	21,990	-
Prepayments & other receivables	**1,939**	**1,499**	**440**	1,880	1,238	642	1,126	993	133
Credit card clearing	**1,162**	**1,162**	**-**	490	490	-	152	152	-
Non-banking assets acquired in satisfaction of debts*	**104**	**104**	**-**	101	101	-	79	79	-
Impersonal & other accounts	**5,217**	**1,511**	**3,706**	5,125	1,286	3,839	3,808	989	2,819
	39,061	**34,915**	**4,146**	31,742	27,261	4,481	27,155	24,203	2,952

* 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'.
Management has assessed the impact of ECLs on the balances as immaterial.

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

(i) Deposits from banks

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Demand deposits	7,795	240	7,555	5,205	254	4,951	16,955	223	16,732
Money market deposits with remaining term to maturity:									
Up to 3 months	2,870	-	2,870	4,271	-	4,271	2,570	-	2,570
Over 3 months and up to 6 months	3,893	-	3,893	-	-	-	1,663	-	1,663
Over 6 months and up to 1 year	1,150	-	1,150	1,799	-	1,799	427	-	427
Over 1 year and up to 5 years	44	-	44	43	-	43	41	-	41
	7,957	-	7,957	6,113	-	6,113	4,701	-	4,701
	15,752	240	15,512	11,318	254	11,064	21,656	223	21,433
Deposits from banks can be classified as:									
Current	15,708	240	15,468	11,275	254	11,021	21,615	223	21,392
Non-current	44	-	44	43	-	43	41	-	41

(j) Deposits from customers

(i) **Retail customers**

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Demand deposits	49,119	33,385	15,734	52,473	34,461	18,012	46,602	29,420	17,182
Savings deposits	195,731	184,940	10,791	185,371	175,279	10,092	169,830	160,437	9,393
Time deposits with remaining term to maturity:									
Up to 3 months	6,410	4,827	1,583	2,487	1,984	503	3,419	2,636	783
Over 3 months and up to 6 months	3,803	2,851	952	1,679	1,313	366	1,673	1,294	379
Over 6 months and up to 1 year	6,445	4,702	1,743	3,490	2,988	502	3,302	2,845	457
Over 1 year and up to 5 years	12,069	9,789	2,280	9,760	8,734	1,026	9,320	8,495	825
Over 5 years	30	22	8	6	5	1	8	7	1
	28,757	22,191	6,566	17,422	15,024	2,398	17,722	15,277	2,445
	273,607	240,516	33,091	255,266	224,764	30,502	234,154	205,134	29,020

(ii) **Corporate customers**

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Demand deposits	205,448	83,899	121,549	200,862	83,559	117,303	193,036	67,625	125,411
Savings deposits	5,452	5,420	32	5,342	5,339	3	6,145	6,138	7
Time deposits with remaining term to maturity:									
Up to 3 months	33,943	7,428	26,515	11,903	2,892	9,011	12,598	4,124	8,474
Over 3 months and up to 6 months	7,662	3,441	4,221	2,640	1,004	1,636	2,315	637	1,678
Over 6 months and up to 1 year	13,613	1,892	11,721	3,354	1,102	2,252	4,131	2,091	2,040
Over 1 year and up to 5 years	7,710	1,962	5,748	1,631	1,293	338	1,326	1,078	248
Over 5 years	-	-	-	1	1	-	-	-	-
	62,928	14,723	48,205	19,529	6,292	13,237	20,370	7,930	12,440
	273,828	104,042	169,786	225,733	95,190	130,543	219,551	81,693	137,858

(iii) **Government**

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Demand deposits	95	95	-	45	45	-	54	54	-
Savings deposits	56	56	-	59	59	-	69	69	-
	151	151	-	104	104	-	123	123	-
	547,586	344,709	202,877	481,103	320,058	161,045	453,828	286,950	166,878
Deposits from customers can be classified as:									
Current	527,777	332,936	194,841	469,705	310,025	159,680	443,174	277,370	165,804
Non-current	19,809	11,773	8,036	11,398	10,033	1,365	10,654	9,580	1,074

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

(k) Other borrowed funds

(i) Other borrowed funds comprise the following:

	2023			2022			2021		
	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	18,740	18,740	-	9,961	9,961	-	24,158	24,158	-
abroad	65,682	-	65,682	82,794	-	82,794	50,468	-	50,468
	84,422	18,740	65,682	92,755	9,961	82,794	74,626	24,158	50,468

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

(ii) Remaining term to maturity:

	2023 TOTAL	Seg A	Seg B	2022 TOTAL	Seg A	Seg B	2021 TOTAL	Seg A	Seg B
On demand or within a period not exceeding 1 year	37,705	14,104	23,601	24,181	3,207	20,974	43,844	15,611	28,233
Within a period of more than 1 year but not				-			-		
exceeding 3 years	41,800	4,636	37,164	57,962	6,754	51,208	17,154	8,547	8,607
Within a period of more than 3 years	4,917	-	4,917	10,612	-	10,612	13,628	-	13,628
	84,422	18,740	65,682	92,755	9,961	82,794	74,626	24,158	50,468

(l) Debt securities

Senior unsecured notes

	2023 TOTAL	Seg A	Seg B
5-year senior unsecured notes maturing in 2028 at a fixed coupon rate of 7.95%	13,506	-	13,506
Exchange adjustments and others	253	-	253
	13,759	-	13,759

(m) Subordinated liabilities

	2023 TOTAL	Seg A	Seg B	2022 TOTAL	Seg A	Seg B	2021 TOTAL	Seg A	Seg B
USD 30M subordinated debt maturing in August 2023 at an average interest rate of 6.1% (2022 and 2021: 3.5%)	684	-	684	875	-	875	1,013	-	1,013
Repayment of USD 9M during the year (2022: USD 5.3M, 2021: USD 4.5M)	(404)	-	(404)	(225)	-	(225)	(179)	-	(179)
USD 147M floating rate unsecured Tier 2 notes maturing on 30 March 2033 at an average interest rate of 8.6%	6,689		6,689						
Exchange adjustments and others	90	-	90	34	-	34	41	-	41
	7,059	-	7,059	684	-	684	875	-	875

(n) Other liabilities

	2023 TOTAL	Seg A	Seg B	2022 TOTAL	Seg A	Seg B	2021 TOTAL	Seg A	Seg B
Allowances for credit impairment on off balance sheet exposures	459	275	184	484	283	201	389	312	77
Lease liabilities	200	200	-	163	163	-	139	139	-
Impersonal, other accounts and deferred income	10,593	9,692	901	7,618	7,559	59	6,295	6,278	17
Proposed dividend	2,300	2,300	-	1,534	1,534	-	2,000	2,000	-
	13,552	12,467	1,085	9,799	9,539	260	8,823	8,729	94

(o) Contingent liabilities

(i) Instruments

	2023 TOTAL	Seg A	Seg B	2022 TOTAL	Seg A	Seg B	2021 TOTAL	Seg A	Seg B
Guarantees on account of customers	51,287	23,689	27,598	60,460	16,959	43,501	71,930	17,282	54,648
Letters of credit and other obligations on account of customers (net)	56,528	3,005	53,523	46,320	3,394	42,926	38,028	1,160	36,868
Other contingent items (net)	1,473	-	1,473	3,537	-	3,537	2,539	57	2,482
	109,288	26,694	82,594	110,317	20,353	89,964	112,497	18,499	93,998
(ii) Commitments									
Loans and other facilities, including undrawn credit facilities	12,260	4,656	7,604	10,124	4,763	5,361	5,215	4,586	629
(iii) Tax assessments	11	11	-	-	-	-	-	-	-
	121,559	31,361	90,198	120,441	25,116	95,325	117,712	23,085	94,627

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

(p) Interest income using the effective interest method

	2023			2022			2021		
	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	**3,620**	**309**	**3,311**	649	7	642	577	168	409
Loans and advances to customers	**20,882**	**8,982**	**11,900**	11,375	5,905	5,470	11,061	5,780	5,281
Investments at amortised cost	**7,199**	**5,605**	**1,594**	4,411	4,151	260	3,891	3,845	46
Investments at fair value through other comprehensive income	**38**	**26**	**12**	35	16	19	99	22	77
	31,739	**14,922**	**16,817**	16,470	10,079	6,391	15,628	9,815	5,813

(q) Interest expense

	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
Deposits from banks	**269**	**-**	**269**	20	-	20	16	-	16
Deposits from customers	**8,093**	**5,309**	**2,784**	948	867	81	883	732	151
Debt securities	**192**	**-**	**192**	-					
Subordinated liabilities	**177**	**-**	**177**	26	-	26	31	-	31
Other borrowed funds	**4,511**	**1,116**	**3,395**	1,536	232	1,304	1,002	293	709
Leases	**17**	**17**	**-**	7	7	-	6	6	-
	13,259	**6,442**	**6,817**	2,537	1,106	1,431	1,938	1,031	907

(r) Fee and commission income

	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
Cards and other related fees	**3,697**	**2,439**	**1,258**	2,930	1,991	939	1,686	1,181	505
Trade finance fees	**1,283**	**164**	**1,119**	1,417	96	1,321	997	122	875
Transaction fees	**1,220**	**753**	**467**	1,043	591	452	925	533	392
Guarantee fees	**1,319**	**216**	**1,103**	943	196	747	381	160	221
Loan related	**484**	**242**	**242**	459	204	255	368	165	203
Private banking and wealth management fees	**391**	**221**	**170**	423	190	233	497	171	326
Others	**20**	**6**	**14**	18	4	14	80	13	67
	8,414	**4,041**	**4,373**	7,233	3,272	3,961	4,934	2,345	2,589

(s) Fee and commission expense

	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
Cards and other related fees	**2,166**	**1,322**	**844**	1,655	1,059	596	786	510	276
Loan related and trade finance fees	**379**	**-**	**379**	377	-	377	258	-	258
Transaction fees	**25**	**1**	**24**	25	-	25	24	1	23
	2,570	**1,323**	**1,247**	2,057	1,059	998	1,068	511	557

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

	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
Net gain/(loss) from derivative financial instruments fair valued through profit or loss	**55**	**25**	**30**	243	(9)	252	168	1	167
Net gain from investment securities fair valued through profit or loss	**209**	**207**	**2**	254	225	29	110	87	23
Net loss from investment securities fair valued through other comprehensive income	**-**	**-**	**-**	(337)	-	(337)	(113)	-	(113)
Net gain from other investment securities	**16**	**1**	**15**	3	2	1	-	-	-
	280	**233**	**47**	163	218	(55)	165	88	77

(u) Dividend income

	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 investments FVOCI	**24**	**24**	**-**	23	23	-	14	14	-
Quoted investments FVPL	**22**	**-**	**22**	11	-	11	9	-	9
Unquoted investments FVOCI	**25**	**3**	**22**	2	-	2	13	13	-
Subsidiary	**31**	**-**	**31**	43	-	43	-	-	-
	102	**27**	**75**	79	23	56	36	27	9

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

(v) Salaries and human resource costs

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Wages and salaries	**3,306**	**2,599**	**707**	2,722	2,341	381	2,529	2,109	420
Defined benefit plan	**195**	**113**	**82**	118	76	42	223	179	44
Defined contribution plan	**218**	**131**	**87**	118	76	42	102	94	8
Residual retirement gratuities	**48**	**47**	**1**	14	14	-	13	13	-
Compulsory social security obligations	**147**	**117**	**30**	136	116	20	107	91	16
Equity settled share-based payments	**4**	**4**	**-**	16	16	-	7	7	-
Other personnel expenses	**1,032**	**802**	**230**	1,019	899	120	853	679	174
	4,950	**3,813**	**1,137**	4,143	3,538	605	3,834	3,172	662

(w) Other non-interest expense

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Legal and professional fees	**634**	**435**	**199**	392	252	140	398	314	84
Rent,repairs,maintenance and security costs	**407**	**366**	**41**	342	322	20	358	336	22
Software licensing and other information technology costs	**932**	**910**	**22**	609	599	10	544	518	26
Electricity,water and telephone charges	**319**	**279**	**40**	283	253	30	265	238	27
Advertising, marketing costs and sponsoring	**227**	**140**	**87**	131	97	34	79	66	13
Postage,courier and stationery costs	**197**	**181**	**16**	199	186	13	156	144	12
Insurance costs	**187**	**164**	**23**	159	145	14	129	118	11
Others	**273**	**301**	**(28)**	128	167	(39)	88	164	(76)
of which short term leases	***21***	***21***	**-**	*8*	*8*	-	*3*	*3*	-
of which low value leases	**-**	**-**	**-**	-	-	-	6	*6*	-
of which variable leases	**-**	**-**	**-**	*14*	*14*	-	*10*	*10*	-
	3,176	**2,776**	**400**	2,243	2,021	222	2,017	1,898	119

(x) Net impairment of financial assets

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

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Allowance for credit impairment:									
Cash and cash equivalents	**(6)**	**(11)**	**5**	(17)	9	(26)	41	5	36
Loans and advances	**3,494**	**(939)**	**4,433**	3,239	(77)	3,316	4,408	1,138	3,270
Investment securities:									
Amortised cost	**58**	**(84)**	**142**	(1)	(43)	42	(1)	(13)	12
Fair value through other comprehensive income	**(1)**	**(1)**	**-**	76	(6)	82	(1)	(2)	1
Off balance sheet exposures	**(25)**	**(7)**	**(18)**	95	(29)	124	154	158	(4)
	3,520	**(1,042)**	**4,562**	3,392	(146)	3,538	4,601	1,286	3,315

(y) Income tax expense

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Current tax expense									
Current year	**3,241**	**1,431**	**1,810**	2,024	1,277	747	1,848	1,332	516
Under/(Over) provision in previous years	**1**	**1**	**-**	(1)	5	(6)	-	1	(1)
	3,242	**1,432**	**1,810**	2,023	1,282	741	1,848	1,333	515
Deferred tax	**(590)**	**100**	**(690)**	(377)	106	(483)	(493)	(75)	(418)
Effect of change in tax rate	**289**	**273**	**16**	-	-	-	-	-	-
Charge for the year	**2,941**	**1,805**	**1,136**	1,646	1,388	258	1,355	1,258	97

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

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Profit before tax:	**15,900**	**6,489**	**9,411**	10,594	6,504	4,090	8,751	4,388	4,363
Less share of profit of associates	**(544)**	**-**	**(544)**	(475)	-	(475)	(337)	-	(337)
	15,356	**6,489**	**8,867**	10,119	6,504	3,615	8,414	4,388	4,026
Tax calculated at applicable tax rates	**2,185**	**604**	**1,581**	1,108	479	629	1,027	579	448
Effect of change in tax rate	**289**	**273**	**16**	-	-	-	-	-	-
Impact of:									
Income not subject to tax	**(1,153)**	**(58)**	**(1,095)**	(471)	52	(523)	(570)	(118)	(452)
Expenses not deductible for tax purposes	**882**	**248**	**634**	278	120	158	235	133	102
Tax credits	**(6)**	**(6)**	**-**	(6)	(6)	-	-	-	-
Special levy on banks	**645**	**645**	**-**	624	624	-	556	556	-
Corporate Social Responsibility contribution	**98**	**98**	**-**	114	114	-	107	107	-
Under/(Over) provision in previous years	**1**	**1**	**-**	(1)	5	(6)	-	1	(1)
Tax charge	**2,941**	**1,805**	**1,136**	1,646	1,388	258	1,355	1,258	97

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

	2023 TOTAL RS'M	2023 Seg A RS'M	2023 Seg B RS'M	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
Remeasurement of defined benefit pension plan and retirement residual gratuities	**263**	**263**	**-**	1,758	1,758	-	(2,423)	(2,423)	**-**
Deferred tax (credit)/charge	**(39)**	**(39)**	**-**	(229)	(229)	-	315	315	**-**
Remeasurement of defined benefit		**-**	**-**						
pension plan and retirement residual gratuities, net of deferred tax	**224**	**224**	**-**	1,529	1,529	-	(2,108)	(2,108)	-