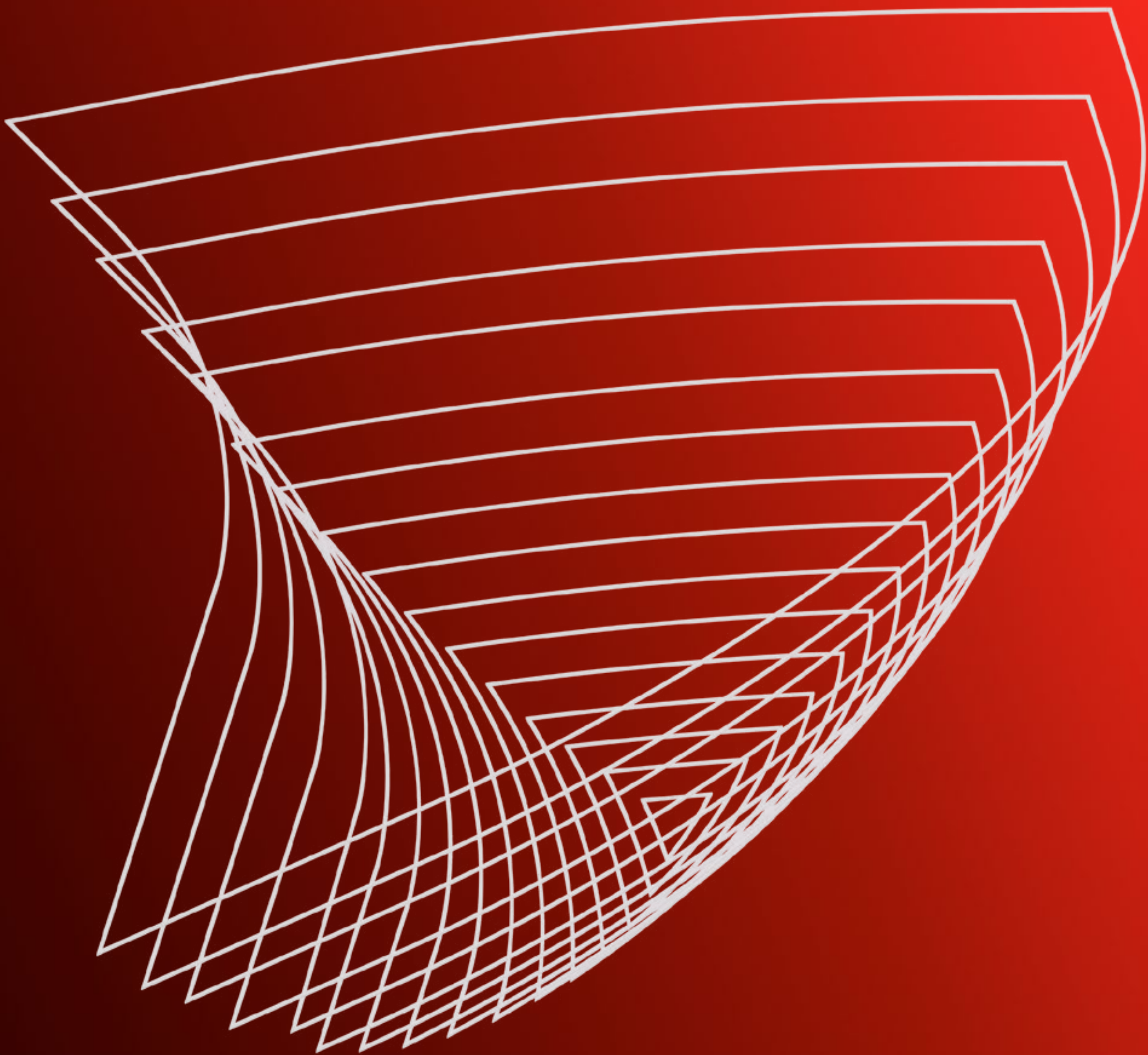
AFRASIA
bank different



ANNUAL REPORT 2022

IDEATE • CREATE • ELEVATE

Table of Contents

Dear Stakeholders,

As I started this journey as the Interim Chairperson of AfrAsia Bank as from the 1st April 2022, I was indulged in being part of this Bank and what it stood for. It is nearly 2 years that I have been serving on the Board and a few months have passed in my tenure as the Interim Chairperson and it goes without saying that AfrAsia Bank, as a young bank celebrating its 15 years of existence, has paved its way and made significant strides during this period to create solid pillars and establish strong fundamentals to place it today as one of the leaders in the Banking industry and one of the domestic systemically important bank in Mauritius with a solid international reach and presence and an ever-growing pool of trusting local and international clients.

This financial year was undoubtedly a year of transition and consolidation for AfrAsia Bank as the recently appointed Board of Directors embarked on a journey to reinforce the foundation of the Bank and infuse a renewed stability in the business and a review of the Bank's strategy to bring the right ambitions, synergies, manoeuvres, decisions and refine and enrich the business model through an optimisation of our balance sheet across all banking operations but keeping our customers at the heart of every step we take. As the Board is consolidating its forces through the appointment of optimally skilled and experienced members, it is with confidence that I can say that the Bank is embarking on next level of its transformation in a growth-centered blueprint as we will navigate through the incoming turbulences – including an increasing interest rate cycle - that the future may hold.

An enduring challenging global context

The global landscape was materially disrupted as we faced the multiple ripples of the COVID-19 pandemic over the past two years but as its impact on our economies was starting to diminish and a recovery era was to begin, hereby came another crisis, the Russo-Ukrainian war. This war which saw its origination back in February 2022 made a paramount impact on the already crippling world economy by slowing down the recovery momentum engaged across the world, so much so that "recession" is echoing all over.

The world at large is currently facing the co-existence of many macroeconomics dilemmas - Macroeconomic conditions are not in favour of the Asian region either as China continues to experience ongoing lockdowns to curb the contamination waves. On the other side of the world, US's economy has been significantly impacted by numerous headwinds and tailwinds over the year and as Mauritius's third largest market in terms of exports, the incidence of same has been significant for the Mauritian economy.

Amidst these ongoing concerns, the actual deal breaker remains the substantial and ongoing inflationary hits on the global supply chains. The high inflation rate environment induced has not spared Mauritius as the country once again found itself cornered by these external factors impeding its efforts in rebooting its economy. The Island has laudably spotted the disguised opportunities that these global happenings have birthed and promptly acted on those. For example, the Island has promoted the 'digital nomad' trend and consequently, Kayak, the world leading travel search engine, named Mauritius as the 4th best place in the World for remote working in 2022.

AfrAsia Bank has acted in the same vein. The Bank's agility, nimbleness and robust business model has enabled AfrAsia to continually serve its customers spread around the world across more than 160 countries whilst keeping a key focus on the wellbeing and development of its employees – all with the aim to have a continued business momentum in the long haul.

Performance, Capital Structure and Dividends

Undeniably, our financial year 2021-2022 was marked by the ongoing reeling effects of global happenings. Nonetheless, AfrAsia Bank has recorded a strong financial performance as at 30 June 2022 with a 56% increase in the Group Net Profit After Tax, reaching MUR 1.4bn bearing testimony of the volume growth in core activities due to an optimised balance sheet, efficient cost containment strategies and drop in impairment charges. Even though we were negatively impacted by the nosedive in interest margins, the agile execution of our business houses to comfort our deposit base and capitalise on its nimbleness to gear volatilities in its favour, the return on average equity stands at 16% compared to 12% in the last financial year. AfrAsia's continued prudent approach and customer-centric business model have been the key factors in driving a 10% increase in Total Assets, worth MUR 209.0bn as at end of June 2022. During the financial year under review, dividends of MUR 235.0m (MUR 2.08 per share) were paid to ordinary shareholders and MUR 65.0m (MUR 18.24 per share to the holders of Class A shares Series 1 and MUR 3.57 per share to be paid to the holders of Class A shares Series 2) were disbursed to Class A shareholders in line with the programme memorandum for this category of shares. AfrAsia Bank has successfully maintained its robustness with a regulatory capital base of MUR 10.3bn and a capital adequacy ratio of 15.76% against a regulatory limit of 13.50% as at 30 June 2022.

Consolidating our governance structure and culture

In addition to building on the resilience and robustness of our business model, the financial year 2021-2022 was also a transition year towards better corporate governance. A Board Effectiveness Survey was undertaken to highlight and address all shortcomings that hinder the establishment of a sound governance structure. I have worked with my fellow Directors and the Senior Management Team in order to address the core concerns on the governance front. With the aim to plug a renewed dynamism in the Bank and ensure that a healthy corporate culture is embedded in the organisation, we have increased our focus on supporting employees so they can better serve our customers. I am determined to make sure that this successful approach is upheld and the link between good corporate governance and organisational culture be deepened further to reinforce the Bank's foundation and sustainability.

Building and securing a promising future

As we look forward, the path before us is far from being a smoothly drawn one, as the pandemic has slowed down but the hawkish set of measures imposed by global economies, the ramifications of the ongoing Russia / Ukraine war, current supply chain issues and a rampant inflation showing no sign yet of winding down will create interesting and new challenges. But with every crisis come silver linings, as we must capitalise on our strengths and find new avenues of opportunities continue the Bank's growth journey to further broaden its revenue streams.

The global tourism industry pickup and Mauritius's exit from the FATF (Financial Action Task Force) Grey List following its compliance with all of the 40 recommendations, opens up an avenue of opportunities for the Mauritius International Financial Centre (IFC). Having retained its first position in Sub-Saharan Africa in the Economic Freedom of the World Report adds to the appeal of the country in financially connecting economies worldwide to this part of the world. Moreover, AfrAsia endorses the roadmap established by the Bank of Mauritius in its 'Future of Banking in Mauritius' report with the aim to build capacity and enhance human capital as yet another firm step in reinforcing the qualitative strength of the banking sector in Mauritius. As we can see, the country is expanding its global reach and cementing its image as a regional cross-border investment platform.

Building and securing a promising future (Cont'd)

As a key financial player, AfrAsia Bank is partaking in strengthening the foundation of the banking ecosystem of the country whilst leveraging the opportunities to further grow its business momentum in a more meaningful manner. Reinforcing our domestic foothold first and then boosting our regional reach to tap into the African powerhouse through our South African Representative Office will remain amongst the key opportunities for sustainable growth. The private capital landscape in Africa is on a positive growth trajectory, labour mobility worldwide has resumed, and many are tapping into the digital innovation landscape. With Mauritius' GDP expected to reach pre-pandemic levels and an expected growth of 6% for 2022, the resulting multiplier effect on business opportunities for the coming year is highly promising. AfrAsia, with its traditionally low loan-to-deposit ratio and optimised balance sheet management, is well positioned to take advantage of an expected increased interest rate cycle over the next 12 to 18 months and appropriately geared to capture the incoming volatilities.

In devising our growth strategy and solidifying our pillars to sustain our growth patterns, we will make it primordial that all is done with adequate adherence to good corporate governance, in line with our risk management framework and our unwavering fundamentals about serving the clients with a premium banking experience.

A Word of Thanks

As AfrAsia celebrates its 15th anniversary this October, I would like to thank the Board of Directors as well as AfrAsia's major shareholders for the confidence placed in me when appointing me as Interim Chairperson of the Bank. Since then, the Board has been working collectively as a team in a transition and consolidation phase. I would like to sincerely thank my fellow directors and the Senior Management Team for their support in the trying times as well as all the employees for their unflinching dedication in helping us steer AfrAsia towards calmer and stable waters. Last but not least, a wholehearted thank you to all our clients, shareholders and the community at large for their ongoing support and trust in the AfrAsia brand.

The future may be unpredictable, but I pen down this message with purpose and confidence that the Bank will manoeuvre its way around any turbulence that it may face to put the fulfilment of its stakeholders' satisfaction at the forefront of its agenda.

JEAN-RAYMOND REY

Interim Chairperson

Dear Valued Partner,

We have reached the end of another eventful financial year and it gives me great pleasure to share with you some key highlights of the past twelve months. Leveraging our agility, we have capitalised on the opportunities arising from the global economic recovery and secured a positive business momentum, as highlighted by our strong performance as at 30 June 2022. Whilst our people remained a key pillar in creating more value for our stakeholders, I also wish to applaud the effort of our clients, our partners and all the players in the banking sector who have worked collectively to strengthen the overall resilience of this sector and that of Mauritius.

As I look back to a year where we have made meaningful progress, I am excited for the next financial year for the encouraging growth it promises and also because AfrAsia Bank will celebrate its fifteen anniversary – a key milestone on our *Bank Different* journey.

Global Economic Scene

2022 is already one for the books. The year, which was supposed to be a recovery from the pandemic, took everyone by surprise with a confluence of global negative factors. Inflation is higher than seen in decades on the back of too much quantitative easing and worsened by the war in Ukraine. High commodity prices and a strict zero-COVID policy in China have pressured supply chains around the world. Having no other choices, central banks have embarked on a fight against soaring inflation, at the expense of a global economic slowdown with the IMF already reducing global growth from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. As I put pen to paper, headwinds remain with the US dollar at its highest in 20 years, putting at risk emerging economies while Europe is yet to endure a harsh winter with the energy crisis. Mauritius has not been spared with the Rupee caught in a dilemma between a strong US dollar (imports) and a weaker Euro (exports). While the tourism industry did recover, the imbalance of demand and supply on the forex market weighted on our currency, in spite of the Bank of Mauritius' best efforts to intervene.

Strong Financial Performance

Despite the challenging environment, our performance for the year ended 30 June 2022 has been commendable. Our primary focus remained to further strengthen our balance sheet. We recorded a Total Operating Income of MUR 3.4bn, representing a growth of 30%. Our customers have sustained their trust in our capabilities to serve their financial needs with an 10% increase in Total Deposits, from MUR 179.2bn to MUR 197.4bn. Our Loan-To-Deposit ratio has increased from 14% to 20% year-on-year and our Liquidity Coverage Ratio stood at 248%. Our results show AfrAsia Bank's resilience, our balance sheet's solidity as well as our ability to overcome the ongoing challenges whilst ensuring the safety of our customers' assets worldwide. We are confident that this year's performance provides us a great springboard to do even better next year.

Creating Value for our Stakeholders

Combining a good financial performance with value creation for our stakeholders was key for us over the past year. We achieved same by staying true to our values and remained guided by our four core pillars – customer focus, teamwork, innovation and sustainability – with the aim to go the extra mile in continually deepening the relationship we share with our customers, employees and the community at large.

Our People

Our people remained a paramount asset in driving our success and growth, contributing to the Bank's overall market knowledge and expertise to serve our clients more efficiently and meaningfully. The pandemic has also made us rethink the way we work and we are continually fine-tuning the ideal hybrid working model that would enhance employee productivity and getting the job done whilst maintaining a unified team spirit.

Our Board
The recent increase in the effectiveness of the Board and its various committees has paved the way to enhanced communication with the management of the Bank leading to a more effective decision-making process. The Board members’ improved accessibility is helping to support the executives’ initiatives to ensure that AfrAsia is able to be nimble and effective whilst enforcing good governance when ‘*Banking Different*’.

Our Clients
Actioning on our commitment to offer our customers a great service and continually enhance our banking solutions, our four business lines have all recorded an encouraging performance. Our Global Business Desk has successfully maintained a strong deposit book, registered a 13% increase in FX volume and remained the main cross-selling hub for the various product houses at the Bank. The Consumer Banking segment recorded a strong deposit inflow with an increase of 10% over the course of the year whilst demand for loans grew by 29% - this shows that we are on the right track with our strategy to create synergies between our business segments and deliver an unrivalled client experience. On the Corporate Banking side, our assets rose by 44%, led by the international banking portfolio which doubled to MUR 14bn. Finally, our Treasury and Markets division’s gross operating income exceeded our MUR 1bn target, mainly driven by our Trading Income and Net Interest.

Moreover, we have also leveraged international platforms and conferences to grow our network of partners and clients in Africa and worldwide. These platforms have not only promoted visibility for AfrAsia Bank but also for the Mauritius International Financial Centre through the participation of the whole banking ecosystem.

Our Community
Emphasising our commitment to give back to our community and address social inequalities, our AfrAsia School continues to provide education to 46 underprivileged children and deployed the Home-Schooling Programme upon the resurgence of COVID cases during the year. Additionally, our AfrAsia Foundation and the NGO, Ti Rayons Soleil, have transformed the Emergency Food Support Programme set up during the 2020 national lockdown into a permanent food bank to help 86 individuals from 14 needy families on a weekly basis. The Foundation’s mission to raise cancer awareness continued through the donation of a new portable ultrasound screening machine which facilitated 901 screenings. To help pave the way to a greener Mauritius, the AfrAsia Foundation donated around MUR 1.3m to the SOS Mangrove Programme which aims at restoring mangrove forests across the Island.

Our achievements might have been humble but they have successfully earned us multiple international recognitions as Best Bank and Best Private Bank in Mauritius from esteemed institutions, including Global Finance, EMEA Finance and the Global Private Banker / The Digital Banker.

15 years of ‘*Banking Different*’
Our journey has been marked by numerous milestones over the years. This year, another one adds to the list as we celebrate our fifteenth anniversary on 2 October 2022. The success of AfrAsia’s brand and the growth of the business over the past fifteen years have been phenomenal. From less than forty employees when we opened our doors, we are currently over 400 AfrAsians serving clients across more than 160 countries and ranking as the third largest bank in terms of total assets* in Mauritius.

The credit of this success largely goes to our people who have shown tremendous support to growing the brand locally, regionally and internationally over the past fifteen years and specially during the past financial year. Teamwork, commitment and working towards a meaningful purpose have been the guiding principles of our people all along and they have outshone themselves throughout the year. This has been complemented by the trust of our clients and partners. This spirit of cohesion is one of the hallmarks of AfrAsia Bank and I am very proud of how far we have come together.

**Source: Business Magazine TOP 100 Companies 2021*

Going Forward
We look ahead to a financial year marked by the renewed dynamism catalysed by our Board. We are excited to welcome back the much-awaited AfrAsia Bank Mauritius Open this December at Mont Choisy Golf Club. As much as we look forward to see the professional golfers swinging on the Mauritian green, we are also eagerly awaiting this golfing reunion with our clients from Mauritius and from around the World to share our passion for this sport with them.

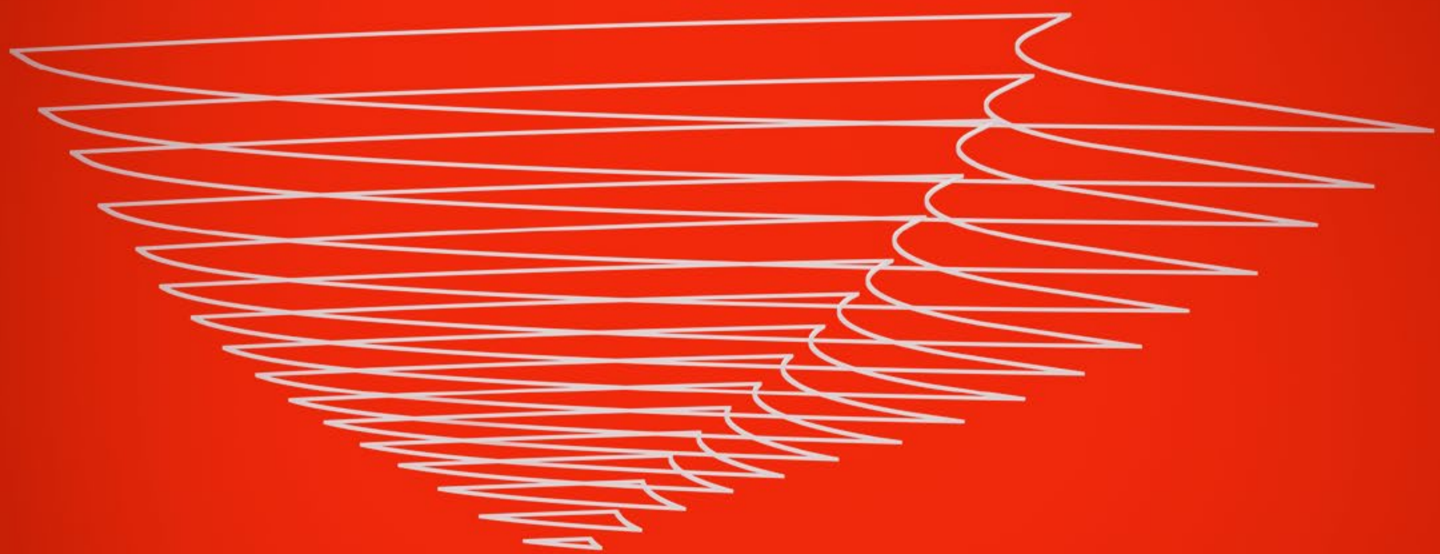
The financial year 2022/2023 will also be the year to rewire our digital transformation journey – we encountered a roadblock due to the pandemic but we are now working towards launching our digital projects to enhance both our employee and customer experiences. To give a greater impulse to our digital transformation, our focus will remain on recalibrating our human capital pool with the aim to create more value for all our stakeholders. A greater focus will be put on the training and development of our employees to ensure they are the robust pillars that will help us innovatively transform the way we work and scale our business further.

Meanwhile, we are also actively working on our forthcoming move to our AfrAsia Tower, which has been delayed due to the ongoing economic challenges. This move is, for us, a step forward towards greater operational efficiency and sustainability, which remain a cornerstone of our *Bank Different* journey as well as our Sustainability Roadmap – the latter reflecting our commitment to structure a sustainable franchise in the long run.

Lastly, we will further build on our exit from the Financial Action Task Force Grey List – we are the only African jurisdiction to have been largely or fully compliant with all of the 40 recommendations. We will leverage on Mauritius retaining its first position across various African business rankings (including World Bank’s Ease of Doing Business, Mo Ibrahim Index of African Governance, Global Innovation Index), to ultimately consolidate our domestic foothold and participate in the positioning of the Mauritius International Financial Centre as a cross-border investment platform and regional Financial Hub of repute.

Thank You
I wish to thank my AfrAsian Team, both in Mauritius and in South Africa, for their unrelenting drive to succeed in the face of all the challenges we have faced over the past financial year. I wish also to thank my Management Team for having supported me all along in enabling the business’s achievements and growth. My sincere appreciation goes to the Board of Directors for their guidance and the renewed dynamism infused and still being injected into the business and the brand. To our clients and shareholders, I thank you for your ongoing trust in our capabilities to deliver on our ‘Bank Different’ promise all along our journey and look forward to another great year ahead.

THIERRY VALLET
Interim Chief Executive Officer



CREATE

The journey from ambition to achievement takes more than a vision and hard work – our success is anchored on unifying a **team** of passionate individuals.

MANAGEMENT DISCUSSION AND ANALYSIS

AFRASIA BANK'S HIGHLIGHTS AT A GLANCE

TOTAL ASSETS ▲10%

MUR **209.0** Bn

2021: MUR 190.1 Bn

LOANS AND ADVANCES FROM BANKS AND CUSTOMERS ▲55%

MUR **39.2** Bn

2021: MUR 25.4 Bn

INVESTMENT SECURITIES ▲56%

MUR **71.0** Bn

2021: MUR 45.4 Bn

CASH AND BALANCES WITH BANKS AND DUE FROM BANKS ▼19%

MUR **94.3** Bn

2021: MUR 115.8 Bn

DEPOSITS FROM CUSTOMERS AND BANKS ▲10%

MUR **197.4** Bn

2021: MUR 179.2 Bn

LOANS TO DEPOSITS RATIO

20%

2021: 14%

GROSS NPA RATIO

4%

2021: 9%

COST TO INCOME RATIO

48%

2021: 42%

RETURN ON AVERAGE EQUITY

16%

2021: 11%

NET PROFIT AFTER TAX AND OCI ▲58%

MUR **1.4** Bn

2021: MUR 0.9 Bn

CAPITAL ADEQUACY RATIO

15.76%

LIMIT: 13.50%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is the management's discussion and analysis of the financial condition and results of operations ("MDA") of AfrAsia Bank Limited for the year ended 30 June 2022. This report contains forward-looking statements which are based on the current beliefs and expectations of AfrAsia Bank's management and are subject to significant risks and uncertainties and the factors that could cause actual results to differ materially because of those risks and uncertainties. There is no assurance that actual results will be in line with any outlook information set forth herein, and the Bank does not undertake to update any forward-looking statements.

BUSINESS SEGMENTS OVERVIEW

AfrAsia Bank's journey started with a single belief to connect people, places and possibilities by doing things others said could not be done, doing things differently. In creating this banking universe, bridging Africa, Asia and the World, the Bank adopts an entrepreneurial approach to tailor flexible financing and investment solutions for our clients. Our experienced human capital meticulously under the onus of our strategy, approach, values and flagship created specialised teams to cater for the following key client segments:

GLOBAL BUSINESS BANKING

Products and services that meet the needs of global business companies, trusts, funds and foundations.

- Transactional and payment services
- Cash & liquidity management
- Other products and services

CORPORATE BANKING

Commercial and corporate banking solutions, from cash management to mergers and acquisitions.

- Short-term funding
- Term funding
- Structured products
- Transactional banking

TREASURY & MARKETS

Tailored foreign exchange, interest rate and structured derivative solutions for both the local and regional markets.

- Foreign exchange
- Money markets and fixed income
- Structuring

CONSUMER BANKING

Day-to-day consumer banking and investment solutions.

- Private banking
- Personal banking
- Asset management
- Custody

GLOBAL BANKING

Major Business Segment's Achievements and Performance

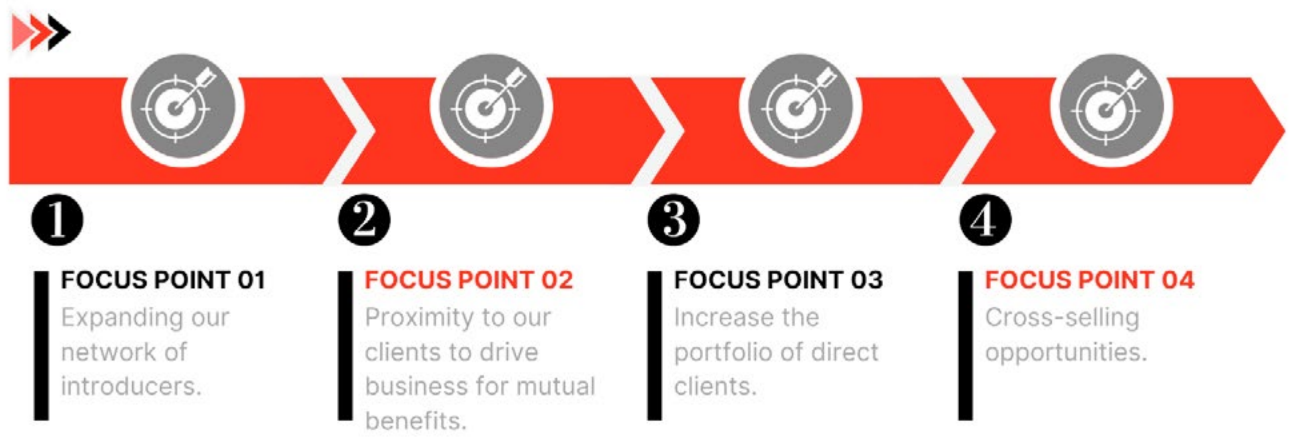
During the financial year, the Global Business Desk has been performing at the best ability to maintain a strong deposit book while at the same time remained the main cross-selling hub for the various product houses at the Bank be it in terms of liabilities/ assets/assets under custody/assets under management/ transactional and FX income/ others. In order to increase our visibility, we have successfully participated in international workshops/conferences and forums regrouping business leaders, investors and policy makers from Africa and around the world.

Our Strategy and Proposition

Our focus has been on business introductions from the Management Companies and by exploring opportunities from our existing client database while also enjoying some word of mouth introduction from existing relationships. These unexpected meetings have pushed us to play it by ear to better understand the client's needs and challenges so that we position AfrAsia Bank's products and services.

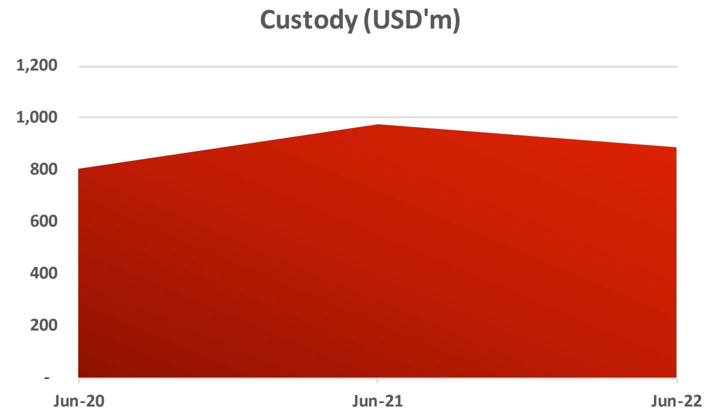
Looking ahead

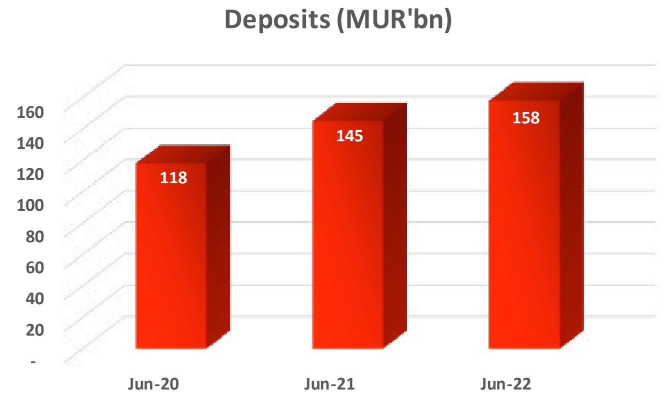
Looking ahead, the Global Business Desk remains well positioned to benefit from the improved global economic outlook with the gradual relaxation of lockdown restrictions in key markets. With its removal from the EU Blacklist in January 2022, Mauritius is now cleared from all international lists of non-compliant jurisdictions, and this spells a new dawn for the future of Global Business segment. Gradually, the Global Business sector should pick up on the back of increased investment and trading activities globally. We will resume overseas travelling, and leverage our growth on the extensive business networks we have nurtured with our existing clients to increase the portfolio of clients. Even through the current geo-political events and the pace the regulatory changes are being implemented, our clients feel secure with our solid correspondent banking relationships that ensures business continuity.

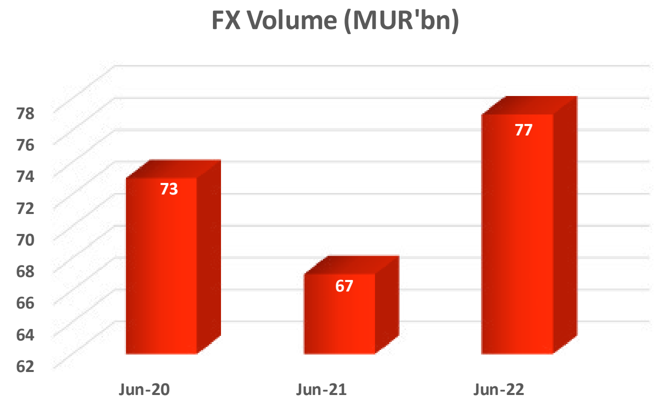


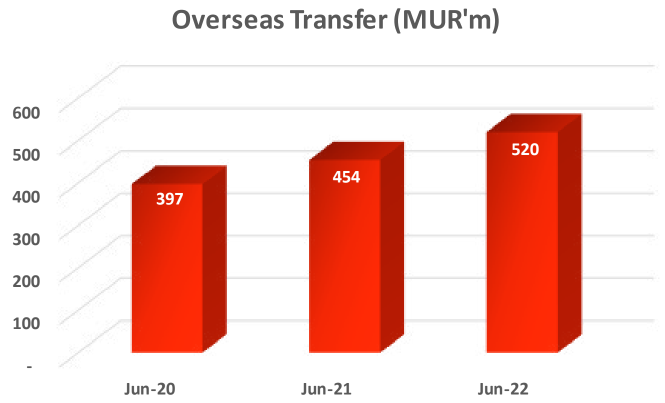
BUSINESS SEGMENTS OVERVIEW (CONT'D)

GLOBAL BANKING









CONSUMER BANKING

Major Business Segment's Achievements and Performance

The local economy continues to recover from pandemic-related shutdowns and our businesses benefitted from increased consumer and business activities since the re-opening of borders in October 2021. However, going forward, the economic fallout of the conflict between Russia and Ukraine on Mauritius should not be underestimated. The risks of lower growth, higher inflation and tighter financial conditions, have already dawned upon us. Against this backdrop, the measures announced in the recent National Budget 2022-23 to encourage local production and support SMEs, could provide the necessary impetus to this segment.

Amidst a particularly challenging context, the team continued to draw upon its strengths and persevered to grow the business. Strong deposit inflows were seen during the year (+10%) and similarly, demand for loans picked up meaningfully (+29%).

Our Wealth Management segment also experienced an accelerated growth during the year and is focused on remaining competitive in the market.

Our Strategy and Proposition

Consumer Banking regroups Wealth Management, Private Banking, Personal Banking and Business Banking. This cluster has an extensive client coverage ranging from professionals, executives, entrepreneurs, Ultra-High-Net-Worth Individuals ("UHNWI")/High-Net-Worth Individuals ("HNWIs") to micro, small and medium enterprises, with a clear strategy of creating synergies, cross-selling of the Bank's products and delivering an unrivalled client experience.

As we continuously challenge ourselves in creating ways to help our customers achieve their goals, our efforts and dedication have not gone unrecognised. We were named "Best Private Bank in Mauritius" for two consecutive years by Global Private Banking. In addition, we were bestowed with the "Best Private Bank in Mauritius" accolade for the first time by EMEA Finance during the fiscal year.

The business segments within this cluster remain focused on their goals and committed to producing another year of sustained performance.

Looking ahead

Certain external factors such as geopolitical tensions, macroeconomic uncertainty and rising interest rates are likely to create significant headwinds for the business going into the next fiscal year. However, we also see opportunities in such times, to develop new relationships, better understand and respond to our existing customers' financial situations, and roll out new products.

The use of technology in the banking space to elevate customer experience and strengthen the relationship with customers is steadily increasing both locally and globally. Competition is intensifying with non-banking financial companies also seeking to provide customers with banking and financial capabilities such as payments, investment products and loans.

As we look ahead, we will therefore need to continually differentiate ourselves and enhance our value proposition.

CORPORATE BANKING

Major Business Segment's Achievements and Performance

During the last financial year, the division made good progress on its growth initiative. Driven by strong commercial momentum, as both the local and global economy were reviving from the pandemic shock, corporate banking assets rose by 44%. The International Banking business led the increase as its asset book doubled to MUR 14bn. There was a commendable performance of 31% growth on the Domestic Banking portfolio to MUR 14bn. Nevertheless, progress was somewhat slowed down in early 2022 as the geopolitical events between Russia and Ukraine unfolded, creating instability globally. This crisis also necessitated banks to review their positions and exposures in relation to Russia.

Our Strategy and Proposition

The Corporate Banking division primarily acts as a debt house and originator of assets in foreign currency focused on providing lending solutions ranging from short-term lending, term lending, debt advisory products to corporate syndications. On the domestic front, the division acts as the custodian of the entire client relationship providing a full suite of products across transactional banking, trade finance, debt advisory, lending and forex solutions. Clients range from the Top 100 corporates to parastatals and government bodies. On the International Banking desk, our client coverage is niche, selective and driven by known relationships of our banking partners abroad. Although the core markets have been South Africa and India, the division has been successful at diversifying its risks across new markets on the African continent and the emerging markets of Asia.

Looking ahead

The world is entering a new cycle characterised by high inflation and rising interest rates with the potential to cause a recession. After having dealt with the pandemic, Mauritius is also now juggling the impact of soaring inflation and a sharp depreciation of its currency. This will inevitably add financial pressures to both households and businesses just like all countries across the globe. Although income from lending activities will benefit from rising interest rates, we will need to continuously monitor our loan portfolios for any signs of credit deterioration. So far though, credit trends have remained benign.

SOUTH AFRICAN REPRESENTATIVE OFFICE

Major Business Segment's Achievements and Performance

Corporate Banking: While the demand and uptake for new hard-currency lending from major corporate clients remains a challenge in the post-COVID environment together with slow growth of the South African economy, strong relationships with existing borrowers provided the opportunity for growth in facilities.
Global & Private Banking: Growth in fixed deposits, transactional banking, foreign exchange and global custody remains on a firm upward trajectory as clients from South Africa, East Africa & other jurisdictions such as Dubai, seek personalized service to assist with diversifying assets internationally.
Treasury & Markets and FI: Good growth in our short-term and long-term African loan book in the past year. Actively pursued cross selling opportunities in Global and Private Banking.
General: SAREPO continues to proactively promote the Bank and Mauritius IFC to potential clients using a variety of channels including hosting and participating in various forums and presentations with key partners.

Our Strategy and Proposition

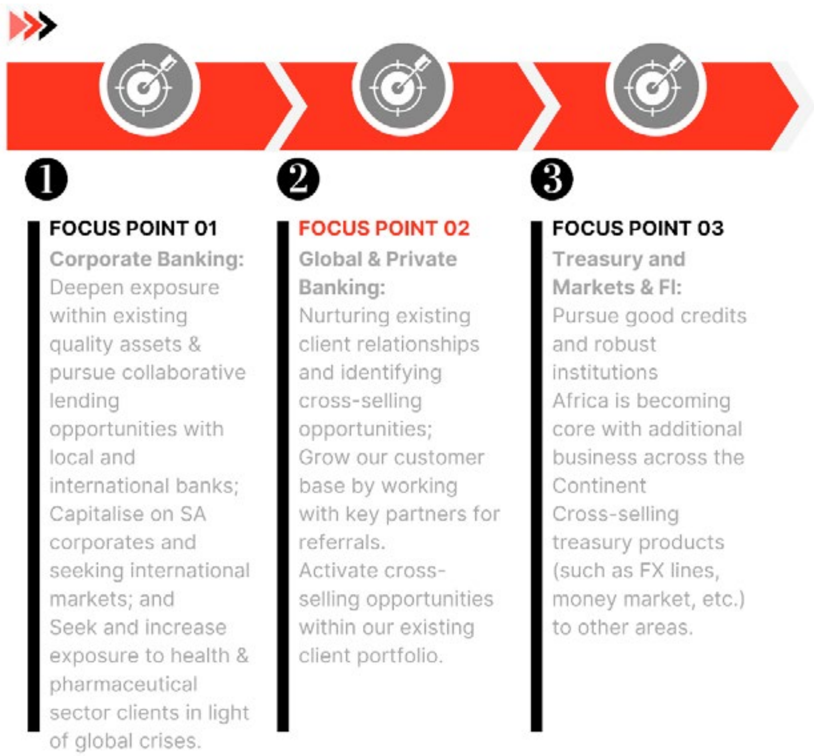
Corporate Banking: A uniquely Mauritian corporate bank in the South African market offering competitively priced hard currency facilities to select corporate borrowers.
Global & Private Banking: Utilise our existing client portfolio for cross-selling opportunities and to grow our customer base by working with key partners. Also target new & upcoming HNWIs while building on referrals from existing networks.
Treasury and Markets & FI: A Mauritian bank that is competitive in the South African ("SA") financial institution markets landscape.

Looking ahead

Corporate Banking: Continue to pursue SA corporates with a growing appetite to enter international markets thereby expanding their client base and diversifying their income streams.

Global & Private Banking:

- Maximise business from our anticipated Category 1 license by implementing our agreed sales program. Potential obstacles are that the existing South African asset and investment market is well-established and very sophisticated;
- Build on existing customer base and nurture referrals from existing networks; and
- Continuous calling on specific markets for business development within South Africa (Johannesburg, Cape Town, Durban) and Internationally (Dubai, East African).



Treasury and Markets & FI: Increasing product cross-selling into our Global and Private Banking clients.

TREASURY & MARKETS

Major Business Segment's Achievements and Performance

Treasury & Markets generated a gross operating income exceeding the MUR 1bn mark), spearheaded mostly by Trading Income and Net Interest Income. Trading Income remained robust at MUR 1.17bn, with a resilient performance on the FX side of the business despite the shortage of the FX supply on the domestic market. The Money Markets/Fixed Income side of the business also recorded a very good performance as we benefited from better yields both in local Government and Foreign Corporate bonds as well as on interest rates on our interbank placements. Our syndicated lending activity generated a comfortable increase in interest income both as a result an increase in the volume of loans and a pick-up in interest rates. The Balance Sheet continues to remain well positioned for the potential uptick in yields on the back of the global economic recovery in the medium term.

The Custody and Securities Services side of the business suffered some decline in income amounting to MUR 114.5m as a result mainly of the passive strategy of investors due to the market turmoil. The business remains poised to show further growth with the imminent rollout of the Bank's new Custody Solution Software.

Our Strategy and Proposition

- **Treasury**: To be the most innovative and avant-gardist Treasury on the island;
- **Financial Institutions**: To have well diversified and high-quality Financial Institutions partners;
- **Custody & Securities Services**: To be the best Custody Services provider with state-of-the-art infrastructure.

The three key clusters within the Treasury & Markets business unit are **Treasury** (comprising FX Sales, FX Trading, Liquidity Management/Fixed Income and Structuring), **Financial Institutions** and **Custody & Securities Services**. Our goal is to ensure that our client facing and support functions are aligned to consistently provide our clients with best in class services.

Treasury & Markets' continues to strive to provide clients with tailored solutions (along with the conventional Treasury products) by reinforcing the bank's position as the market makers for foreign exchange, interest rate, debt, and other structured derivatives.

Its local expertise, global access and balance sheet scale allow the bank to provide clients with a range of financial instruments to meet their risk management, investment and trading needs. Managed by a team of experienced and skilled professionals, Treasury & Markets is committed to satisfy its clients' commercial and investment needs.

Looking ahead

The IMF's latest World Economic Outlook report titles *"Gloomy and More Uncertain*". In effect, the tentative post pandemic recovery in 2021 has been followed by increasingly gloomy developments in 2022. Global output contracted owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher than expected inflation worldwide triggering tighter financial measures, a worse than anticipated slowdown in China with the COVID-19 outbreaks and lockdowns, and further spillovers from the Russia-Ukraine war. The spillover effects will inevitably hit the local economy; this coupled with Moody's downgrading by one notch, will, present additional challenges for our local financial market.

Our Balance sheet remains strong and well positioned though, and our focus shall be on shoring up risk taking by adopting a Risk Robust approach to Treasury & Markets activities and to navigate with nimbleness through the new Monetary Policy framework which will be implemented by Bank of Mauritius. We remain ready to support our stakeholders and will proactively strive to capture opportunities for income growth.

TREASURY & MARKETS

1

FOCUS POINT 01

Trading Desk:
Revamping our desk to make it a centre of Excellence in Mauritius and in the region: Focus areas will be to consider trading in more currency pairs, commodity derivatives and options. The setting up of a full fledged Options Trading desk will be looked into. The use of state-of- the-art technology in the trading rooom to be looked at for in depth data analysis to assist both traders and clients. The introduction of algorithmic trading is also considered.

2

FOCUS POINT 02

Sales Desk:
To be more technology driven with the use of white labelled trading platforms which can be used internally by Client Services Hubs and RM's and externally by clients logging into our IB platform. Introduction of CRM tools for client data analysis and revamping the Sales Function within Treasury.

3

FOCUS POINT 03

Structuring Desk:
Increasing the clientele awareness in Structured solutions possibilities in FX, Interest rates, Commoditiies Hedging and Structured deposits. Leveraging on the forthcoming FSPA licence for SAREPO to increase sales of structured solutions to SA clients.

4

FOCUS POINT 04

Fixed Income and Liquidity Management Desk:
The plan is to consolidate the bank's position as a liquidity provider and in the cross repo market locally. We shall also look into growing our FCY bonds portfolio within the Risk appetite of the bank. We shall also consider entering into Securities Lending/Collateral Switch with well known Financial Institutions.

GLOBAL Economic OUTLOOK

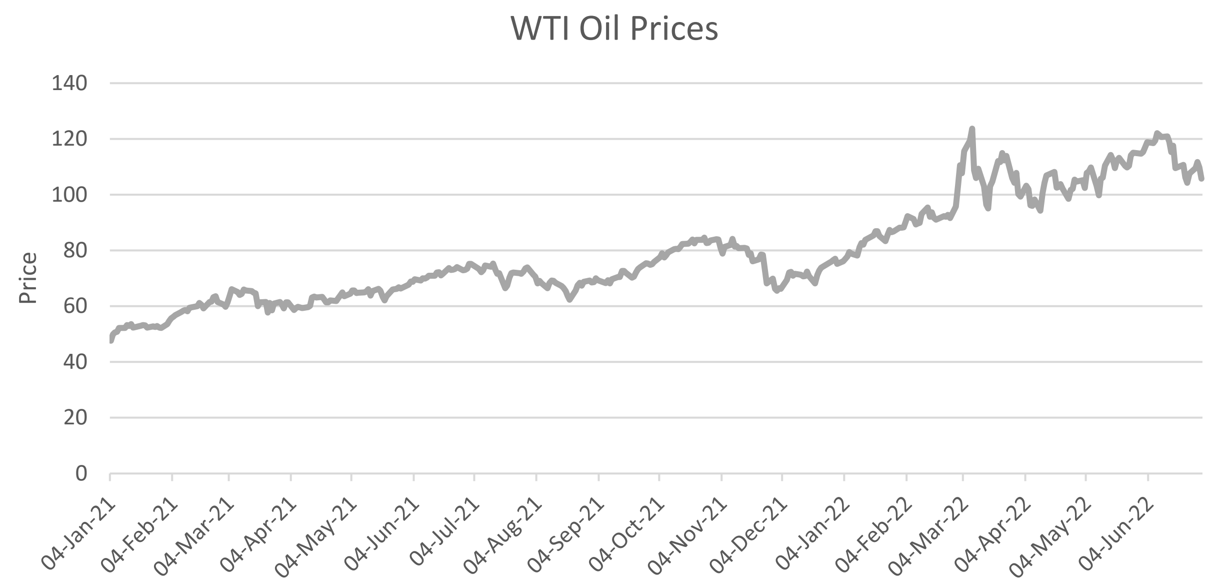
Economic Outlook

Major economies entered 2022 with a position of strength after a global growth of 5.7% in an exceptional year of 2021. A positive outlook was initially supported with pandemic headwinds starting to fade and consumer demand was improving while the labor market was robust, and corporate and household finances were solid.

Inflation vs The Global Economy

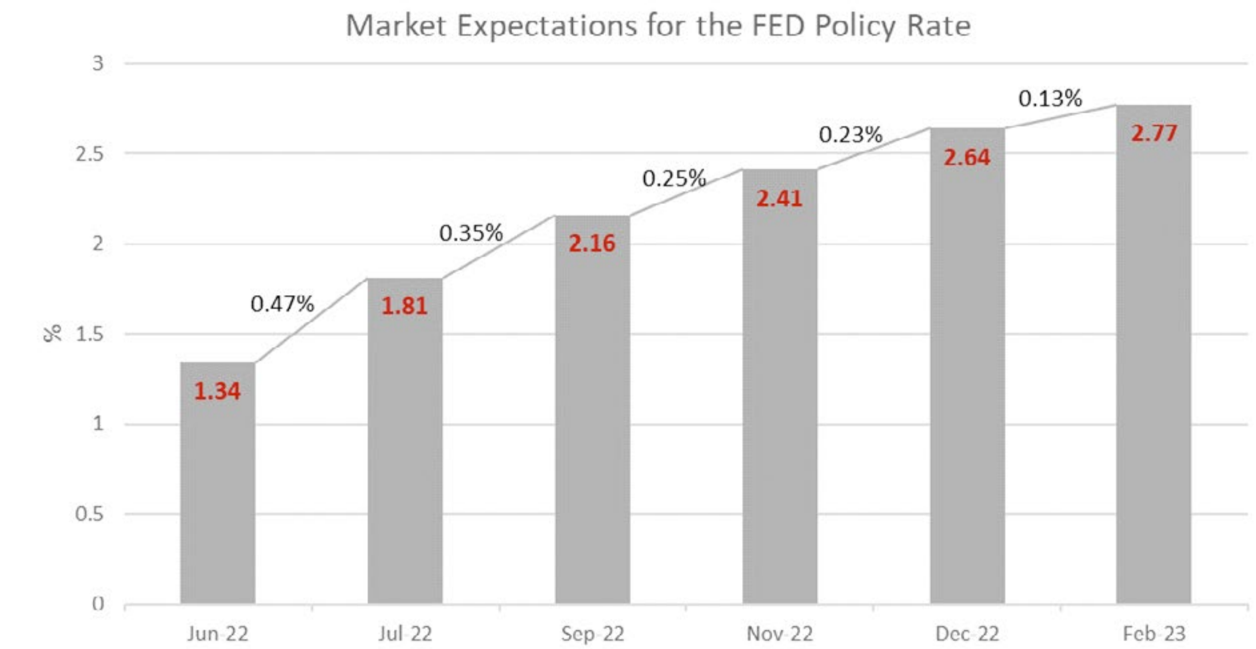
Yet, the main concerns of the world population soon became the lingering inflation pressures, which worsened following the invasion of Ukraine and lockdowns in China. The resulting sanctions imposed by the West have extensive consequences for the global economy and monetary order. Furthermore, these come at a time when the supply of raw materials was already insufficient to meet demand on the back of the pandemic. Russia also produces and exports a vast majority of oil, natural gas, industrial metals, precious metals, and agricultural commodities. The rising prices ensuing these events started to consume a large part of personal disposable income and savings, and forced major central banks on an aggressive rate-hike path. Getting inflation under control has almost always required policy actions that will have short-term negative repercussions for the economy and markets.

#Oil prices



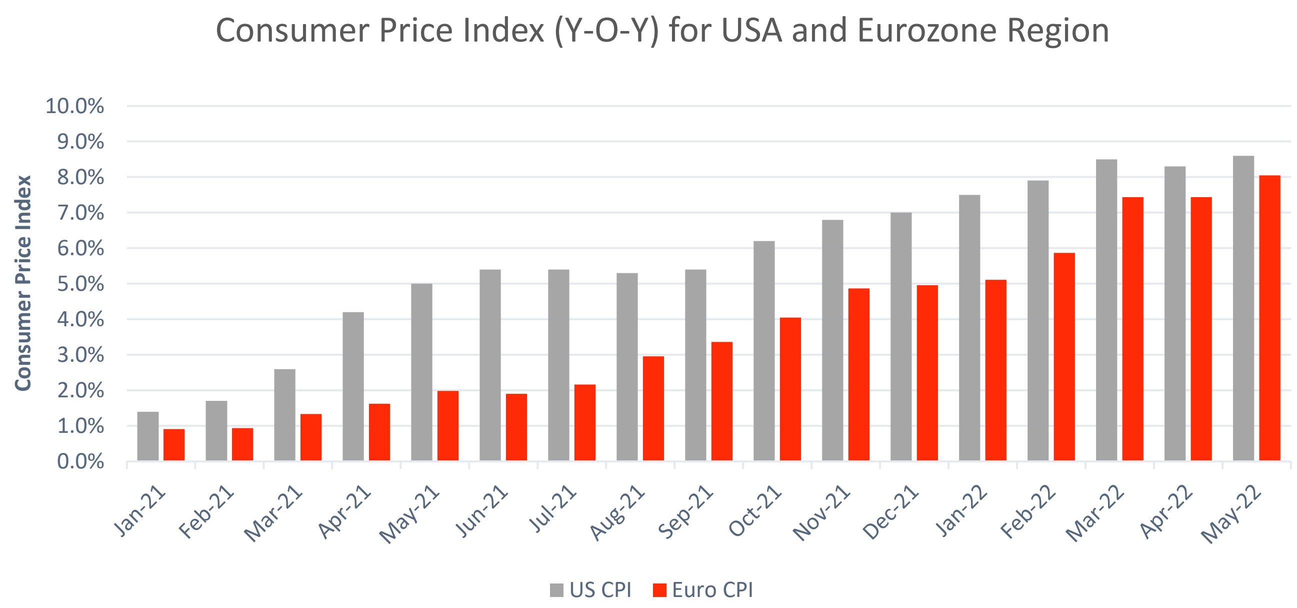
In the US, first-quarter GDP unexpectedly contracted, driven by a drag from exports and a decline in inventory spending. The "nowcast" model from the Atlanta Fed is already estimating the second-quarter real GDP to grow at a negative rate. Despite, consumer spending, which accounts for nearly 70% of US GDP, continuing to grow at a solid pace, there remains the risk of another quarter of negative growth that would meet the definition of a "technical" recession. For now, there are no signs of an extensive downturn in manufacturing activity or in the labor market but demand is likely to decelerate further as businesses react to higher borrowing costs. The housing and autos sector have already witnessed a slowdown and applications for unemployment benefits have been slowly rising over the past two months, as businesses are being more cautious to hiring amid elevated costs and slowing demand.

#Market Expectations for Fed policy rate



With the euro area annual inflation above 8%, the European Central Bank has no choice but to follow with the hike in rates, and Christine Lagarde has confirmed the central bank's plans to raise interest rates twice in July and September, while fighting widening spreads in the borrowing costs of different euro zone countries. The deposit rate in Europe is expected to be positive by September's meeting and the Swiss National Bank will likely follow after a surprise 0.50% hike in June.

#CPI in US and Europe



On the other hand, with easing policies on COVID-19 lockdowns in China and officials unveiling plans to boost the Chinese economy, there are supporting hopes for improved growth and demand from the world's second-largest economy. Nonetheless, the growth is unlikely to accelerate much with authorities making clear that they favor sustainable growth over a strong expansion.

#CPI in US and Europe (Cont'd)

Global inflation has expanded as well as proven to be stickier and central banks are likely to keep their aggressive tones. The former is expected to moderate in 2023 but it will likely remain above inflation targets in many economies, resulting in a global downturn for some developing economies like Europe as well as some emerging markets like Latin America. While a lot of the factors that are driving inflation are on the supply side and out of the central banks' control, the sharp rise in rates will have an impact on demand, economic activity and ultimately a moderation in soaring prices. With consumer anxiety over recession at its highest, it may result in a self-fulfilling effect for the next 12 months.

Financial Markets

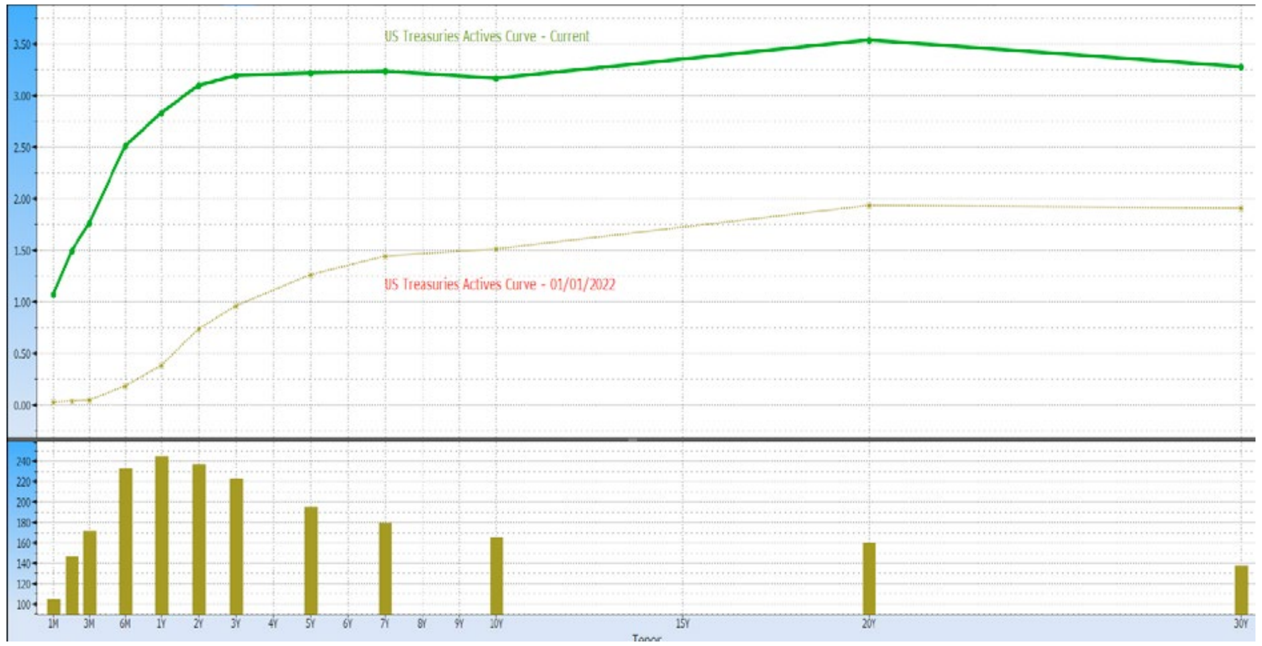
The transition from 2021 to 2022 saw all-time high prices for stocks and then their longest losing streak since 2001 with an official bear market in place. With oil prices up 40% in 2022, energy was the only sector to post gains while the pessimism from investors saw funds shifted to value-style investments such as utilities and consumer staples names, as they are less sensitive to the business cycle. On the other hand, growth-style investments lagged the most as bond yields rose, with the technology, communication services and consumer discretionary sectors all falling more than 25%.

#S&P, Nasdaq, Dow

As the Federal Reserve signaled its intention of an aggressive tightening policy, a major reset was triggered in yields. The 10-year Treasury yield doubled in six months, hitting a new cycle high close to 3.5% before falling lower, as recession worries weighed on commodity prices. After the latest FOMC meeting in June, the bond market has priced in the fastest hiking cycle since the 1990s, with the fed funds rate expected at around 3.50% - 3.75%% by the end of the year.

Financial Markets (Cont'd)

#yield curve shift since beginning of the year



Expectations for faster monetary tightening in the US also contributed to a rally in the dollar against a basket of major currencies.

While the economy will continue to slow in the quarters ahead, reflecting the lagged impact of policy tightening, the sell-off in both stocks and bonds since the beginning of 2022 has nonetheless improved future returns for long-term investors. The markets are already pricing in some type of a recessionary outcome and more volatility will likely remain with much uncertainties still around on the impact of central banks' actions in their fight against inflation. Stock markets will only see a durable rebound once the central bank move more gradually with their rate-hike path and several months of moderating inflation are witnessed. With interest rates having reset higher, better returns are expected in the second half of the year for the bond markets.

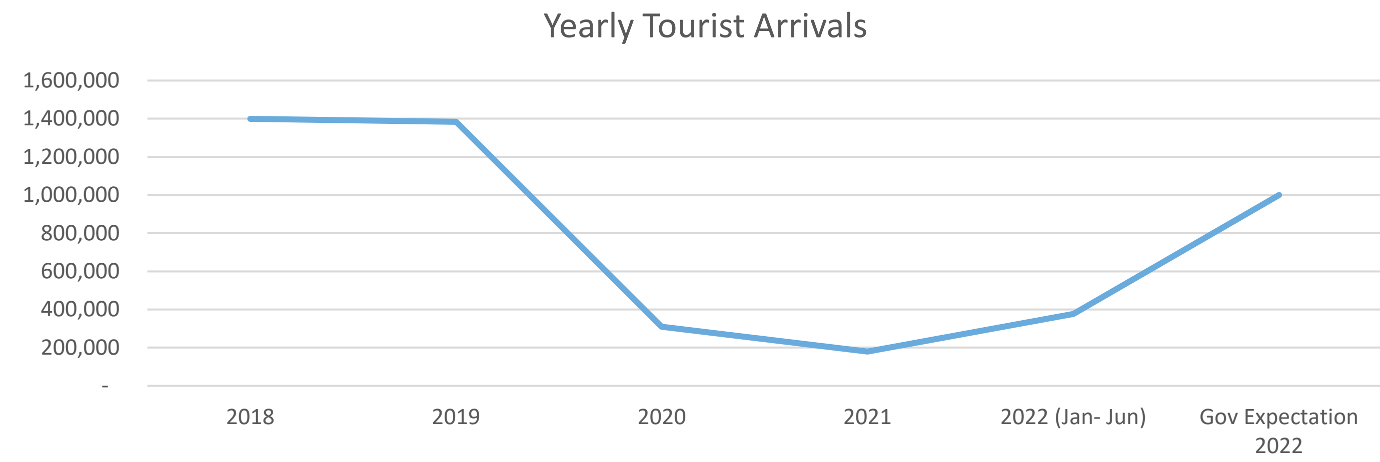
References

https://www.worldbank.org/en/news/press-release/2022/06/07/stagflation-risk-rises-amid-sharp-slowdown-in-growth-energy-markets

https://www.atlantafed.org/cqer/research/gdpnow

LOCAL Economic OUTLOOK

The Mauritian economy remains on the path to recovery after suffering a significant contraction two years ago due to the pandemic. COVID-19 is still present but its current variant is less deadly than the initial one and the population has become used to live with it. Borders are fully opened since the 1st October 2021 to international travelers and the remaining restrictions were lifted by the authorities at the end of June 2022. With an expected growth of 6% in 2022, GDP is expected to be back at pre-pandemic levels this year. The main sector lagging behind is Tourism, which accounts for close to 20% of GDP, as global travelling takes time to recover and also due to the lack of flights to our destination. But hotel operators remain confident with latest bookings exceeding their targets and they are expecting a significant improvement in their figures which have also benefited from the appreciation of the Euro.



With the high inflation environment, fueled by the depreciation of the MUR, the current account deficit is expected to reach 14% of GDP in 2022. This deficit is expected to go down next year below 10% on the back of higher tourism earnings but also a lower import bill with commodity prices set to fall over the next 12 months. The Balance of Payments should also improve and stay on the positive side with more capital and financial inflows from our property side but also the global business segment boosted by the removal of Mauritius from the EU Blacklist.

Inflation (Statistics Mauritius and BOM)

Year on year inflation was 9.6% in June 2022, compared to 5.9% in June 2021. Headline inflation for the 12-months ended June 2022 worked out to 8.0%, compared to 2.2% for the 12-months ended June 2021. Inflation in Mauritius continues to be influenced by global prices of energy, food items and freight costs. Given the high degree of openness of the Mauritian economy and its relatively high propensity to import, the duration of high inflation in Mauritius will, to a great extent, depend on the persistence of inflation at the global level. Inflationary pressures in Mauritius are anticipated to continue through the first half of FY2023, before easing away in the second half of the year. The effects of the recent price hikes for petroleum products will be felt in the near term, with the prices of energy-intensive consumer products expected to soar. In addition, global food prices are expected to remain elevated and will continue to add to inflationary pressures in Mauritius, given its high propensity to import. The evolution of freight costs and of the external value of the rupee are also perceived as important determinants of the future inflation trajectory. In the light of these developments, the Bank of Mauritius forecasts inflation at around 8.6% for 2022, with the outlook remaining subject to upside risks emanating from the ongoing geopolitical tensions.

The 2022 Budget in brief

In June, the Finance Minister presented the National Budget in a difficult environment of high inflation, further impacted by the war in Ukraine, with a significant negative impact on consumer spending specially at the lower end. He kept a similar socially oriented budget as in previous years with a special focus on the low to middle income earners with measures including income tax reduction. The Budget also included measures to promote food security and local production, as well as a significant increase in renewable energy sources. The latter is expected to reach 60% of energy production by 2030.

Key Repo Rate, Yield Curve and FX

During the fiscal year 2022, the members of the Monetary Policy Committee increased the Key Repo Rate (“KRR”) by 40 basis points to 2.25%. The Russian-Ukrainian war and its impact on global energy and commodity prices shifted more risks to inflation. The MPC noted that, despite the IMF's downward growth forecasts for some of the world's major economies, domestic economic activity was positive in the first quarter of 2022 and this dynamic is anticipated to be sustained over the year. However, this outlook for positive growth may be subject to volatility, if the war persists and has a detrimental impact on the tourism sector. The MPC also noted that the high level of inflation witnessed so far in Mauritius seems to be persistent and likely to persist for some time.

The Yield Curve

The lower end of the curve did not move much despite being linked to the repo rate due to excess liquidity in the financial system (30 June 2022: MUR 34.5bn versus 1 July 2021: MUR 25.7bn) while the longer end moved higher with inflation expectations rising.

FX

The Bank of Mauritius has been actively managing liquidity. The level of excess rupee liquidity in the banking system declined significantly from an average of MUR 30.3 billion for the period 15 December 2021 to 8 March 2022 to an average of MUR 26.2 billion for the period 9 March to 31 May 2022. These interventions helped to keep short-term yields within the interest corridor and helped to give greater traction to the Bank's monetary policy stance. At the same time, the Bank conducted interventions in the foreign exchange market to contain excessive exchange rate volatility and to ensure the supply of foreign exchange to the market. On 13 April 2022, the Bank carried out its largest ever intervention, amounting to USD 200 million.

FX (Cont’d)

The IMF

The Mauritian economy has not been spared with the IMF pointing out that the “The key macroeconomic challenge for Mauritius is to continue its economic recovery, while controlling inflation in a global environment with high fuel and food prices and slower recovery. The recovery in Mauritius is expected to continue, albeit at a slower pace than projected before the war in Ukraine, reflecting lower growth in trading partners, less optimistic prospects for tourist flows, and worsening terms of trade. Inflation has picked up substantially due to global supply bottlenecks, higher fuel and food prices, freight costs, and the past depreciation of the rupee. The external assessment remains highly uncertain due to the transitory supply shock to tourism. The financing of the current account will continue to depend on the financial and capital flows in the GBC sector. While the successful exit from the AML/CFT listings of FATF, EU, and the UK should support the flows, the indirect impact of sanctions on Russia may pose risks.”

Sources:

1) Bank of Mauritius
2) Statistics Mauritius
3) IMF report
4) Swan monthly reporting
5) Our World in data
6) Trading economics

The financial year under review was marked by multiple external shocks including aftermaths of the COVID-19 pandemic, the war in Ukraine and related geopolitical tensions, galloping inflation especially on the back of surging commodity and energy prices as well as supply-chain disruptions and the challenges faced by governments to maintain fiscal discipline. Against this unprecedented backdrop, Central Banks found themselves in unchartered territory, having to adapt monetary policy to control inflation and currency volatility, while concurrently not affecting real economic growth. Despite these external challenges, AfrAsia Bank's overall performance has demonstrated that its business model is resilient and has the desired agility to adapt to difficult situations.

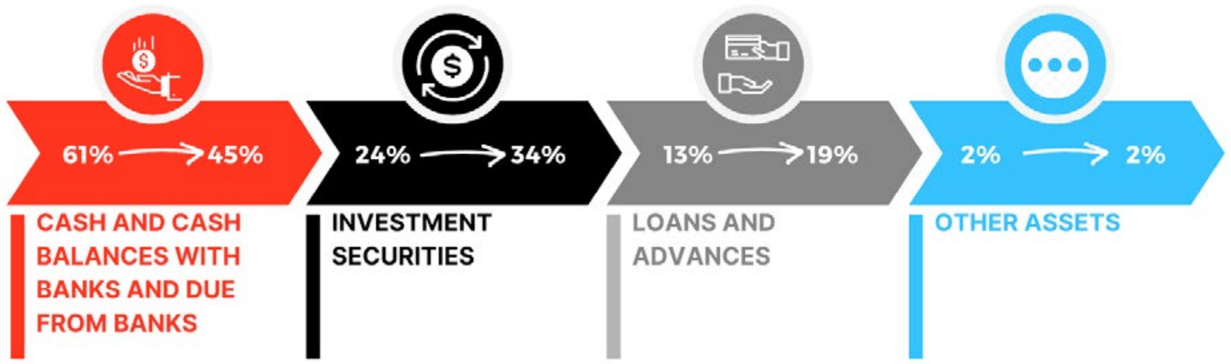
A liquid and resilient balance sheet

During the year, the Bank's Deposit base grew by 10% from MUR 179.2bn to MUR 197.4bn; the growth was mainly split between MUR16.2bn on current accounts and MUR2.3bn on term deposits. This continued trend of increase in the Bank's Deposit base is testimony to our stable source of liquidity, generated from a growing solid client base that maintains operational relationship with the Bank. The level of deposits was also positively influenced by the fact that it is predominantly denominated in foreign currencies, which resulted in translation effects.

Concurrently, the growth in Assets was driven by the following items:

- Investment Securities increased by MUR 25.6bn i.e. 56%, mostly at the level of Debts Instruments measured at amortised cost which accounted for MUR 25.4bn in that increase;
- Loans and Advances to Banks and Customers increased by 55% or MUR 13.9bn, predominantly at the level of loans to Banks, in line with the Bank's risk appetite. Furthermore, there was an improvement in general asset quality as the quantum of Non-Performing Assets declined, with NPA ratio falling to 4% as compared to 9% last year. Sector wise distribution of credit remained dominated by Financial and Business Services (39%), followed by Trading (18%) and Tourism (10%); and
- The addition of "Cash and balances with banks" and "Due from banks", on the other end, showed a contraction of 19% i.e. MUR 21.5bn in line with the channelling of the deposit base mostly towards "Investment Securities" and "Loans and Advances".

The year-on-year shifts can be illustrated as follows:



Total Equity grew by 13% to reach MUR 10.2bn on the back of the rise in retained earnings by MUR 0.9bn and after accounting for dividend payments to the tune of MUR 0.2bn to Ordinary Shareholders and MUR 65.0m to Class A Shareholders. The Bank remained well capitalised with a total Capital Adequacy Ratio of 15.76% against a regulatory limit of 13.50%. To note that effective 1 April 2022, the COVID-19 special allowances were lifted by the Bank of Mauritius and all banks were required to maintain a Capital Conservation Buffer ("CCB") of 2.50%, thereby resulting in an incremental 0.625% on CAR. Return on Average Equity was to the tune of 16% for the year under review.

A business model driving optimal performance

The Bank recorded a Net Profit After Tax of MUR 1.4bn in the Financial Year, 64% higher than in FY 21.

Net Interest Income rose by MUR 0.4bn, that is, a 39% increase; this growth was generated throughout all interest-bearing asset classes, namely Loans and Advances to Banks and Customers, Placements with Banks and Securities Products. This increase was prompted by the growth in the Asset book as net interest margin actually fell the first three quarters and started an upward trend during the last quarter on the back of the recent raising rate environment in which we are now positioned. Of note, the recent interest rate increases had an immediate impact on Interest Income, on the back of the Bank's highly liquid balance sheet and asset mix positioned to benefit from such changes.

Net fee and commission income increased by 25%, driven by higher international transactional volumes, increase in wealth management fees as well as card income.

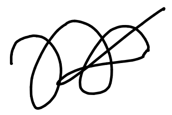
Net trading income increased by MUR 221.3m driven by both FX sales and trading, and also benefitting from the recent yield rallies both in the local and foreign markets.

On the impairment side, a drop of 86% amounting to MUR 65.8m was recorded, resulting from by repayments and sell downs of some significant exposures on the loan book side, as well as recoveries of previously written off debts.

Operating expenses increased by MUR 508.9m, a 47% surge, which resulted in raising the cost-to-income ratio to 48%, a 6% hike compared to last year. Staff costs increased by 21%, while a 12% increase in amortisation and depreciation was recorded mainly following continued investment in technology.

Concluding remarks

After the numerous challenges we have experienced during the FY 22, our environment is unfortunately still marked by geopolitical tensions and overall economic instability. Though the Bank will benefit from a raising rate environment and increased commercial activity, many other risk factors inherent to banking will continue to prevail. The Bank has, however, shown its agility to sail past last year's challenges and can therefore remain confident; the key risk beyond its control is at the level of the international geopolitical environment.



JENNIFER JEAN-LOUIS

Chief Financial Officer

PERFORMANCE HIGHLIGHTS

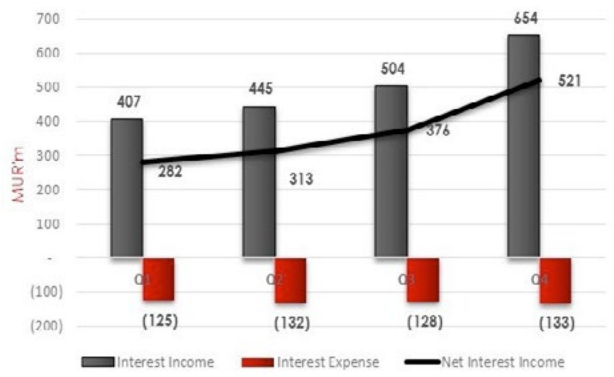
	THE GROUP			THE BANK		
	30 JUNE 2020	30 JUNE 2021	30 JUNE 2022	30 JUNE 2020	30 JUNE 2021	30 JUNE 2022
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (MUR'm)						
Net interest income, calculated using EIR method	2,028	1,071	**1,494**	2,028	1,072	**1,492**
Non-interest income	1,781	1,512	**1,869**	1,787	1,510	**1,868**
Total operating income	3,809	2,583	**3,363**	3,815	2,582	**3,360**
Total operating expenses	1,196	1,087	**1,603**	1,193	1,093	**1,602**
Total comprehensive income for the year	1,528	929	**1,436**	1,502	916	**1,443**
STATEMENT OF FINANCIAL POSITION (MUR'M)						
Total assets	160,477	190,083	**209,000**	160,473	190,083	**209,000**
Loans and advances to banks and customers	28,290	25,389	**39,247**	28,290	25,389	**39,247**
Investment securities	48,697	45,410	**70,965**	48,665	45,410	**70,965**
Deposits from banks and customers	150,922	179,197	**197,442**	150,947	179,211	**197,445**
Total equity	8,651	9,057	**10,192**	8,641	9,047	**10,190**
PERFORMANCE RATIOS (%)						
Return on average equity	21	12	**16**	21	11	**16**
Return on average assets	1.0	0.5	**0.7**	1.0	0.5	**0.7**
Loans-to-deposits ratio	19	14	**20**	19	14	**20**
Cost-to-income ratio	31	42	**48**	31	42	**48**
CAPITAL MANAGEMENT (%)						
Capital adequacy ratio	15.15	16.18	**15.76**	15.15	16.18	**15.76**

CURRENT YEAR PERFORMANCE AGAINST OBJECTIVES AND FUTURE GROWTH

	KEY PERFORMANCE INDICATORS	OUTCOME	TARGET FOR THE NEXT FINANCIAL YEAR
Total Operating Income	Recovering from the impact of COVID-19, the Bank is expected to achieve a circa 4% higher total operating income for FY22 vis-à-vis last year.	The Bank achieved a satisfactory MUR 3.4bn as total operating income, i.e., 19% above budget.	With the recovery of the economies over the world, along with increasing interest rates on the market the Bank's total operating income for FY 23 is expected to be MUR 5.1bn.
Total Operating Expenses	From a cost containment strategy for FY21, the Bank is now expected to invest in its human capital and IT infrastructure, thus an approximate increase of 18% In total operating expenses.	The Bank's total operating expenses was MUR 1.6bn, 14% above budget.	In line with further investments in human capital and IT infrastructure, the Bank is expected to close its FY23 accounts with a total operating expense of MUR 2.3bn.
Loans and Advances	A higher loans-to-deposits ratio of 18% is expected as a result of gross loans and advances with anticipated growth of around 14%.	A satisfactory increase of 48% year-on-year was noted in gross loans and advances to banks and customers with loan book reaching MUR 41.6bn with a loans-to-deposits ratio of 20%.	A higher loans-to-deposits ratio of 22% is expected for next financial year.
Deposits	Customer deposits are predicted to show a contraction of about 9%.	Deposits from Banks and Customers reached a record high of MUR 197.4bn, representing a 9% increase above budget.	Customer deposits are expected to grow by 8%.
Asset Quality	NPA ratio as a percentage of gross loans is expected to be at 7% at end of FY22.	With the sell down and settlement of some exposures in this financial year, the NPA ratio dropped to 4%.	NPA ratio as a percentage of gross loans is expected to be at 4% at end of FY23.
Capital Management	Capital adequacy ratio will be maintained in conformity with the limits set under the regulatory framework.	With the growing assets base, the capital adequacy ratio stood at 15.76% compared to a regulatory limit of 13.50%.	Capital adequacy ratio is expected to be at least 16%.
Return on Average Equity	Return on average equity is expected to be of 9% for FY22.	Return on average equity stood at 16% for FY22.	Return on Average Equity to be in excess of 15%.
Cost-to-Income	The cost-to-income ratio is expected to be around 50% due to a contraction in the total operating income of the Bank.	The cost-to-income ratio was 48%, i.e., 2% below target.	The Cost-to-Income Ratio not to exceed 45%.

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME REVIEW

NET INTEREST INCOME

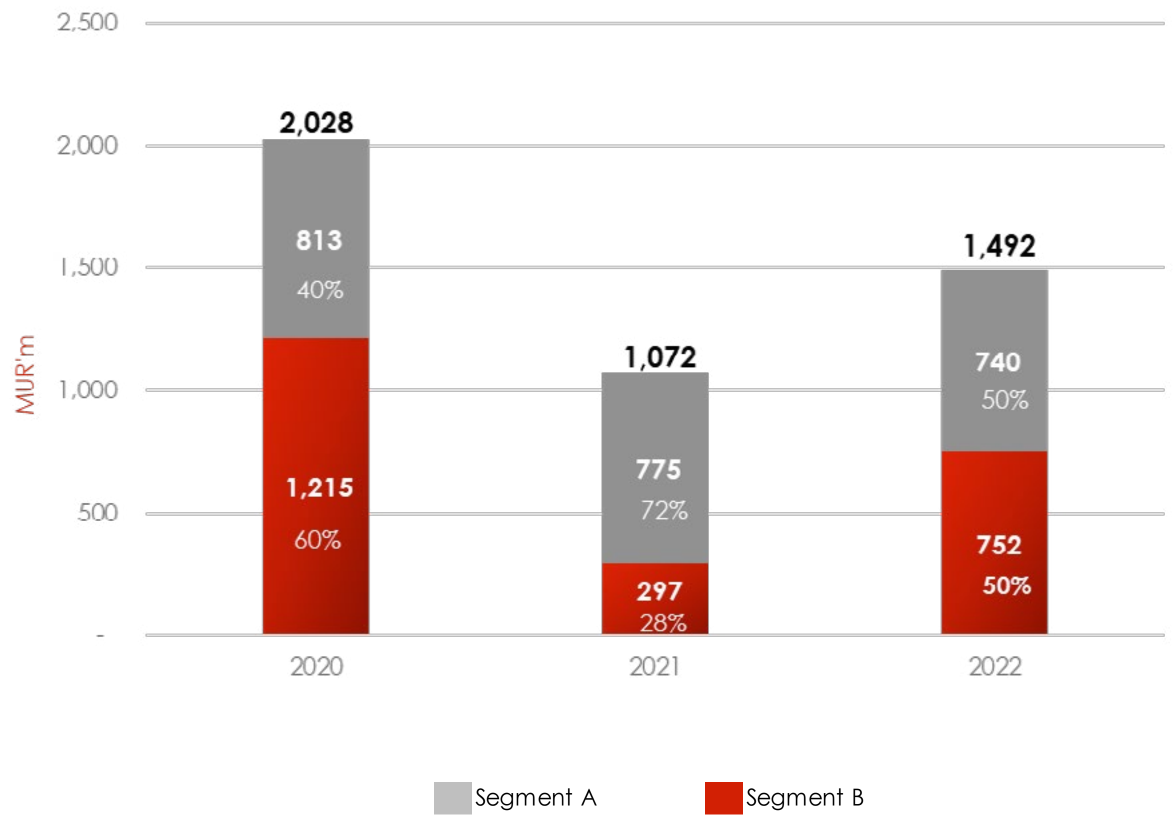


The net interest income ("NII") generated for the FY2022 stood at MUR 1.5bn which represents a comforting growth of 39% year-on-year despite the volatile setbacks of the COVID-19 quasi recovery, war and woes of inflation.

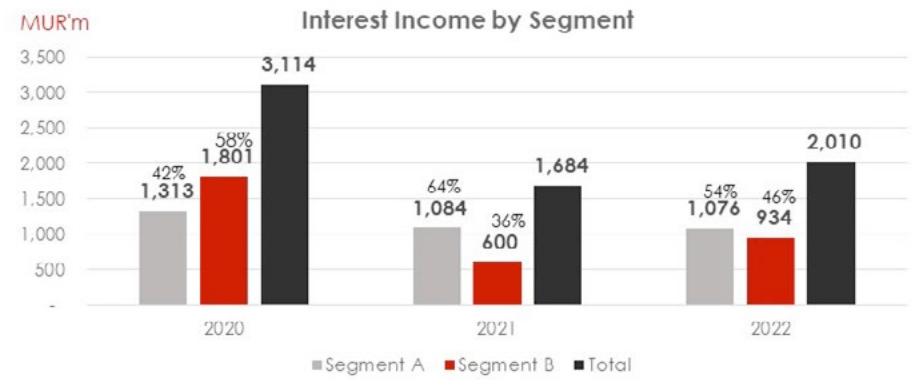
This financial year was marked by a growth in our average interest-bearing assets as compared to the prior year and an uptick in general yield levels as we were tending towards the end of Q3 with multiple rate hikes across the world with the use of dramatic monetary policies mainly in a hawkish approach to tame or at least control the inflationary pressures imposed on the global economy.

The aggressive nature of rate hikes starting in March 2022 emanating from the U.S. Federal Reserve was followed suit by the Central Banks around the world to tighten their monetary policy to curb and manage inflation driven by the unsettling shocks amidst swelling commodity and energy prices, multiple supply-chain disruptions, war-related disruptions or China's economic slowdown. The Bank of Mauritius also increased the KRR to 2.00% in March and subsequently to 2.25% in June in line with the current inflation trajectory and outlook which eventually depends on the evolution of the geopolitical situation and its impact the prior mentioned drivers.

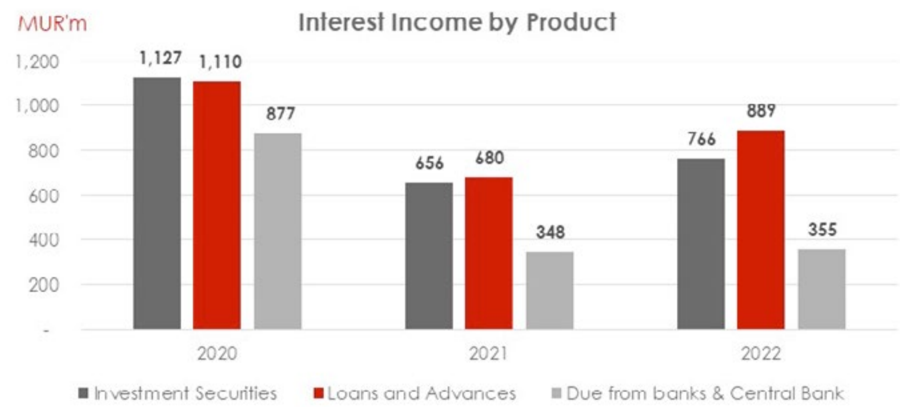
In terms of segmental split, a balancing shift is noted year-on-year between the segments as we note a 50% contribution from Segment A as compared to a 72% contribution last year.



INTEREST INCOME



The interest income showed positive signs of recovery from MUR 1.7bn to MUR 2.0bn predominantly due to higher average interest-bearing assets on the investment securities, loans and placements side compounded with a general uptick in return levels as rates around the globe started climbing the yield ladder through rallies.



At the back of quantitative tightening to ensure inflationary pressure are kept at bay, reference rates such as the Fed Rate and KRR rose back up around March 2022, with the London Interbank Offered Rate ("LIBOR") obviously mirrored this uptick, followed by Risk Free Rates ("RFR"), so that interest income across all products began to pick-up. The impact of these rising yield levels compounded with higher balances this year boosted our performance.

It is anticipated by various policymakers worldwide that inflation is becoming more entrenched and a management through interest rates to curb this expectation will continue to be aggressive with the quantum of the hikes depending on the economic context and inflation outlook.

From a segmental perspective, a more balancing shift was noted as the split between Segment A at 54% (2021: 64%) and Segment B at 46% (2021: 36%) showing a switch back from Segment A to a more equitable distribution between the two segments. This harmonizing force emanated mainly from higher level of investment in foreign securities mainly in sovereign bills, bonds and notes and corporate bonds and notes.

The return on assets by main products are as tabulated below:

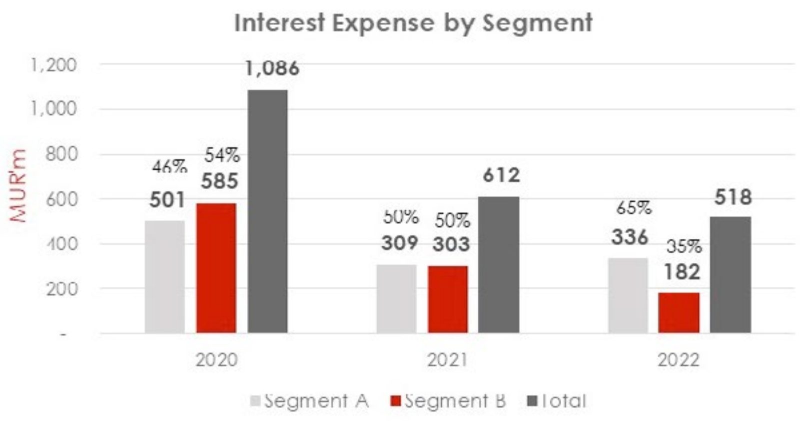
%	MUR			FCY (Inclusive of USD)			USD		
	Customers	Banks	Securities	Customers	Banks	Securities	Customers	Banks	Securities
FY22	3.79	-	3.08	2.18	0.23	0.71	2.16	0.46	0.66
FY21	3.60	3.11	3.18	2.33	0.25	0.56	2.32	0.50	0.51

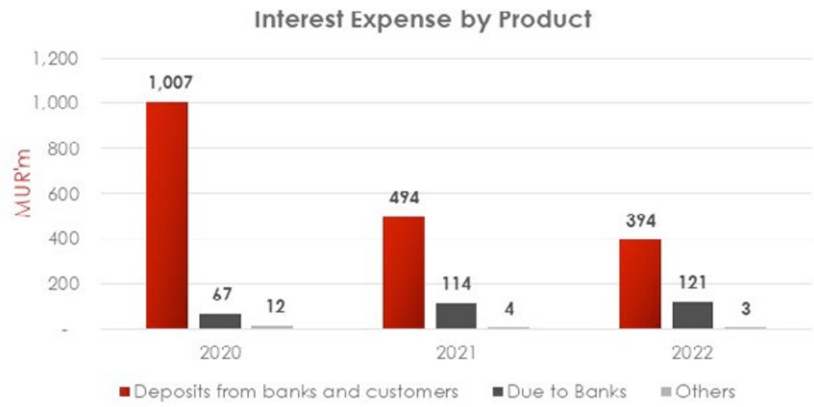
INTEREST EXPENSE

The interest expense decreased to MUR 0.5bn (2021: MUR 0.6bn) vis-à-vis the prior year. From a weightage perspective, 76% of our interest expense is driven by deposits from banks and customers, that has been the object of 20% contraction y-o-y and is mainly a matter of lower average foreign fixed deposit grids for the financial year 2022 as compared to the prior year thus generating a lower cost of funds for the Bank.

It is notable that while it was tending towards the end of Q3, the deposit grids in line with the reference rates started to slowly pick up. On Nostro side of the core interest expense products, no major movement was noted from a y-o-y viewpoint.

From a segmental perspective, a fall in Segment B contribution is noted, this is in line with the foreign fixed deposit grids which were less favorable vis-à-vis our customers than the former year driving down this interest expense quantum for the Bank.





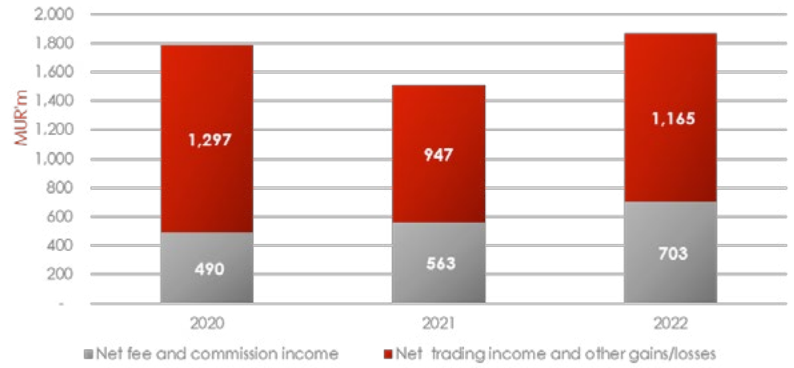
The cost of funds is as tabulated below:

%	MUR		FCY (Inclusive of USD)		USD	
	Customers	Banks	Customers	Banks	Customers	Banks
FY22	1.26	0.56	0.08	0.03	0.11	-
FY21	1.26	0.45	0.17	0.70	0.24	-

NON-INTEREST INCOME

From a performance perspective, an overall year-on-year increase of 24% was noted, non-interest income makes up 56% of the total operating income for the year being reported as compared to 58% in the last financial year. These figures can be summarized as follows:

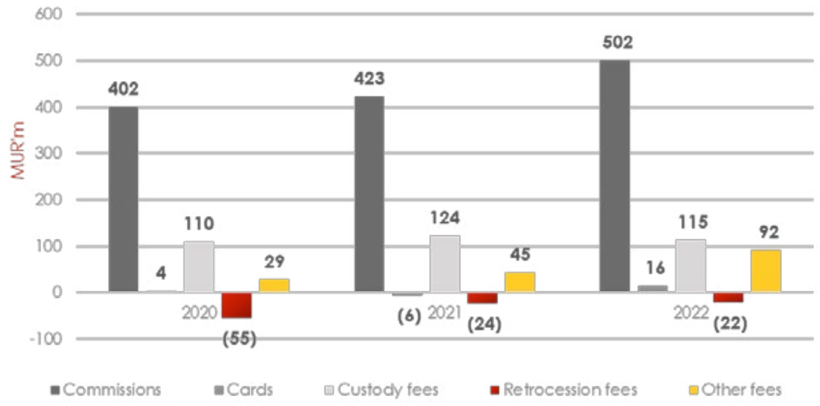
- Net fee and commission income amounting MUR 0.7bn (2021: MUR 0.6bn); and
- Net trading income of MUR 1.2bn (2021: MUR 0.9bn).



NET FEE AND COMMISSION INCOME

Net fee and commission income grew by a solid 25% from MUR 562.5m to MUR 702.5m.

The net commission income increased by 19%, mainly generated on commission earned on local and overseas transfers of funds principally in USD and EUR.



Net card income for the year moved to a profit position of MUR 16.0m in contrast to a loss of MUR 6.0m in the last financial year impacted by an increase in overall spending in this financial year as compared to the prior year. During this year ended, it was also notable that the Bank launched its new Debit Cards!

Net custody fees showed a drop of 7% to MUR 114.5m on the back of slightly lower trading and safekeeping fees induced by the market conditions.

On the other fees side, our wealth management business, new in the prior financial year, really took cruise speed for a more than 3-fold increase in fees received.

NET TRADING INCOME

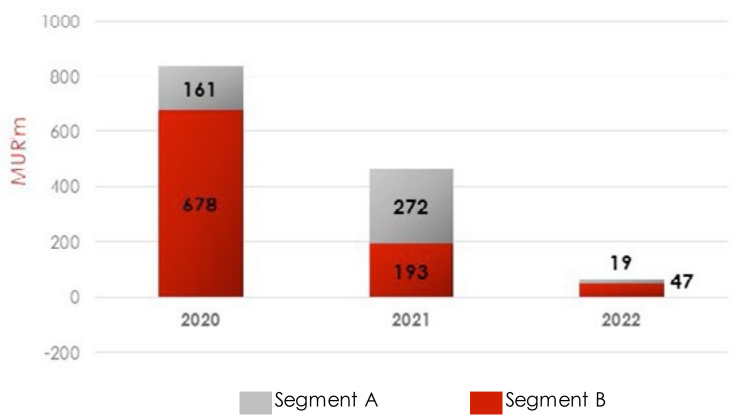
Income from trading activities stood at MUR 1.2bn and bears testimony of a 23% increase compared to the prior year and contributed 35% of total operating income for the year ended 30 June 2022.

A buoyant performance was noted on the FX side, the money markets and fixed income side of the treasury management desks have been able to gear the rally in yield levels towards windows of opportunity for potential gains in both local and foreign government bonds and corporate bonds and finally the structuring through deposit linked options have generated a decent share of income to help boost the top line performance.

NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

On the impairment side, we note a net impairment loss of MUR 65.8m (2021: MUR 465.1m) which is a positive drop for the Bank. This drop sourced mainly some major settlements and sell down in Stage 3. However, these positive effects were absorbed by additional provisioning on some counterparties.

The total impairment loss was further attenuated by bad debts recovered amounting to MUR 33.8m (2021: 32.0m).



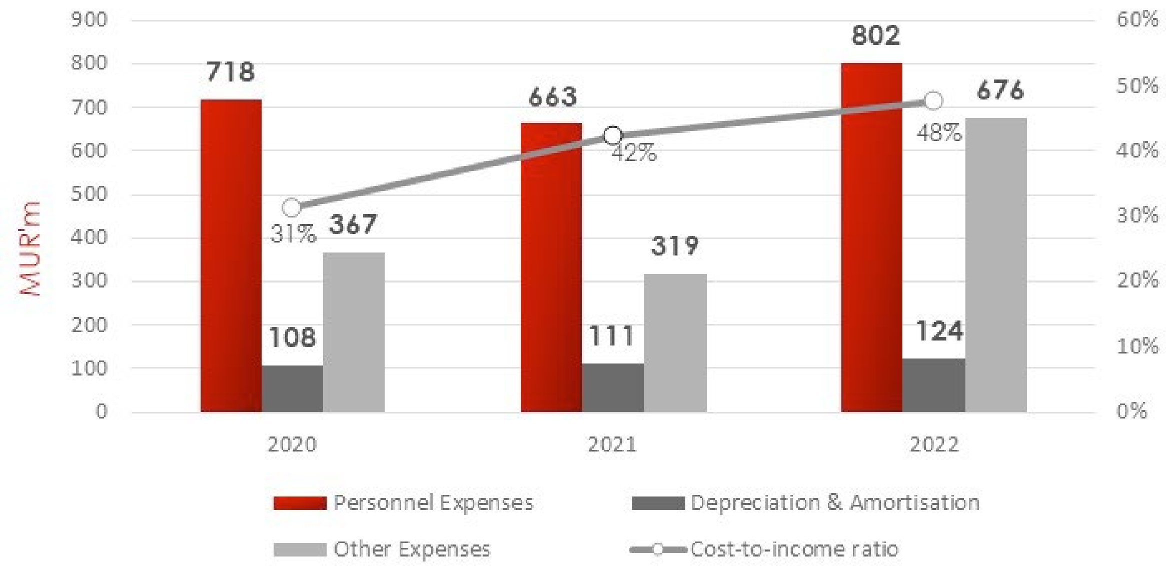
TOTAL OPERATING EXPENSES

As a faithful allegiance to its human capital, the Bank devoted MUR 801.7m, that is, 50% of its total operating expenses to the ultimate endeavor to keep its workforce motivated, committed, retained and results driven, this represented a 21% growth as compared to last year.

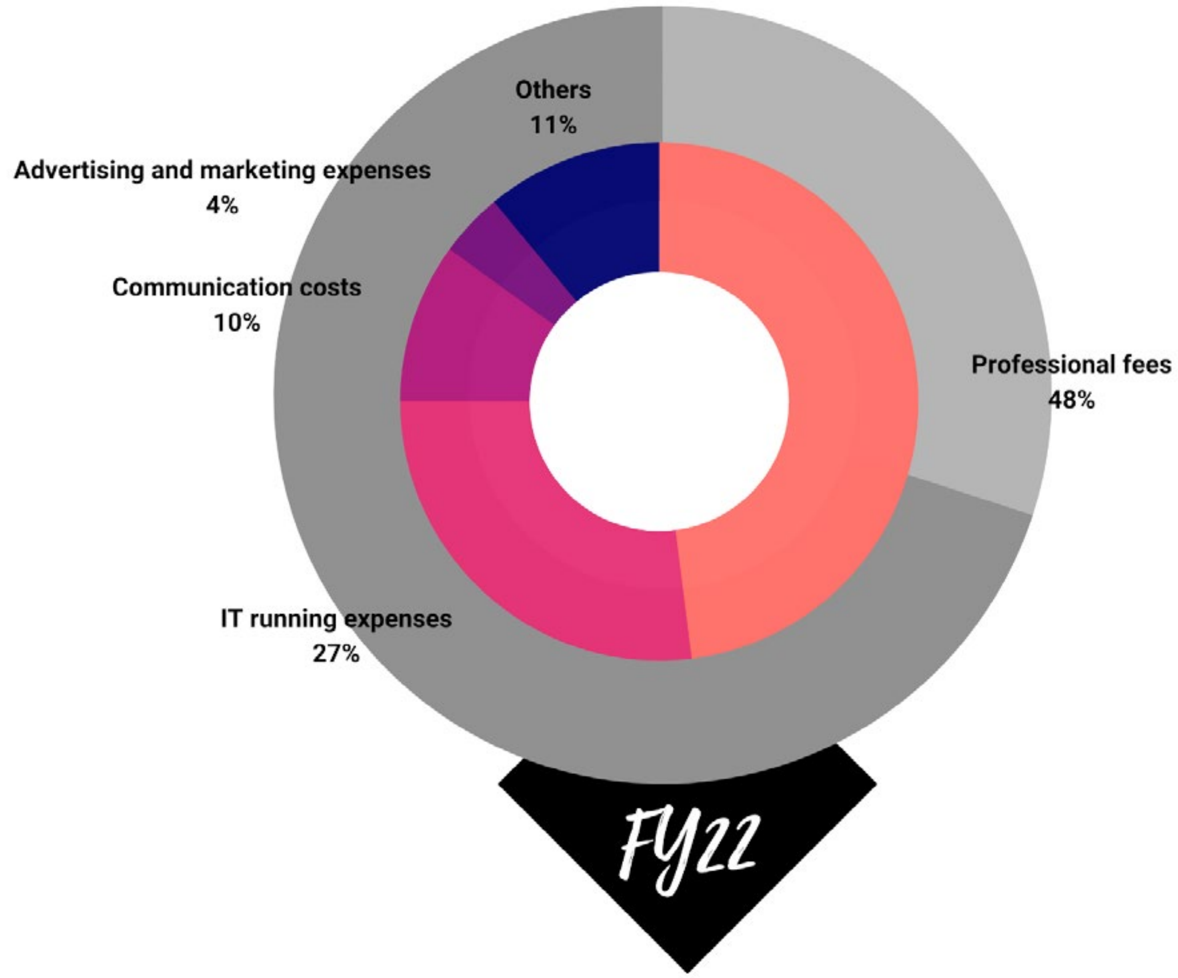
The headcount as at 30 June 2022 stood at 423 vis-à-vis 415 the prior year.

The major components of the other operating expenses, which stood at MUR 676.2m, were administrative expenses representing 48% of the latter, comprising principally of IT running expenses (i.e. 56%) as the Bank continued to dedicate perpetual investments in its banking environment both from a maintenance and an enhancement point of view. The Bank trusts that in continuing to dwell into digitalization in this era marked by evolving customer demands and by capitalizing over the metamorphosis of the traditional human capital, it promotes and manages two forces that can thrive and co-drive performance to bring the Bank to new heights of customer satisfaction and employee devotion. This was followed by crucial communication, insurance, travelling costs amongst others. An important increase was noted on our professional fees side, representing 48% of the other operating expenses.

TOTAL OPERATING EXPENSES (CONT'D)



The major elements of the Bank's other operating expenses include amongst others:



TAXATION

The Bank's income tax expense as at 30 June 2022 as per its Statement of Profit or Loss and Other Comprehensive Income comprises of Corporate tax, Corporate Social Responsibility ("CSR"), Special Levy and Deferred tax.

The Corporate Tax rate as at 30 June 2022 is at 5% for chargeable income not exceeding MUR 1.5bn and 15% for chargeable income above the threshold of MUR 1.5bn.

CSR is at the rate of 2% of Segment A's chargeable income of the preceding financial year which are paid to Government-approved CSR projects and the remaining are remitted to the Mauritius Revenue Authority.

The Bank's CSR contributions for FY 2022 is MUR 19.4m compared to MUR 22.3m for FY 2021.

Special levy is at a rate of 4.5% of leviable income. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT Act. The special levy increased from MUR 68.7m in FY 2021 to MUR 74.3m in FY 2022 due to rise in leviable income.

The deferred tax asset is computed at the tax rate of 5% representing the rate at which the asset will be utilised in future years.

Overall, the Bank's Tax Expense increased from MUR 148.4m in FY 2021 to MUR 265.4m in FY 2022. The effective tax rate increased from 14.50% in FY 2021 to 15.59% in FY 2022. The higher effective tax rate is due to the fact that the chargeable income has exceeded the threshold of MUR 1.5bn in FY 2022 and hence the excess of MUR 1.5bn (more specifically, MUR 580m) has been subject 15% tax rate instead of 5%.

Refer to Note 11 Taxation for more details.

TOTAL ASSETS

The asset base of the Bank stood at MUR 209.0bn as at 30 June 22, representing a growth of 10% (MUR 18.9bn) year-on-year. This expansion primarily, as a result of the continued growth in the deposit base, was mainly channeled towards investment securities and loans and advances while cash and cash balances with banks and due from banks commended a fall. Other assets were relatively stable when compared to the previous financial year.

Our asset distribution has noted some interesting shifts year-on-year, it is noted that around 45% of total assets was occupied by cash and cash equivalents and due from banks, with a 19% drop noted year-on-year. Investment securities engaged 34% of our asset mix, experiencing a 56% hike year-on-year with the preponderance residing mainly in debt instruments measured at amortised cost (92%). On the loans and advances side, a higher slice of the mix was employed, at 19%, with a registered growth of 55% year-on-year. As for other assets, its foremost component being mandatory balances with the Central Bank (MUR 3.2bn net at a 93% occupancy), experienced a 38% jump year-on-year.

From a segmental perspective, the proportion of the Bank's total assets to Segment B represented 64% in 2022 which is only slightly higher relative to last year, which was 62%.

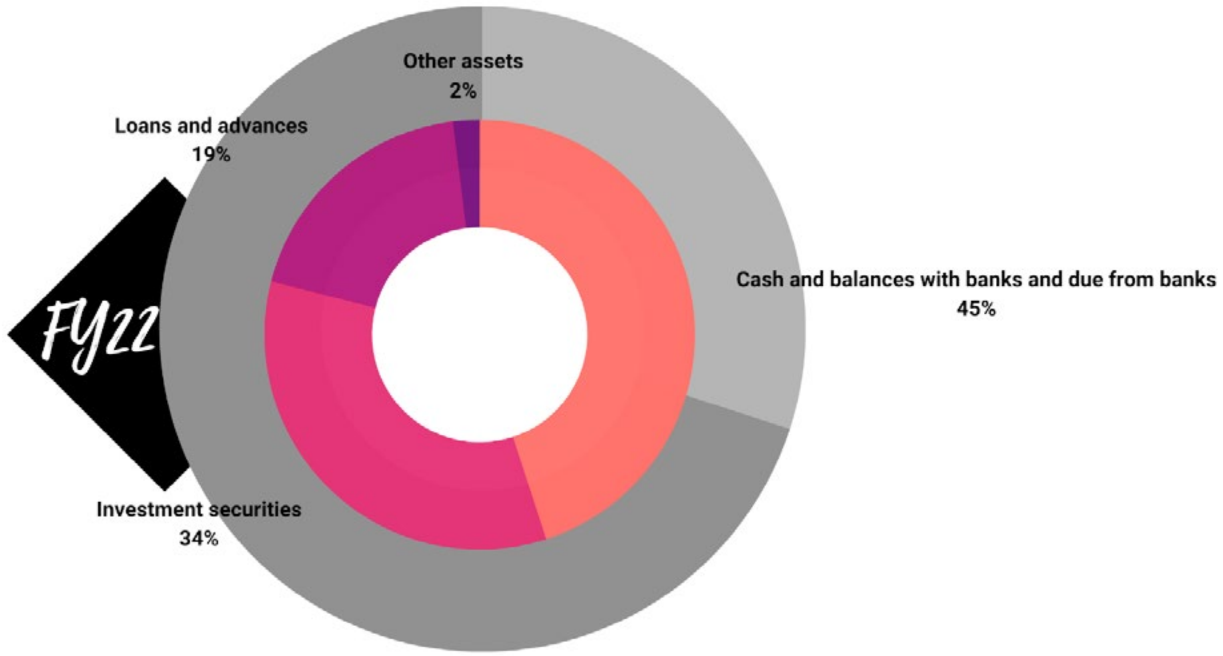
An industry breakdown of the Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

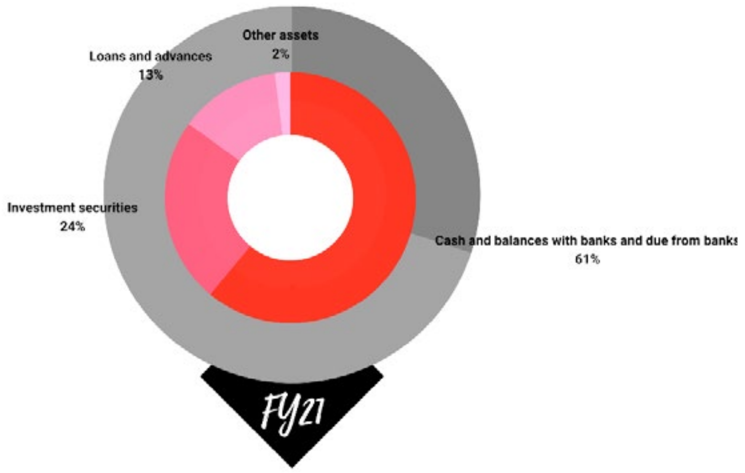
	GROSS MAXIMUM EXPOSURE		
Sectors – MUR'm	**2020**	**2021**	**2022**
	Total	**Total**	**Total**
Agriculture	1,279	979	**1,677**
Construction, infrastructure and real estate	1,980	1,850	**2,667**
Financial and business services	100,869	136,142	**129,871**
Government and parastatal bodies	35,022	32,201	**46,435**
Information, communication and technology	1,101	1,275	**2,658**
Manufacturing	5,867	3,934	**5,386**
Personal	2,374	2,785	**3,292**
Tourism	4,528	4,919	**4,274**
Traders	4,453	3,795	**8,564**
Others	4,598	4,174	**5,592**
Total	**162,071**	**192,054**	**210,416**

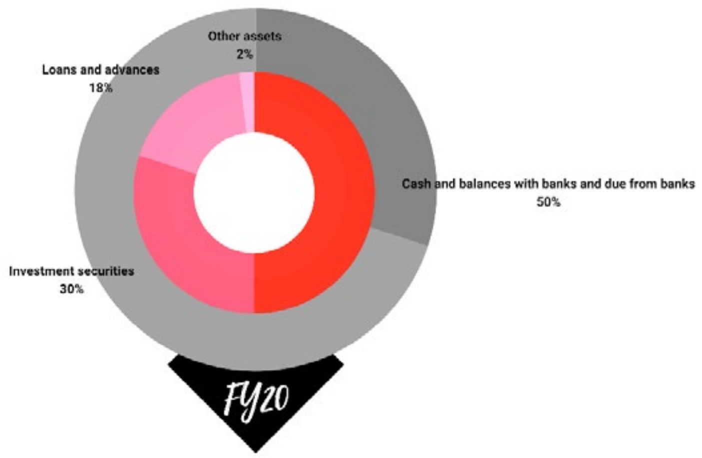
Please refer to Note 38 (b) in Section B for more details.

TOTAL ASSETS (CONT'D)

Overall, as depicted in the chart below, the Bank fostered its risk diversification over its assets, this can be represented by:







Cash and balances with banks and due from banks

- MUR 6.3bn (LCY) - 7%
- MUR 88.0bn (FCY) - 93% of which MUR 56.7bn (USD) - 60%

Loans and advances

- MUR 6.8bn (LCY) - 17%
- MUR 32.5bn (FCY) - 83% of which MUR 24.8bn (USD) - 63%

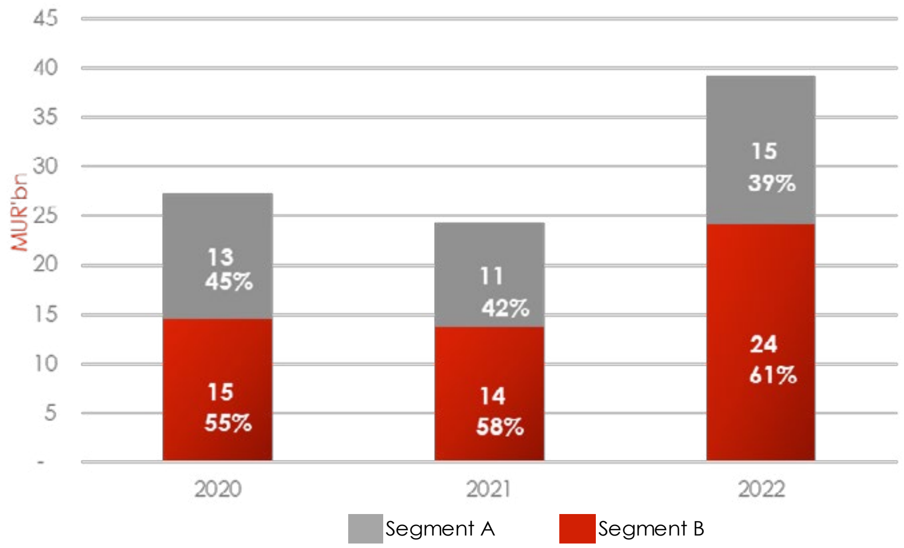
Investment securities

- MUR 22.1bn (LCY) - 31%
- MUR 48.9bn (FCY) - 69% of which MUR 46.5bn (USD) - 65%

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

With respect to the Bank's prudent approach towards its lending strategy, the net loans and advances showed a significant increase of 55%, to stand at MUR 39.2bn this year. From a segmental standpoint, a 61% dominance in segment B can be observed in our loan book.

Loans and advances with remaining contractual maturities over 12 months represented 59% of the net loan book in 2022, with 42% of the remaining contractual maturities residing in "1 to 5 years" bucket and 26% engaged in the "Less than 3 months" bucket.



As at 30 June 2022, the credit portfolio of the bank together with its distributed concentration across sectors are tabulated below:

Sectors – MUR'm	2020	2021	2022
	Total	Total	Total
Agriculture and fishing	1,238	976	1,133
Manufacturing	5,308	3,512	2,820
Tourism	3,892	4,579	3,967
Transport	601	212	499
Construction, infrastructure and real estate	1,970	1,850	2,667
Financial and business services	9,940	10,019	16,130
Traders	2,495	1,772	7,594
Personal	2,372	2,785	3,297
Professional	60	66	73
Information, communication and technology	1,093	1,263	1,505
Government and parastatal bodies	-	-	185
Other entities	1,722	1,067	1,698
Total	30,691	28,101	41,568

Please refer to Note 44 (X (a, b)) in Section B for details on segmentation.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

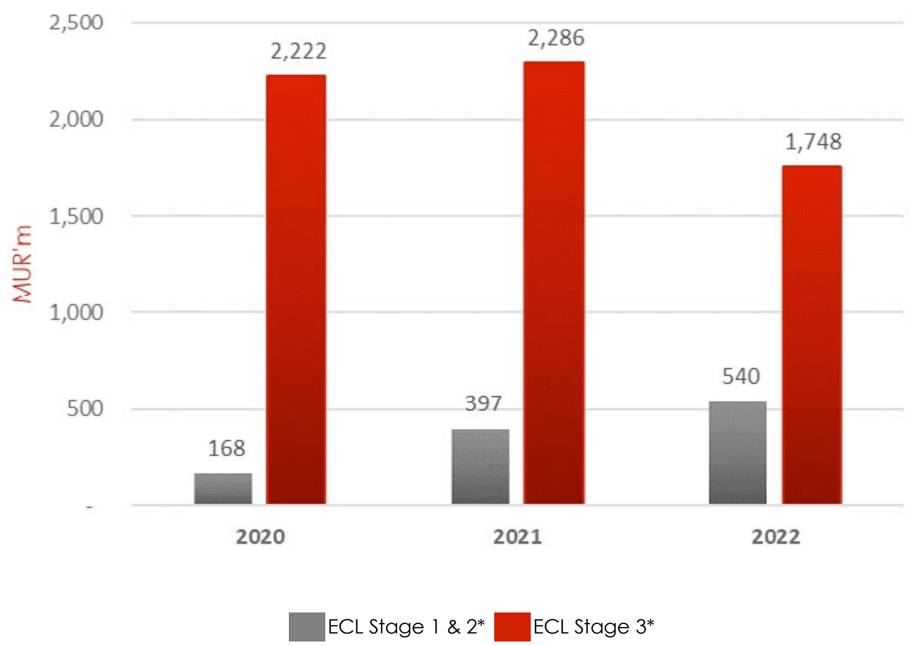
ALLOWANCE FOR IMPAIRMENT LOSSES

The Bank's allowance for impairment losses denote estimated losses correlated to impaired loans in the portfolio provided for but not yet written off, and allowances for performing loans, which is our best estimate of impairment in the existing portfolio for loans that have not yet been individually identified as impaired. Our approach to establishing and maintaining the allowance for performing loans is based on the requirements of IFRS. Under the IFRS 9 – "Financial Instruments", an allowance is recorded for ECL on financial assets regardless of whether there has been actual impairment.

Allowance for impairment losses encompasses ECL stage 3 provisioning, which dropped from MUR 2.3bn in 2021 to MUR 1.7bn in 2022. Segment B makes 63% of the total allowance for impairment losses. The quantum of loans and advances to customers that have been written off against provisions was MUR 650.5m in 2022.

The Bank's NPA dropped significantly by 31% to MUR 1.9bn as at end June 2022 resulting from sell down and settlement of some exposures during the year under review. Consequently, it is to be noted that the Bank's NPA ratio was **4% (2021: 9%).**

Coverage ratio is measured as the percentage of Stage 3 (Specific) impairment over total NPA. As a matter of fact, the Bank coverage went up from **79% in 2021 to 88% in 2022.**



(The above includes interest component.)

LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

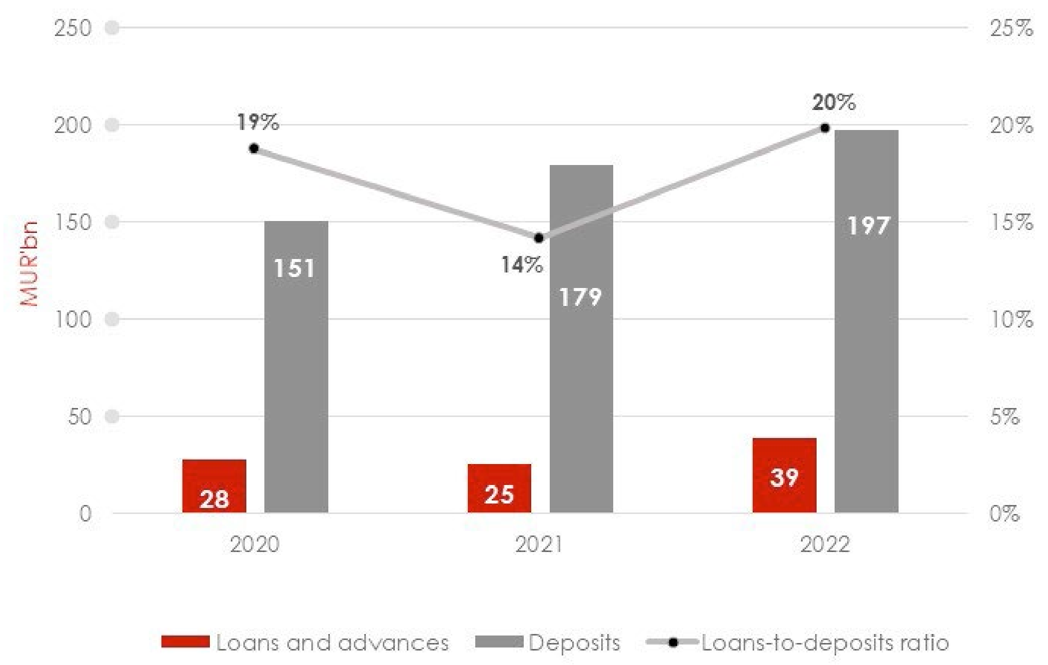
The breakdown of loans and advances vis-à-vis the non-performing portion and its relative provision by sector remains an interesting piece of discussion and analysis, same is tabulated below:

Sectors – MUR'm	2022					
	Gross amount of loans		Non-performing loans		Stage 3 ECL	
	Segment A	Segment B	Segment A	Segment B	Segment A	Segment B
Agriculture and fishing	155	977	-	544	-	462
Manufacturing	638	2,183	158	-	158	-
Tourism	3,419	548	-	-	-	-
Transport	32	467	-	233	-	-
Construction, infrastructure and real estate	1,150	1,518	43	-	17	211
Financial and business services	1,428	14,702	1	705	-	672
Traders	4,002	3,592	13	-	13	-
Personal	2,664	632	81	12	62	1
Professional	-	72	-	-	-	-
Information, communication and technology	628	878	151	-	151	-
Government and parastatal bodies	185	-	-	-	-	-
GBL	-	-	-	-	-	-
Other entities	1,689	9	9	-	2	-
Total	**15,990**	**25,578**	**456**	**1,494**	**403**	**1,346**

From a sector standpoint, the financial and business services sector leads the way with 39% (2021: 14%) of the gross loan portfolio followed by the traders sector with a 18% (2021: 26%) contribution. In the same light, financial and business services sector remains the most provided sector from a non-performing loan viewpoint, followed by the agriculture and fishing sector and the construction, infrastructure and real estate sector.

LOANS-TO-DEPOSITS RATIO

A higher than expected loans-to-deposits ("LTD") ratio was achieved in 2022, that is, 20% compared to 14% last year. From a currency standpoint, this ratio can be further broken down into LCY at 32% and FCY at 18%. The driving force behind the rising LTD ratio is at the back of the relative increase in both components of the ratio, i.e. deposits from banks and customers figures improving by 10% compared to a growth of 55% in net loans and advances to banks and customers.



INVESTMENT SECURITIES

A significant increase of 56% i.e. MUR 25.6bn from MUR 45.4bn to MUR 71.0bn in investment securities due to higher deployment of fund in Treasury assets mainly in debt instruments measured at amortised cost ("AC") portfolio. The majority investments being in Government papers both on domestic and global fronts.

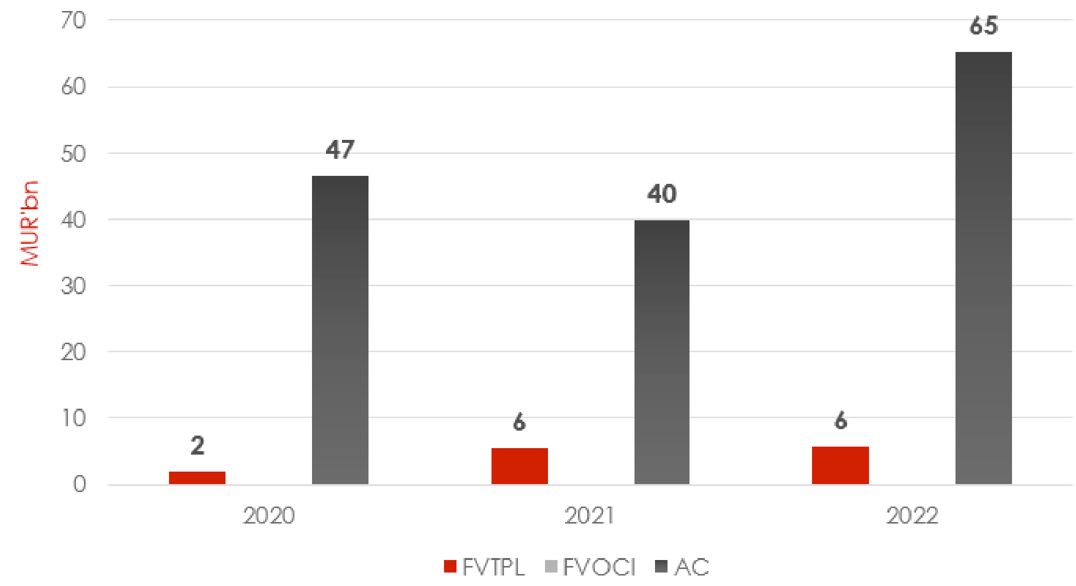
The currency split as from 30 June 2022 stands as LCY MUR 22.1bn and FCY MUR 48.9bn (of which USD represented MUR 46.5bn).

Mandated by IFRS 9, the investment securities are categorized as follows:

- Financial assets held for trading measured at fair value through profit or loss ("FVTPL");
- Debt instruments measured at fair value through other comprehensive income ("FVTOCI");
- Debt instruments measured at AC;
- Equity Investments designated at fair value through other comprehensive income ("FVTOCI"); and
- Equity Investment measured at fair value through profit or loss ("FVTPL").

INVESTMENT SECURITIES (CONT'D)

The main constituents can be illustrated as follows:



The main constituent of investment securities lies is in debt instruments measured at AC (92%) which is analysed as follows: foreign sovereign securities at 53%, BOM/GOM securities at 26% and remaining 21% in local and foreign corporate bonds and notes. The remaining category are financial assets in the HFT books measured at FVTPL (8%) predominantly BOM/GOM securities at 64%, 32% in foreign corporate bonds and notes and 4% in sovereign securities.

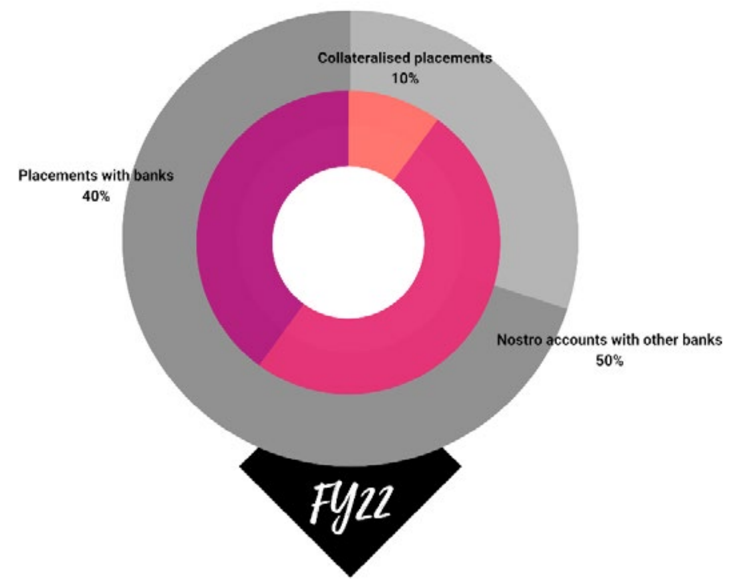
CASH AND BALANCES WITH BANKS AND DUE FROM BANKS

Due to the deployment of funds into other forms of investments, the cash and balances with banks and due from banks dropped by 19% from MUR 115.8bn to MUR 94.3bn year-on-year.

The main components remained the following:

- Nostro current accounts;
- Placements with banks; and
- Collateralised placements.

Nostro current accounts dropped by 14% from MUR 54.5bn to MUR 46.9bn, placements with other banks fell by 15% from MUR 44.9bn to MUR 38.4bn and collateralised placements were almost halved year-on-year from MUR 16.4bn to MUR 9.0bn in 2022 which are money lent to local banks.



LIABILITIES

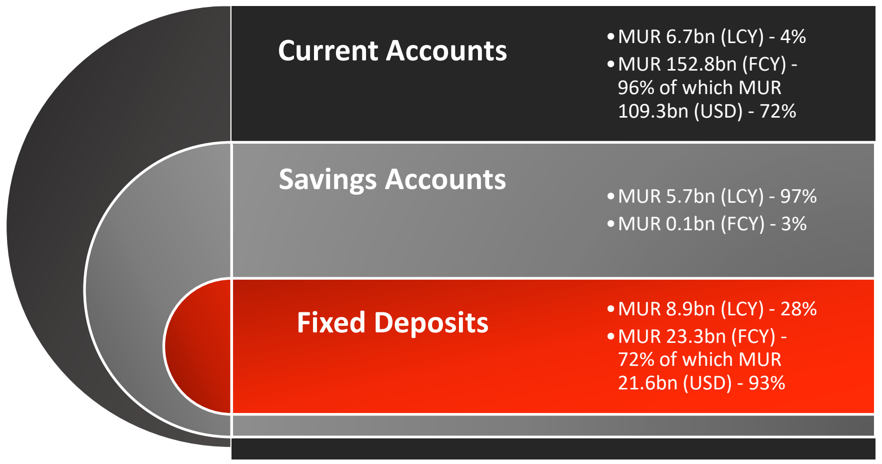
DEPOSITS FROM BANKS AND CUSTOMERS

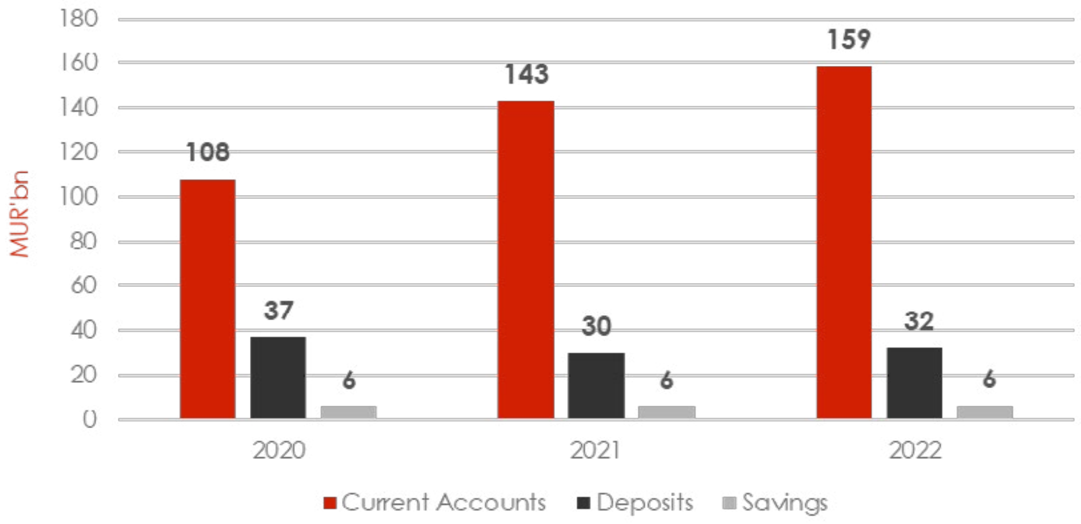
The financial year was marked by a removal of Mauritius from the European Commission's list of high-risk third countries in January 2022 which acted as a reassuring force for our international clients that our AML/CFT regime does not contain any strategic deficiencies.

With the Bank continuing to provide its clients with the optimal comfort with the principal pledge of delivering a bank different approach, the confidence of the client base in the Bank resulted in the deposits base growing from MUR 179.2bn end of June 2021 to reach MUR 197.4bn by the end of June 2022 i.e. a growth of 10%. Furthermore, as a solid part of our deposit book reside is foreign currencies mainly in USD, the U.S. Dollar Index's upward trend and surge and vis-à-vis a depreciating rupee has brought about strong retranslation effects in our books to also boost the total deposit figures.

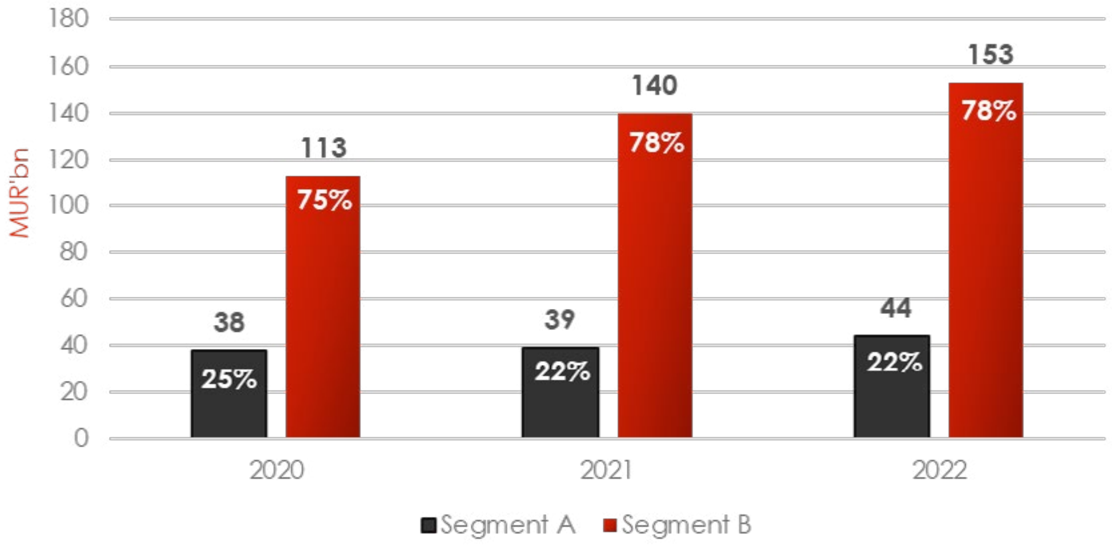
Split of customer deposits base was as follows:

- Current accounts MUR 159.4bn, that is, 81% of total deposits and 11% growth year-on-year;
- Savings accounts MUR 5.8bn, that is, 3% of total deposits and 5% contraction year-on-year; and
- Fixed deposits MUR 32.2bn, that is, 16% of total deposits and 8% growth contraction year-on-year.





DEPOSITS FROM CUSTOMERS AND BANKS (CONT'D)



CAPITAL MANAGEMENT

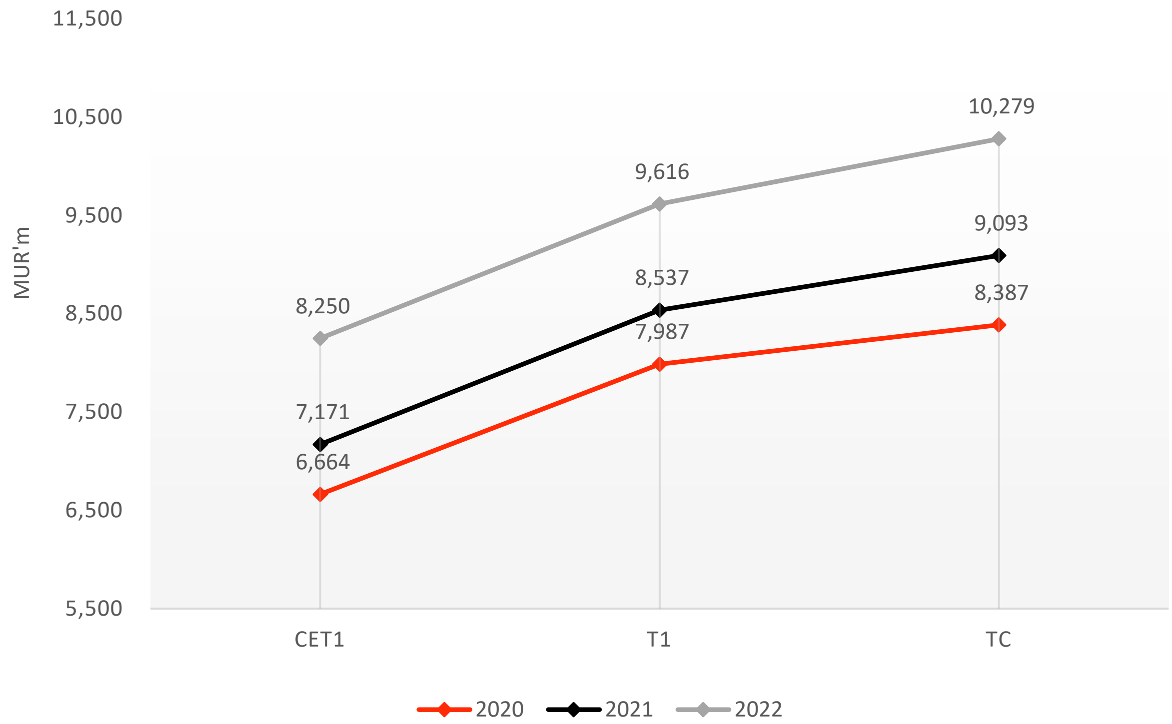
The shareholders' equity of the Bank witnessed a growth of 13% y-o-y to reach MUR 10.2bn as at end of June 2022 due to positive bottom-line performance.

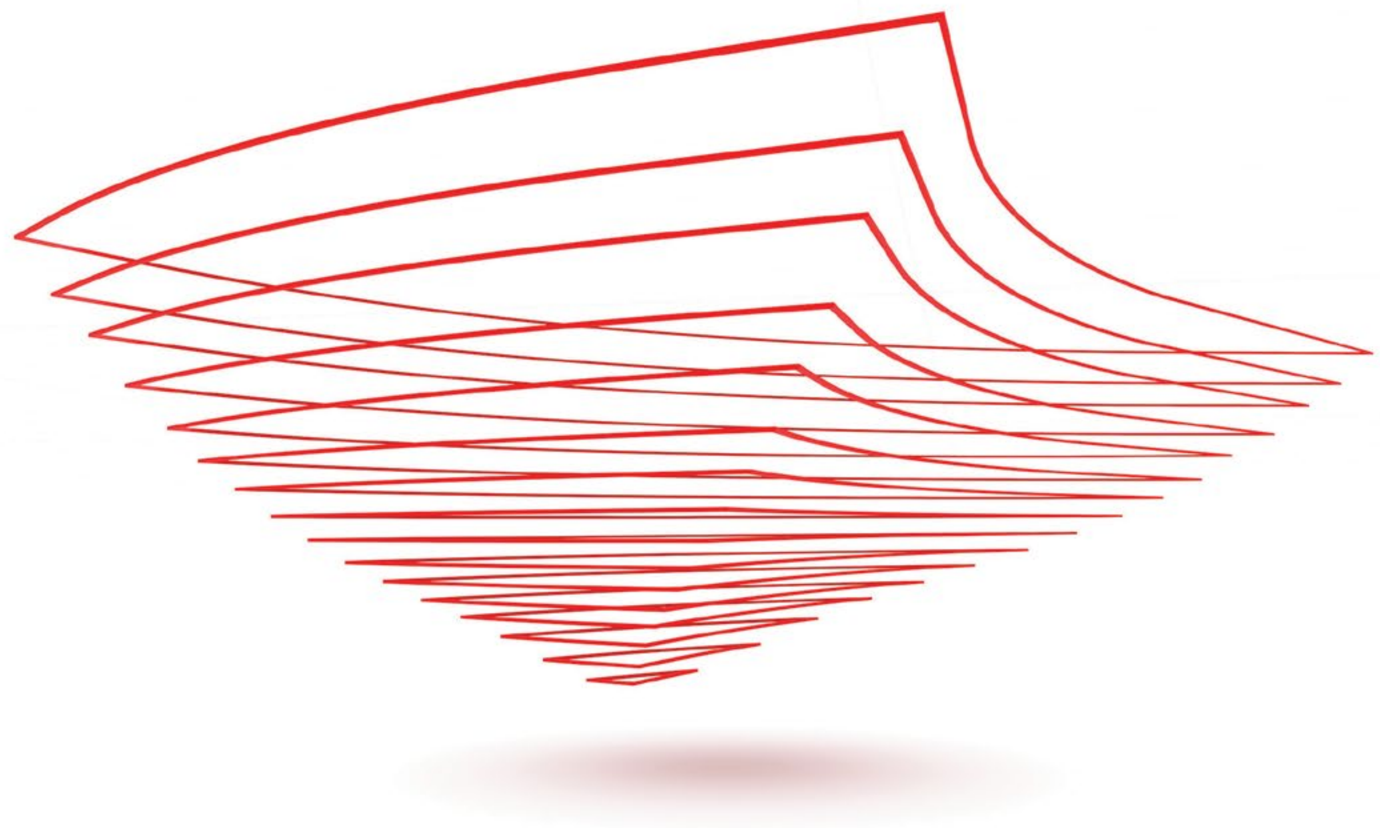
The Bank's capital base stood at MUR 10.3bn as at end of June 2022 comprising of Common Equity Tier 1 ("CET 1") capital of MUR 8.2bn, Additional Tier 1 ("AT1") capital of MUR 1.4bn and Tier 2 capital of MUR 0.7bn. The increase in the capital base results primarily from the good performance of the Bank with net profits of MUR 1.4bn for the financial year ended June 2022. Ordinary dividends of MUR 235.0m (MUR 2.08/share) as well as Class A dividends of MUR 65.0m were paid out of retained earnings in the financial year.

The capital adequacy ratio of the Bank stood at 15.76% under Basel III as at end of June 2022, dropping by 42 basis points from 16.18% as at end of the previous financial year. The Bank remains well capitalised with its capital adequacy ratio being above the regulatory limit of 13.50% for the calendar year 2022.

For the financial year ended June 2022, the Bank witnessed a significant increase of 16.0% in total risk weighted assets ("RWAs"), reaching MUR 65.2bn in comparison to MUR 56.2bn for the financial year ended June 2021. The hike in RWAs demonstrates that business activities have picked up well since the end of the COVID-19 Pandemic with the balance sheet size increasing from MUR 190.1bn to MUR 209.0bn.

The total RWAs to total On Balance Sheet Assets ratio stood at 31% as at June 2022, showing a slight increase from 30% for June 2021.





IDEATE

Understanding our **customers'** needs and, together, setting their financial ambitions, can only be achieved through a privileged relationship.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

GENERAL

Following the prior year recomposition, the Board of Directors (“Board”) of AfrAsia Bank Limited’s (the “Bank” or “AfrAsia Bank” or “ABL” or “AfrAsia”) believes that endorsing principles of good governance and sound quality norms contribute towards the creation of a solid foundation. This foundation extrapolates itself to increase performance and strengthen value creation for our stakeholders.

ABL and its Board have taken the required steps to ensure compliance with the principles set out in the National Code of Corporate Governance.

Disclosures pertaining to the eight principles of the Code have been made in different sections of the Annual Report, as outlined below:

DISCLOSURE REFERENCE

PRINCIPLE 1 - CORPORATE STRUCTURE	CORPORATE GOVERNANCE REPORT
PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES	CORPORATE GOVERNANCE REPORT
PRINCIPLE 3 - DIRECTOR APPOINTMENT PROCEDURES	CORPORATE GOVERNANCE REPORT
PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE	CORPORATE GOVERNANCE REPORT
PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL	CORPORATE GOVERNANCE REPORT AND RISK MANAGEMENT REPORT
PRINCIPLE 6 - REPORTING WITH INTEGRITY	CORPORATE GOVERNANCE REPORT, SUSTAINABILITY REPORT AND FINANCIAL STATEMENTS
PRINCIPLE 7 - AUDIT	CORPORATE GOVERNANCE REPORT
PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS	CORPORATE GOVERNANCE REPORT

PRINCIPLE ONE – GOVERNANCE STRUCTURE

OUR GOVERNANCE FRAMEWORK AND ACCOUNTABILITIES

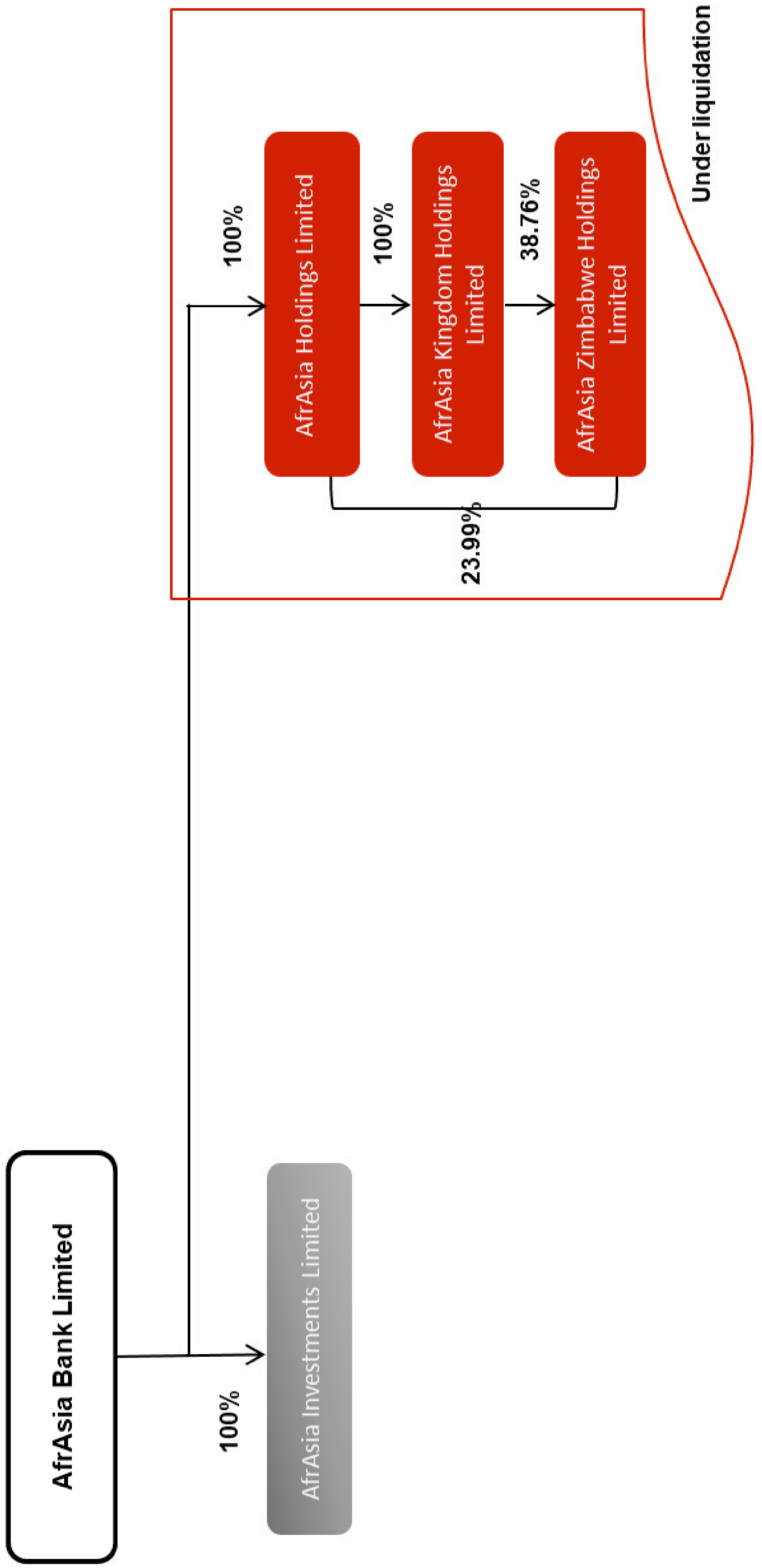
ABL, a public company incorporated on the 12th of January 2007, holds a banking licence which was issued on the 29th of August 2007. Its core banking and transactional capabilities are based in Mauritius along with a representative office in South Africa. It is a Public Interest Entity (“PIE”) as per the Financial Reporting Act 2004.

The Bank has a unitary Board, collectively geared in leading and controlling the organisation to take the necessary steps to adhere, to the best of the Board’s knowledge, to all legal and regulatory requirements including:

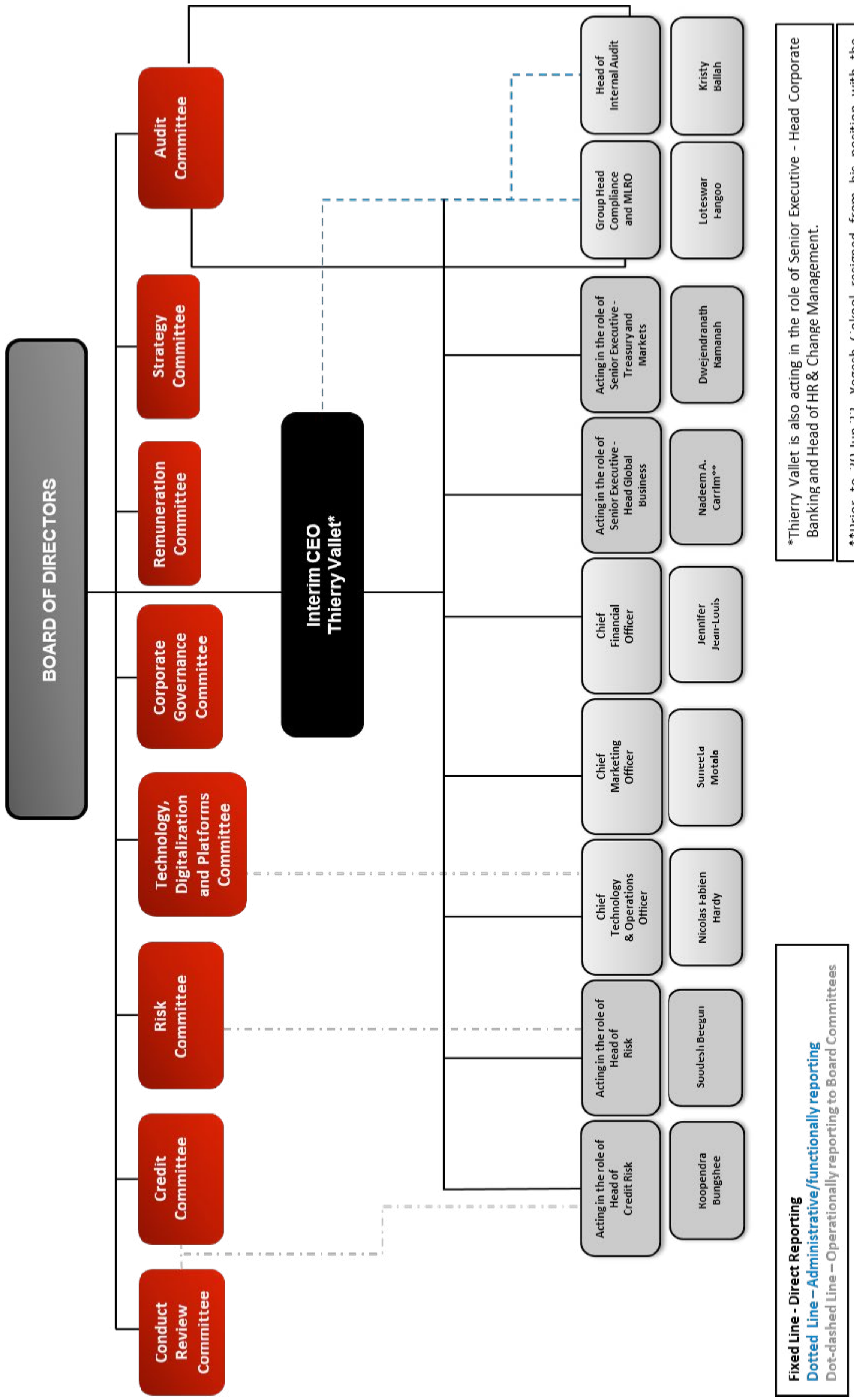
- The eight principles issued by the National Committee on Corporate Governance in its “National Code of Corporate Governance for Mauritius (2016)” (the “Code”);
- The Banking Act 2004 (as amended);
- The “Guidelines on Corporate Governance 2001” (as amended) issued by BOM; and
- The provisions of the Companies Act 2001 of Mauritius; and
- Financial Reporting Act 2004 (as amended).

ABL has in place a Conduct and Ethics Policy and in line with same, it is committed to employing the right people and to promote a culture of mutual respect and ethical behaviour. Employees and Directors are expected to treat each other with consideration and respect and are not permitted to engage in conduct which is hostile or offensive to another person. The Bank promotes transparency and all staff and Directors are made aware and accountable of their responsibilities.

A copy of the Bank’s Conduct and Ethics Policy is available on its website as follows: (https://www.afrasiabank.com/media/3222/conduct-and-ethics-policy-staff.pdf).



Note: As at date, AfrAsia Kingdom Holdings Limited and AfrAsia Holdings Limited have been fully liquidated on 06 August 2022 and 29 September 2022 respectively.



*Thierry Vallet is also acting in the role of Senior Executive - Head Corporate Banking and Head of HR & Change Management.

**Prior to 30-Jun-22, Yogesh Gokool resigned from his position with the effective date of resignation being 5-Aug-2022. Nadeem A. Carrim has been acting in the role of Senior Executive - Head Global Business.

KEY GOVERNANCE POSITIONS

The Board sets the tone for its members, committees, management and employees to uphold the highest standards of integrity, transparence and probity.

The Charter, which the Board reviews and approves as and when required, defines all key governance positions within the Bank and their corresponding accountabilities which are critical drivers of strategic performance and for optimised adherence to proper governance. A clear line of demarcation is drawn between the roles and responsibilities of the Board, its Chairperson and the Chief Executive Officer ("CEO") to impede any unfettered powers; these are listed below:

Chairperson of the Board

The duties of the Chairperson include:

- To preside meetings of Directors and to ensure the smooth functioning of the Board in the interests of good governance. He/she will usually also preside over the Bank's meetings of shareholders;
- To provide general leadership to the Board and encourage active participation of each Director in discussions and Board matters;
- To participate in the selection of Board members led by the Corporate Governance Committee and Board to ensure an appropriate diversity of competencies, experience, skills and independence on the Board;
- To oversee, through the Corporate Governance Committee, a formal succession plan for the Board, the CEO and the Senior Management;
- To make sure that monitoring and evaluation of the Board and the Directors' appraisal are carried out;
- To ensure that all relevant information and facts are timely given to the Board so as to enable it to take informed decisions;
- To maintain sound relations with the Bank's shareholders and ensure that the principles of effective communication and pertinent disclosures are followed; and
- To submit to the Bank, for each financial year, a compliance statement certifying that the Bank has complied with the provisions of law and regulations and guidelines issued by the regulators.

Chief Executive Officer

The main functions of the CEO are:

- To develop and recommend to the Board a long-term vision and strategy for the Bank that will generate satisfactory levels of shareholder value and positive, reciprocal relations with the relevant stakeholders;
- To devise and recommend to the Board annual business plans and budgets that support the Bank's long-term strategy. The CEO must ensure that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board;
- To strive consistently to achieve the Bank's financial and operating goals and objects and ensure the proper management and monitoring of the daily business of the Bank; and
- To be the chief spokesperson for the Bank in relation to all operational and day-to-day matters. The CEO and the other key officers of the Bank must attend meetings of the shareholders and be ready to present material operational developments to the meeting.

Company Secretary

The duties of the Company Secretary include but is not limited to the following:

- To provide the Board with guidance as to its duties, responsibilities and powers;
- To inform the Board of all legislation relevant to or affecting meetings of shareholders and Directors and reporting at any meetings and the filing of any documents required of the Bank and any failure to comply with such legislation;
- To ensure that minutes of all meetings of shareholders or Directors are properly convened, recorded and all statutory registers be properly maintained;
- To certify in the annual financial statements of the Bank that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank as per the laws and regulations;
- To ensure that a copy of the Bank's annual financial statements and the annual report are sent to every person entitled to such statements or report in accordance to the laws and regulations;
- To ensure that there is a good communication flow within the Board, the Board Committees and between the management and the Non-Executive Directors; and
- To advise the Board on all governance matters.

SENIOR MANAGEMENT TEAM PROFILE

THIERRY VALLET
Interim CEO and General Manager

Master of Business Administration - International Finance
HEC School of Management, Paris

Date joined AfrAsia: 20-Aug-07

Engineer by trade, financial engineer by profession, the Interim CEO of AfrAsia Bank, Thierry is a seasoned banker bringing more than 20 years of expertise and insights, including 10 years at a senior leadership level, to the Banking and Finance industry. As a Founder Executive, Thierry has meaningfully contributed to the Bank's growth: spearheading AfrAsia's strategic development since the start, pioneering Private Banking in Mauritius, being a key pillar in the inception and success of the AfrAsia Bank Mauritius Open and positioning the Bank as well as the Mauritius jurisdiction on international platforms. Promoted to General Manager in 2012, Thierry has since then also served as Director of AfrAsia several subsidiaries, shouldered interim CEO-ship and Corporate Banking responsibilities, and led the Consumer Banking, with a core belief in promoting talent growth, a great team spirit and client service excellence.

SOODESH BEEGUN
Acting in the role of Head of Risk/Head of AML and Operational Risk/DPO

Doctorate of Business Administration
Leeds Beckett University, UK
Master of Business Administration
University of Technology, Mauritius
Higher Diploma in IT
Institute for Development Policy and Management
Certificate in Banking
University of Mauritius

Date joined AfrAsia: 31-Mar-09

Soodesh have more than 35 years of working experience within the Banking/ICT/Sugar/Textile industries with over 22 years at an Executive level role (Banking) and have been driving various IT and other projects within the function/role scope including Systems implementation, upgrade, merger and data center migration locally and to foreign sites. He, currently, oversees the management of Money Laundering and compliance risk and is responsible for the conduct of the business. He is also responsible to drive the operational risk agenda and implement best practices including proactive development of a risk awareness culture, whilst inspiring and developing the overall risk management capabilities including Data Privacy and alignment with Data Protection Act and General Data Protection Regulation.

ROOPENDRA SHARMA BUNGSHEE
Acting in the role of Head of Credit Risk/Senior Credit Risk Manager – Domestic

B.Sc. Economics
University of Mauritius
Certificate in Banking Operations and Management
Knowledge of the Art Ltd

Date joined AfrAsia: 02-Feb-17

Roopendra is a Senior Credit Risk Manager and, since January 2022, acting in the role of Head of Credit. He has around 18 years of experience in the banking sector in 4 different banks, mostly in the field of credit risk, and has gained extensive knowledge in different market segments such as retail banking, SME, large corporates, international corporates, and lending to financial institutions. Roopendra is well-versed with credit products, including project finance, trade finance, working capital finance, syndications and bilateral lending. He currently oversees the credit risk department, providing leadership and guidance in all matters relating to credit risk management, credit monitoring and control.

SENIOR MANAGEMENT TEAM PROFILE (CONT'D)

NADEEM A. CARRIM

Acting in the role of Senior Executive - Head Global Business/Head of Relationships - Global Business

BCOM Degree holder
University of Natal, PMB, SA
Master of Business Administration
Plymouth University, UK

Date joined AfrAsia: 27-Sep-07

Nadeem is a dedicated and respected professional in the industry, with a very successful career path including 21 years of experience in international banking and has been at AfrAsia Bank since its launch. He has a strong track-record of leading his team to deliver high service levels while developing solid relationships with clients and key stakeholders. Nadeem is currently acting in the role of Senior Executive – Head Global Business.

NICOLAS FABIEN HARDY

Chief Technology & Operations Officer

Master of Business Administration
University of Cape Town
B.Sc. Mathematics
University of Natal, South Africa

Date joined AfrAsia: 03-Jun-19

Nicolas brings over 20 years of experience within various senior positions in banking. Treasurer by trade, he has cumulated many management responsibilities including credit, ALCO, private banking, FI relationship and operational risk whilst directing the strategic operations and technological development. Nicolas's background includes serving in leadership roles at Investec Bank (Mauritius), NatWest Markets, Robert Fleming & Co, and the Rogers Group. Nicolas currently oversees the operational and technological development areas of the Bank.

JENNIFER JEAN-LOUIS

Executive Director/ Company Secretary/Chief Financial Officer

The profile of Jennifer is presented in the Directors' Profiles section.

SUNEETA MOTALA

Chief Marketing Officer

Pre-associateship
Chartered Institute of Bankers

M.Sc. in Marketing
Salford University, UK
International Certificate for Financial Advisors
Chartered Insurance Institute
General Management Certificate
ESSEC Business School, France
Date joined AfrAsia: 01-Jul-07

A seasoned banker and a dynamic marketer, Suneeta has more than 25 years of experience in the financial services industry. She launched her career at HSBC in branch operations, subsequently shouldering responsibilities in branch operations, credit, risk management, sales and marketing. In 2007, Suneeta embarked on the 'Bank Different' journey as Head of Marketing & Public Relations. A passionate leader who thrives on spotting business opportunities whilst bringing people stories to life, Suneeta steered, together with the team, the AfrAsia brand from ground zero to being today an award-winning institution and one of the five Mauritian systemically-important banks - this was achieved through targeted marketing strategies, integrated communication campaigns and sustainable business plans.

SUNEETA MOTALA (CONT'D)

Chief Marketing Officer

A firm believer in female leadership, Suneeta is the first African member of the CMO Club – the world's most innovative and engaged member-based community of Chief Marketing Officers.

DWEJENDRANATH RAMANAH

Acting in the role of Senior Executive - Treasury and Markets/Head of Treasury

BSc (Hons) Management
Master in Business Administration
Edinburgh Business School, Heriott-Watt

Date joined AfrAsia: 01-Sep-07

Jen's banking career began at the Bank of Mauritius in 1980, where he eventually became a Senior Dealer in the Financial Markets Department, after passing through the Banking and Currency and the Human Resources departments there.

Prior to joining AfrAsia Bank Limited as the Money Market Executive in September 2007, he was the Chief Money Market Trader at The Mauritius Commercial Bank Ltd. Jen has been heading the Treasury Department of AfrAsia since 2013 and is acting in the role of Senior Executive - Treasury and Markets since August 2021.

PRINCIPLE TWO – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board is responsible for the overall stewardship of the Bank and thus plays a vital role in ensuring that the appropriate level of corporate governance is maintained.

The powers and duties of the Board are set out in the Bank's Constitution and in its charter for the Board. The Board is aware of its responsibilities to ensure that the Bank adheres to all relevant legislations such as The Banking Act 2004 (as amended), the Financial Reporting Act 2004, the Financial Services Act 2007 and the Companies Act 2001 of Mauritius. The Board reassesses its charter as and when required.

The Board also follows the principles of good corporate governance as recommended in the "National Code of Corporate Governance 2016" and BOM's "Guidelines on Corporate Governance 2001" (as amended). It reviews and approves whenever deemed necessary the Bank's Code of Ethics to warrant that they are in line with the Bank's objectives and also monitors and evaluates the Bank's compliance with its Code of Ethics. No alternate directors have been appointed during the year to ensure effective contribution from the directors in line with the Code.

THE KEY ROLES OF THE BOARD COMPRISE:

- Determining the Bank's purpose, strategy and values, the Board is responsible to set the long-term goals, validate the strategic planning and monitor proposed action plans by management;
- Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans - the Board must provide guidance and maintain effective control over the Bank, and monitor management in carrying out Bank's plans and strategies;
- Exercising leadership, enterprise, intellectual honesty, integrity, objectivity and judgment in directing the Bank as to achieve sustainable prosperity for the Bank;
- Ensuring that procedures and practices are in place to protect the Bank's assets and reputation. Thus, the Board must regularly review processes and procedures to guarantee the effectiveness of the Bank's internal control systems;
- Considering the necessity and appropriateness of installing a mechanism by which breaches of the principles of Corporate Governance could be reported;
- Defining levels of materiality, reserving specific powers for itself and delegating other related matters with the necessary written authority to the management. These matters should be monitored and evaluated by the Board on a regular basis. Such delegation by the Board must have due regard for the Directors' statutory and fiduciary responsibilities to the Bank, while taking into account strategic and operational effectiveness and efficiency;
- Retaining full and effective control over the Bank and be responsible for the appointment and monitoring of management in its implementation of the Bank's approved plans and strategies;
- Questioning, scrutinising and monitoring, in a pro-active manner the performance of management, the Board sub-committees and the individual Directors;
- Always remaining responsible for the overall stewardship of the Bank and must be ready to question, scrutinise and monitor, in a proactive manner, management's performance;
- Identification of key risk areas and key performance indicators of the business enterprise to enable the Bank to generate economic profit and eventually to enhance shareholders' value in the long-term. The interests of society at large must also be recognised;
- Ensuring that the Bank's policies and systems are effective enough to achieve a prudential balance between the risks and potential returns to the shareholders;
- Ensuring that the Bank's operations are conducted prudently and within the framework of laws and Board policies and that any deviation is reported to an appropriate level of management, or if necessary, to the Board;
- Ensuring the integrity of the institution's risk management practices and internal controls, communication policy, Director selection, orientation and evaluation;
- Ensuring that the necessary internal controls and management systems are put in place to monitor effectively the operations and to ensure that the Bank complies with all relevant laws, regulations, codes of best business practice and policies;
- Recording of the facts and assumptions on which the Board relies to conclude that the business will or will not continue as a going-concern in the financial year ahead. If not, the Board must record the steps it is taking;
- Monitoring and assessing risks in order to achieve the continuous viability of the Bank at all times;
- Setting a policy in relation to the frequency, purpose, conduct and duration of the Board's and the Committees' meetings;

THE KEY ROLES OF THE BOARD COMPRISE (CONT'D):

- Ensuring that there are efficient and timely dissemination and briefings of information to the Board Members before any meeting. This must also include an agreed procedure whereby the Directors can obtain appropriate independent professional advice at the Company's expense when necessary;
- Enabling Non-Executive Directors get access to management without the presence of the Executive Directors. This procedure must be agreed collectively by the Board;
- Regular identification, monitoring and reporting of the non-financial aspects relevant to the Bank's business;
- Ensuring that it communicates with the shareholders and the relevant stakeholders (internal and external) openly and promptly with substance prevailing over form. Proper means of communication to be put in place so as to both communications with and to receive feedback from the shareholders and other stakeholders;
- Appointing a Chief Executive Officer and to satisfy itself of the integrity of the Chief Executive Officer. Moreover, the Board must ensure that the succession is professionally planned in a timely manner;
- Appointing Company Secretary and in so doing satisfy itself that the appointee is fit and proper and has the requisite attributes, experience and qualification to properly discharge his/ her duties;
- Balancing between 'CONFORMANCE' and 'PERFORMANCE'. Conformance is compliance with the various laws, regulations and codes governing companies. Ensuring the performance requires the development of a commensurate enterprise culture within the organisation so that returns to shareholders are maximised while respecting the interests of other stakeholders; and
- Contributing fully in developing and sustaining the enterprise culture. Thus, the Board must be constituted in a manner that provides a balance between enterprise and control.

The Terms of Reference is available for consultation on the Bank's website.
(https://www.afrasiabank.com/en/about/corporate-governance/governance-framework)

PRIOR APPROVAL OF THE BOARD

As per the Companies Act 2001 of Mauritius, the ToRs and the Bank's Constitution, decisions also requiring prior approval of the Board includes the following:

- Issue of other shares;
- Consideration for issue of shares;
- Shares not paid for in cash;
- Authorisation of distribution;
- Shares issued in lieu of dividend;
- Shareholder discount;
- Purchase of own shares;
- Redemption at option of Bank;
- Restrictions on giving financial assistance;
- Change of Registered Office;
- Approval of amalgamation proposal;
- Short form amalgamation; and
- Transfer of shares.

OUR DIRECTORATE

The Constitution of AfrAsia Bank Limited provides for a board comprising a minimum of 5 Directors and a maximum of 14 Directors. As at 30 June 2022, the Board was composed of 10 experienced and high caliber members from both local and international frontiers with the right balance in knowledge, skills and expertise across various sectors.

The Board acknowledges that based on the size of the Bank and its relative shareholding structure, as at 30 June 2022, it did not have the required representation in terms of the balance of Executive, Non-Executive and Independent Non-Executive Directors. On 27 June 2022, Thierry Vallet was appointed as interim CEO upon the resignation of the Malachy McAllister ("ex-CEO") who has taken office in early December 2021. On 28 March 2022, the previous Chairperson resigned to pursue other challenges and Jean-Raymond Rey was subsequently appointed as Interim Chairperson.

The Board is, confident that the current skill mix, knowledge and experience of its members are solid enough to collectively provide the core support and abilities for the leadership of the Bank.

As per the Code of Corporate Governance, all boards should have a strong executive management presence with at least two Executives as members. The Board is of the view that the spirit of the Code is currently met through the attendance and/or participation of its Executive Director/Chief Financial Officer ("CFO"), the Interim CEO and other members of Senior Management and Acting Heads in relevant Committees and Board deliberations as and when required.

AfrAsia Bank Limited did not meet the minimum percentage of Independent Non-Executive Directors but the Board is already progressing on its endeavor to find this equilibrium via an ongoing onboarding exercise to bring the Bank into compliance with an appropriate directorship mix.

Appointments

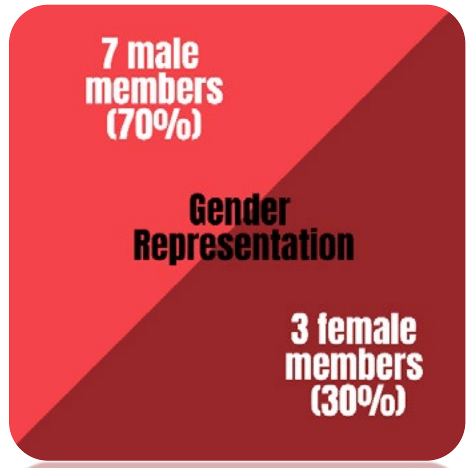
9 August 2021	Fiorangelo Salvatorelli	Independent Non-Executive Director
13 December 2021	Louis Didier Merle	Independent Non-Executive Director
21 December 2021	Malachy McAllister	Executive Director
16 March 2022	Jennifer Jean-Louis	Executive Director
17 May 2022	Boris Faucher	Non-Executive Director

Resignations

15 October 2021	Brian Adam Davis	Non-Executive Director
3 December 2021	Afsar Azize Abdulla Ebrahim	Independent Non-Executive Director
28 March 2022	Inderjit Singh Bedi	Independent Non-Executive Director and Chairperson of the Board
30 March 2022	Giriraj Sinh Jadeja	Independent Non-Executive Director
27 June 2022	Malachy McAllister	Executive Director

OUR DIRECTORATE (CONT'D)

Further details of the Board composition as at 30 June 2022 is shown hereafter.



DIRECTORS' PROFILES

JEAN-RAYMOND REY
Interim Chairperson and Non-Executive Director

Fellow Member
Mauritius Institute of Directors ("MIoD")
Certified Associate of the Institute of Bankers (South Africa)

BCom in Economics and Business Administration
University of Natal, South Africa
Post-Graduate Diploma in Advance Banking
University of Johannesburg, South Africa
Certificate in "Leading Yourself"
INSEAD, Fontainebleau, France

Date of first appointment as Director: 05-Nov-20

Present directorship:
Other non-listed entities:
GrandCap FinCo
GrandCap Holland
GrandCap PCC
STS AIO Holdings Ltd
STS International

Jean-Raymond has successfully led teams over more than 30 years in banking and financial services industry while operating in over 12 countries in Africa, with extensive expertise in Mauritius, South Africa and Democratic Republic of Congo where he ran banks. Over the last 20 years, Jean-Raymond has assumed the responsibility and challenges of various Executive as well as Non-Executive Director roles.

Jean-Raymond has conservative risk management skills with demonstrated ability to adapt to different environments and cultures; he has honed a comfort in operating in both francophone and anglophone environments. Effective communicator and self-motivator, always aiming to deliver results beyond expectations while imbedding good corporate governance and best practice into every deal as well as being able to engage multiple levels of stakeholders.

Jean-Raymond has successfully summited Mount Kilimanjaro on 21st August 2016.

Country of residence: Mauritius

ISABELLE ALVARES PEREIRA DE MELO
Non-Executive Director

Master in Management HEC Paris 1986
Post Graduate Diploma in Corporate Governance – MIoD 2022

Date of first appointment as Director: 02-Oct-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 9 months

ISABELLE ALVARES PEREIRA DE MELO (CONT'D)

Present directorship:
Listed entities:
IBL Ltd
Other non-listed entities:
Prinkipo Ltd
Rosemary Farms Ltd
GoBeyond Investing Ltd (Switzerland)
Mo Business Angels Ltd
Mo Angels Second Ltd
Mo Angels III Ltd
Mo Angels IV Ltd
Mo Angels V Ltd
Five35 Ventures Ltd

Isabelle is a Mauritian, Swiss and French national. After starting as an auditor with Arthur Andersen in Paris, she held CFO positions in one of the first French unicorns, Gemplus and an aviation Group PrivatAir in Switzerland adding Human Resources to her responsibilities. In 2009 she became COO for a Geneva based family office, then Servette Sports' team group and a Real Estate Foundation. Since 2010 she is an active angel investor in early-stage start-ups and has cofounded an initiative to develop angel investing out of Mauritius, Mo Business Angels. She is an Independent Non- Executive Director for IBL Ltd since 2019 where she sits on the Audit and Risk Committee and the IT Committee. She is a Fellow of the MIoD.

Country of residence: Mauritius

JAN FREDRIK LOUIS GAËTAN BOULLÉ
Non-Executive Director

Ingénieur Statisticien Economiste ("ISE")
France
Post graduate studies in Economics
Université Laval, Canada

Date of first appointment as Director: 09-Oct-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 9 months

Present directorship:
Listed entities:
Bluelife Ltd
IBL Ltd (Chairman)
Lux Island Resorts Ltd
Phoenix Beverages Limited
Phoenix Investment Company Limited
The United Basalt Products Ltd
and other non-listed Mauritian companies.

Jan begun his career in 1982 as "Chargé de Compte de Branches", Comptabilité Nationale at the "Ministère du Plan", Abidjan, Republic of Ivory Coast, a post he occupied for one year.

He has been working for the Constance Group from 1984 to 2016 and occupied various executive positions and directorships where his latest position was Group Head of Projects and Development.

DIRECTORS' PROFILES (CONT'D)

JAN FREDRIK LOUIS GAËTAN BOULLÉ (CONT'D)
Non-Executive Director

Jan has been appointed as the Non-Executive Chairman of IBL Ltd on the 1st July 2016 and is also a member of the Board of Directors of several of IBL Group's major companies.

Country of residence: Mauritius

BORIS FAUCHER
Non-Executive Director

CFA charter holder
CFA Institute
Bachelor of Business Administration, Major in Finance
HEC, Montreal, Canada

Date of first appointment as Director: 17-May-22
Length of service as Director: 1 month

Present directorship:
Other non-listed entities:
10556793 Canada Inc.

Boris graduated from the École des Hautes Études Commerciales in Montreal, Canada and is a CFA charter holder. He is a finance professional with more than 19 years of experience in corporate finance with a focus in merger and acquisitions and over 11 years in the banking industry, in both developed and emerging markets.

Boris joined National Bank of Canada in 2011 in the Strategy and Corporate Development team where he worked on various bank acquisition projects and strategic planning mandates. Starting in 2015, he participated in the elaboration of the international investment strategy, playing a key role in acquiring and overseeing minority and majority equity investments in various financial institutions in Asia and Africa.

Country of residence: Canada

DIRECTORS' PROFILES (CONT'D)

JENNIFER JEAN-LOUIS
Executive Director/Company Secretary/Chief Financial Officer

Fellow Chartered Accountant ("FCA")
Institute of Chartered Accountants in England and Wales
Chartered Tax Advisor

Mauritius Institute of Directors ("MIoD")

Date joined AfrAsia: 30-Jul-07

Date of first appointment as Director: 16-Mar-22
Length of service as Director: 3 months

A Chartered Accountant with 25 years plus of experience, having practised both locally and internationally in auditing, taxation and advisory. Jennifer joined AfrAsia Bank at its very inception to build the foundation of the financial framework and structure of the Bank. Apart from the responsibilities of overseeing the finance team, she has had an active role in numerous strategic initiatives including capital raising exercises, , Mergers and Acquisitions ("M&A") and International Financial Reporting Standards ("IFRS") transitions. During the course of the last financial year, Jennifer has also taken the additional responsibilities of company secretary and is cumulating this role alongside her position as CFO of the Bank. On the 16th of March 2022, Jennifer was appointed as Executive Director of the Bank and is now making her contributions to the Bank's Board of Directors.

Country of residence: Mauritius

ASLAM KANOWAH
Non-Executive Director

Fellow of the Association of Chartered Certified Accountants ("FCCA")
Association of Chartered Certified Accountants
MBA International Banking and Finance
Washington International University, USA
Certified Islamic Finance Expert ("CIFE")
Academy for International Modern Studies, UK

Date of first appointment as Director: 02-Oct-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 9 months

Present directorship:
Other non-listed entities:
Artezia Transport Management Solutions Limited
Besst Point Capital House Limited
Discovery Capital Managers Ltd
East Africa Mining Limited
Intra Energy Ltd
Intra Minerals Ltd
Intrafrican Resources Limited
Intrasia Management (Mauritius) Limited
Intrasia Securities Limited
Levene Energy Development Limited
Levene Energy Holdings Limited
Macif Commodity Trading Limited

ASLAM KANOWAH (CONT'D)

Non-Executive Director

Present directorship (Cont'd):
Other non-listed entities:
Macif Holdings Limited
Macif Investments Limited
Phobos Ltd
Rapture Global Investment Fund Ltd
The Pines Art Productions Limited
Vantage Financial Advisors Ltd

Aslam is a finance professional, banker and accountant with 32 years in the financial services sector and over 18 years in the domestic and offshore banking industry.

In addition to banking his leadership role in developing licensed corporate and wealth management companies has given him a strong background in business development, compliance, governance and strategic planning. Over the course of his career he has held key positions in assets management, back office, corporate & fund administration, operations trading and treasury management.

He started at The Indian Ocean International Bank Ltd and subsequently worked for Bank International Indonesia, Standard Bank and Superfund Assets Management before moving to the Global Business Sector in 2011 and was the CEO of Aurisse International Ltd, COO of Capital Horizons Ltd and is currently the CEO of Intrasia Management (Mauritius) Ltd.

He has held a portfolio of directorships since 2011 in various entities engaged in advisory, brokerage, consultancy, funds, investment management, mining and trading. He has a track record in teaming up for the start-up of new offices for international and regional companies in Mauritius and a reputation for leading teams towards peak performance.

Country of residence: Mauritius

DIRECTORS' PROFILES (CONT'D)

LOUIS DIDIER MERLE

Independent Non-Executive Director

MBA International Paris
University of Paris I – Panthéon Sorbonne
Masters in Finance
Graduate School of the Chamber of Commerce and Industry of Paris (ECCIP)
DEUG A: Mathematics, Physics, Chemistry
University of Aix Marseille III
Baccalauréat C – Mathematics and Physics
Lycée La Bourdonnais, Mauritius

Date of first appointment as Director: 13-Dec-21
Length of service as Director: 6 months

Present directorship:
Other non-listed entities:
Actis PE Funds
Centurion
Friday Capital Ltd
Fundkiss Technologies Ltd
Silicon Valley Ltd
Strategia Investment Solutions LTD
Vinalia Ltd
& other small private companies

Didier is an accomplished banker and a wealth & asset management expert with more than 20 years of progressive experience in the finance sector. He has been successful at managing multiple assignments and people and maximizing customer satisfaction.

Didier has a rich financial background in the management of multiple portfolios and strategic business units in different banks. He has been a Managing Director at Cim Asset Management Ltd. He has also been the Head of Private Banking & Wealth Management at the Mauritius Commercial Bank for 9 years. He is currently the CEO of Strategia Investment Solutions Ltd.

Country of residence: Mauritius

FIORANGELO SALVATORELLI

Independent Non-Executive Director

D.Phil Engineering Science
M.A Engineering Science
University of Oxford/Exeter College, Oxford, England
MSc Structural Engineering (Coursework)
Universidad Simon Bolivar, Caracas, Venezuela
MEng Civil Engineering
BSc Civil Engineering
Universidad Catolica Andres Bello, Caracas, Venezuela

Date of first appointment as Director: 09-Aug-21
Date of last election: 13-Dec-21
Length of service as Director: 11 months

DIRECTORS' PROFILES (CONT'D)

FIORANGELO SALVATORELLI (CONT'D)
Independent Non-Executive Director

Present directorship:
Other non-listed entities:
Fusion Global Capital
Independent Corporate Access Ltd

Fiorangelo is Chief Information Officer ("CIO") and Portfolio Manager of the ALANTRA Global Technology Fund. He is a Partner at Fusion Global Capital Ltd and Hermes Growth Partners Ltd. Fiorangelo was Partner and Head of Research at Lansdowne Partners.

Fiorangelo has also held Senior Portfolio Management and Research roles at Newton Investment Management (now part of BNY Mellon), Fidelity International and CCLA Investment Management.

Fiorangelo serves on the advisory board of FPE Capital (formerly Flemings Family & Partners Private Equity).

Fiorangelo was a former consultant with McKinsey & Co. in Milan and London and a University Lecturer at the University of Oxford Department of Engineering Science and INSEAD Business School (Fontainebleau).

Country of residence: United Kingdom

CHRISTIAN ST-ARNAUD
Non-Executive Director

Management Executive Development Program
C.I.R.E.M., Montreal, Canada
Bachelor of Business Administration, Major in Finance
HEC, Montreal, Canada

Date of first appointment as Director: 02-Oct-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 9 months

Present directorship:
Other non-listed entities:
ABA Bank

Christian graduated from the École des Hautes Études Commerciales in Montréal, Canada. He has more than 35 years of experience in the financial sector with a deep knowledge of the banking industry.

During his career, he has occupied senior positions in business development, loan restructuring and risk management. From 2012 to 2020 he was Head of credit risk at National Bank of Canada (NBC) overseeing all retail, commercial, and financial market credit activities of the bank, including adjudication, portfolio management, and credit model development. He was also a member of numerous senior committees of NBC, including the Global Risk Committee, the Risk Management Committee and the Model Oversight Committee.

Country of residence: Canada

JOAN JILL WAN BOK NALE
Independent Non-Executive Director

Fellow Chartered Accountant ("FCA")
Institute of Chartered Accountants in England & Wales
B.Sc. (Hons) in Accounting and Finance
The London School of Economics and Political Science

Date of first appointment as Director: 05-Nov-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 8 months

Present directorship:
Other non-listed entities:
Cementis (Mauritius) Ltd
Association Kinouété

Jill is a finance professional with over 13 years of local and regional experience in Transaction Advisory/Assurance services provided across a diverse client portfolio spanning Hospitality, Financial Services, Real Estate, Gaming, Building Materials, Construction, or F&B/Leisure.

She last held the position of Associate Director (Deals) at PwC where she advised both private and public clients on multiple and varied assignments including Valuations, Due Diligence/Feasibility Studies, Financial/Corporate restructuring, IPO and SEM/DEM Transactions, M&A advisory, Strategy/Business planning, and Deal closing.

Prior to joining PwC, Jill worked 2 years at International Financial Services Ltd (now Sanne Mauritius), a leading local offshore management company, overseeing a portfolio of over 100 clients including mutual funds and private equity funds, and serving as Director on a number of investment funds/GBCs. She started her career at Ernst & Young, where she led the audits of listed and non-listed financial institutions mainly including banks, NBFI's and Insurance companies, whilst concurrently being in charge of the IFRS technical desk.

Country of residence: Mauritius

INDERJIT SINGH BEDI
Independent Non-Executive Director

BA in Engineering Science
Oxford University, St Edmund Hall, UK

Date of first appointment as Director: 02-Oct-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 6 months
Effective date of resignation as Chairperson/Director: 28-Mar-22

Present directorship:
Other non-listed entities:
BellHouse Capital Limited
Billesley Manor Hotel Limited
Simply Conference and Corporate Events Support Limited

Inderjit is a highly seasoned veteran banker with over 33 years' experience in both commercial banking and investment banking gained at a very senior (Managing Director and Management Board) level at some of the most prestigious and largest global financial institutions ranging from UniCredit, BNP Paribas, Bankers Trust Company, Baring Brothers and First Chicago.

INDERJIT SINGH BEDI (CONT'D)

Independent Non-Executive Director

Prior to setting up his own firm, BellHouse Capital, in the UK (which is authorised and regulated by the Financial Conduct Authority), he had been the London Management Board member at UniCredit/HVB for 4 years with oversight of all the capital markets distribution and derivatives activities in London and also supported the integration effort when Italy's UniCredit acquired Germany's HypoVereinsbank.

Country of residence: United Kingdom

BRIAN ADAM DAVIS

Non-Executive Director

Bachelor of Laws
Osgoode Hall Law School, York University

Date of first appointment as Director: 02-Oct-20
Length of service as Director: 1 year
Effective date of resignation as Director: 15-Oct-21

Present directorship:

Brian acts as a director for the following wholly-owned direct and indirect subsidiaries of National Bank of Canada. These entities are generally holding companies for the bank and not engaged in active businesses. In each case Brian is a non-independent executive director.

Other non-listed entities:
Financière Banque Nationale & Cie Inc./National Bank Financial & Co. Inc.
Financière Banque Nationale Inc./National Bank Financial Inc.
National Bank of Canada Financial Group Inc.
Nbf B Holdings Inc.
National Bank of Canada Financial Inc.
Nbf Private Equity Holdings Inc.
Nbf International Holdings Inc./Société De Portefeuille Fbn International Inc.
Wellington West Holdings Inc.
Wellington West Capital Inc.
9130-1564 Québec Inc.
Gestion De Portefeuille Natcan Inc./Natcan Investment Management Inc.
Proctor Investment Managers LLC
Credigy International Holdings Inc

Co-Chairman, Co-President and Co-Chief Executive Officer, and a Director, of National Bank Financial Inc. the principal investment dealer subsidiary of National Bank of Canada, as well as acting as a Director or officer of numerous other affiliates of National Bank of Canada.

Brian spent the first twenty-plus years of his professional career practicing law with a focus of corporate securities and M&A, most of which was with the Canadian based law firm Torys LLP. Brian left Torys in 2005 to join National Bank Financial Inc., where he initially served as Executive Vice-President of Corporate Development and Governance. He became the Co-President and Co-CEO of the investment dealer in 2014 and continues to serve in that capacity.

Country of residence: Canada

AFSAR AZIZE ABDULLA EBRAHIM

Independent Non-Executive Director

Fellow Chartered Accountant (FCA)
Institute Chartered Accountants in England & Wales ("ICAEW")
Prize Winner Professional Exam 1
Corporate Finance Qualification
Institute Chartered Accountants in England & Wales

Date of first appointment as Director: 02-Oct-20
Length of service as Director: 1 year and 2 months
Effective date of resignation as Director: 03-Dec-21

Present directorship:
Other non-listed entities:
Kick Corporate Services Ltd
Indika Pharma Ltd
Axian Telecom

Afsar is the founding partner of KICK Advisory Services, a boutique Corporate Finance firm specializing in M&A and Fund Raising. He has over a quarter century of experience in Corporate Restructuring, M&A, strategy, financial consulting and fund raising to clients across a wide spectrum of industries both locally and in Africa. Previously served as Deputy Group Managing Partner in Mauritius, East Africa and Indian Ocean Islands.

Prior to his tenure at BDO, he served as Manager Corporate & Investment Banking at HSBC Mauritius during which period he was trained in Hong Kong and Singapore by HSBC in Corporate Lending Analysis and Applied Credit lending.

Trained in Operational & Financial Consulting with Arthur Andersen at St Charles, USA, and in London and has attended the Harvard Business School program on Managing Professional Services Firm in 2012 and BDO Global Partner Leadership Program in 2016. He is also a director on Financial Reporting Council.

Afsar is also a founding member of Mauritius Africa Business Club.

Country of residence: Mauritius

GIRIRAJ SINH JADEJA

Independent Non-Executive Director

M.B.A. Major in Finance
Baruch College, The City University of New York ("CUNY")
Master's Degree in Hotel Management
Oberoi School of Hotel Management (A Cornell University Affiliate Program)
B.A. (Honors)
St. Stephen's College, University of Delhi

Date of first appointment as Director: 22-Oct-20
Date of last re-election: 13-Dec-21
Length of service as Director: 1 year and 6 months
Effective date of resignation as Director: 30-Mar-22

Proven leader and seasoned executive with over 30+ years of extensive experience in fintech, finance, banking and emerging markets investment around the world. Solid track record of building teams, fostering client relationships and delivering profitable investment programs in frontier, transition and post-conflict economies.

Country of residence: United States of America

DIRECTORS' PROFILES (CONT'D)

MALACHY MCALLISTER

Chief Executive Officer and Executive Director

BA Hons (II-I) in Experimental Physics
Trinity College Dublin

Date joined AfrAsia: 03 -Dec-21

Date of first appointment as Director: 21-Dec-21
Length of service as Director: 6 months
Effective date of resignation as CEO/Director: 27-Jun-22

A seasoned banker with a strong commercial drive, people skills and risk management acumen, Malachy brings over thirty-two years of experience across international markets, including sixteen years at senior leadership levels. Malachy has led critical businesses at HSBC in China, Malaysia and France before taking on the role of CEO of HSBC Russia in 2015. In this last role, Malachy sustained business growth and rebuilt profitability despite a deep recession, increasing country sanctions, and COVID-19 challenges. Malachy has also been instrumental in developing local talent and driving staff engagement at the highest levels. His achievements attest to his strategic approach which involves striking a balance between people-centricity, efficient risk management, driving customer service and business profitability. Malachy has expertise in primary debt capital markets, equity capital markets, project and export finance, asset-backed finance & securitisation across both developed and emerging markets, in Asia and Europe.

Country of residence: Mauritius

Note: The 'Length of service as Director**'** for the Board runs from the time of first appointment to the 30 June 2022 or any date of resignation prior to the year end.

BOARD COMMITTEES

AfrAsia's Board Committees are set up to aid the Board to discharge its roles and responsibilities through delegated authority and ingrained reporting instruments necessary for managing, directing and supervising the management of the business and affairs of the Bank. During the year under review, the Board resolved to set up two new committees to bolster the current framework namely:

- Remuneration Committee – The set up was resolved at a Board meeting held on 2 March 2022. The primary objective of the Committee shall be to make appropriate recommendations to the Board of the Bank, inter alia, on the remuneration philosophy and architecture, the workforce remuneration and related policies, the alignment of incentives and rewards with culture, set the target for performance related pay, the remuneration of the Chairperson of the Board, members of the Board and its Committees, the CEO, Senior Officers/CFO's direct reports and other key personnel. The Committee may make such other recommendations as may be required in relation to remuneration in general; and

- Strategy Committee – The set up was resolved at a Board meeting held on 13 April 2022. The primary objective of the Strategy Committee is to assist the Board of the Bank in discharging its oversight duties with respect to the development, ratification and implementation, supervision of the Bank's strategic plan and the risks associated with such plan. The Committee has been formed to foster a cooperative, interactive strategic planning process between the Board and management. The committee shall also advise and/or recommend to the Board any acquisition, disposal, mergers etc. in relation to the execution of the strategic plan.

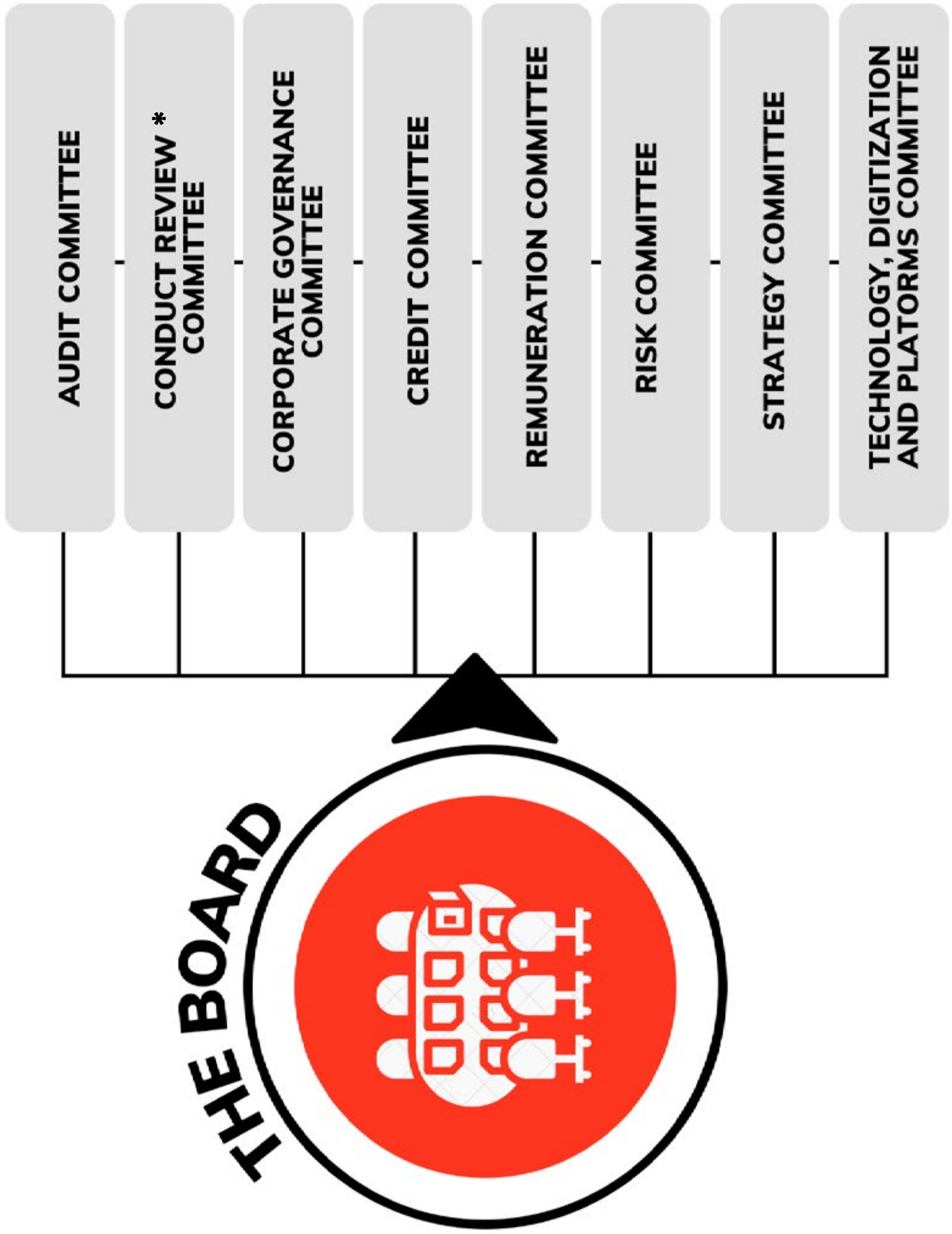
Therefore, the Bank, as at 30 June 2022, has in place eight comprehensively structured Board Committees for more in-depth analysis and evaluation of various issues as may be appropriate. Each Board Committee's Chairperson report and present on significant matters to the main Board for further discussion and/or approval.

Each Committee operates under its own approved Terms of Reference which are subject to reassessment as and when required. The Corporate Governance Committee was mandated to revise all existing ToRs, due to the implied reverberations of such an exercise, utmost precautionary and preemptive steps have been undertaken to provide and approve the changes with highest diligence, therefore, as at 30 June 2022, the exercise was still on-going. As at date, in line with this mandate, the progress and their respective dates stand as presented to the side.

The Board disbanded the Conduct Review Committee, effective 1 October 2022, in line with the BOM's Guideline on Related Party Transactions (as amended) to transfer and establish a comprehensive board-approved policy on related party transaction under the onus of the Board itself.

BOARD COMMITTEES (CONT'D)

The Board Committees Structure as at 30 June 2022 is as follows:



*Disbanded on 1 October 2022.

BOARD COMMITTEES (CONT'D)

Audit Committee

The Committee consisted of three Independent Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least once every quarter.

Composition:

The Committee shall consist of a minimum of three independent members.

Membership as at 30 June 2022:

The membership of the Committee shall be appointed by the Board from amongst the Independent Directors of the Bank. As at 30 June 2022, the Committee was in adherence with the membership rudiments.

Members	Appointment date as member	Status
Joan Jill Wan Bok Nale (Chairperson)	November 2020	Independent Non-Executive Director
Louis Didier Merle	April 2022	Independent Non-Executive Director
Fiorangelo Salvatorelli	April 2022	Independent Non-Executive Director

Note: The ex-CEO was invited as and when required and subsequently to his resignation, Thierry Vallet, Interim CEO, is invited as and when required. Jennifer Jean-Louis, Chief Financial Officer, Anil Fangoo, Group Head Compliance and MLRO, and Kristy Ballah, Head of Internal Audit, are also in attendance in the Committee for their relevant sections.

Fundamental functions comprise:

General

- Ensuring that there is an open avenue of communication between the Head of Internal Audit, the Head of Compliance and the External Auditors and the Board of Directors;
- Reviewing annually and, if necessary propose for formal Board adoption, amendments to the Audit Committee's Terms of Reference;
- Reporting to the Board on the conduct of its responsibilities in frequency specified by the Board, with particular reference to the appointment, powers and duties of auditors;
- Performing such additional duties/investigations as may be assigned to it by the Board of Directors; and
- Ensuring that the Bank complies with regulatory requirements.

Financial Reporting

- Discussing with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. This should include:
  - Key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures;
  - Changes in audit scope;
  - Whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
  - Significant or unusual transactions; and
  - Internal control deficiencies identified during the course of the audit.
- Overseeing appropriateness of the ECL process, models and the assumptions made for IFRS9 and the impact on the financial statements;
- Reviewing any transactions brought to its attention by auditors or any officers of the institution, or that might otherwise come to its attention, which might adversely affect the financial condition of the Bank;
- Assessing whether the Bank has implemented adequate financial disclosure procedures; and
- Reviewing the interim and audited financial statements of the Bank (Company and Group level) for adequacy, using a fair and reasonable point of view, before their approval by the Board.

BOARD COMMITTEES (CONT'D)

Audit Committee (Cont'd)

Internal Control

- The Committee must assess whether the Bank has implemented adequate internal control procedures by:
    - Enquiring from Management, the Head of Internal Audit, and the External Auditors about significant risks or exposures and evaluate the steps taken to minimise such risk to the Bank;
    - Considering and reviewing management and the Head of Internal Audit significant findings during the year and management's responses thereto; and
    - Requiring management of the Bank to implement and maintain appropriate accounting, internal control and financial disclosures and review, evaluate and approve such procedures.
- The Committee must ensure that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.

Internal Audit

- Approving the annual Internal audit plan to ensure that these are risk-prioritised and address all activities over a measurable and reasonable cycle, and that the work of external and internal auditors is coordinated;
- Ensuring that Internal Audit provides independent assurance to the Board on whether:
    - The internal control system in place is performing effectively and is adequate to mitigate risks consistent with the risk appetite of the financial institution; and
    - The organisational goals are met and corporate governance processes are effective and efficient.
- Ensuring that:
    - The Board is providing internal audit authority, among other things, to independently assess the effectiveness of internal control, risk management and governance systems;
    - The internal audit function has adequate resources and recommend to the Board additional Internal Audit headcount, when deemed required;
    - Internal auditors to adhere to international professional standards, such as those of the Institute of Internal Auditors;
    - The internal audit team has adequate professional background and training to carry out responsibilities effectively, across the various fields audited (IT, IFRS, Banking etc.);
    - The internal audit reports are transmitted to the Board without any undue filtering of findings by management, and that the reports include a timeframe within which corrective action must be taken; and
    - The Board provide timely and effective response to the findings of internal auditors.
- The Internal Audit must report to the Audit Committee and the Committee shall approve the remuneration of the Head of Internal Audit.

Compliance

- Ensuring that there is appropriate structure in place for identifying, monitoring, and managing compliance and AML risk as well as a reporting system to advise the Committee and the Board of instances of regulatory non-compliance on a timely basis;
- Ensuring that there is appropriate structure in place for identifying, monitoring and managing compliance and AML risks as well as review regular reports from the Head of Compliance;
- Approving the annual Compliance plan and Compliance Charter;
- Reviewing and recommending the Bank's AML Policy for approval to the Board;
- Ensuring that:
    - The compliance function has adequate authority, independence and stature in the organisation;
    - The compliance function has adequate resources and recommend to the Board additional Compliance headcount, where deemed required;
    - The compliance function should report directly to and have an easy access to AC; and
    - It approves the remuneration of the Head of Compliance.

BOARD COMMITTEES (CONT'D)

Audit Committee (Cont'd)

External Audit

- Recommending to the Board, who will in term recommend to the shareholders the appointment, removal, and remuneration of external auditors for the Bank as well as any subsidiary of the Bank;
- Approving the engagement letter setting out the scope and terms of external audit;
- Approving the External audit plan to ensure that these are risk-prioritised and address all activities over a measurable and reasonable cycle, and that the work of external and internal auditors is coordinated;
- Assessing the external auditors periodically in terms of:
    - The skills, resources, and independence of the external audit firm and its practices for quality control; and
    - The accounting practices.
- Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the external auditor's remit and any issue arising from the external audit, and to discuss any matter that the Committee thinks should be discussed privately; and
- Outside formal meetings, the Committee Chairperson will maintain a dialogue with key individuals involved in the Bank's governance, including the Board Chairperson, the CEO, the Head of Finance, the External Audit Lead Partner, the Head of Compliance and the Head of Internal Audit.

Reporting Responsibilities

- The Chairperson shall report to the Board on its deliberations after each meeting on all significant matters within its duties and responsibilities; and
- Making whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Other matters

- Having access to outside or other independent professional advice as it considers necessary to carry out its duties at the Bank's expense within any reasonable budgetary guidelines as indicated by the Board;
- Having access to sufficient resources in order to carry out its duties, including access to the Bank's secretariat for assistance as required;
- Giving due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors and executives; and
- Arranging for periodic reviews of its own performance and review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

BOARD COMMITTEES (CONT'D)

Conduct Review Committee

The Committee consisted of three Independent Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least once every quarter.

Composition:

The Committee shall consist of a minimum of three independent members.

Membership as at 30 June 2022:

The membership of the Committee shall be appointed by the Board from amongst the Independent Directors of the Bank. As at 30 June 2022, the Committee was in adherence with the independency requirements.

Members	Appointment date as member	Status
Louis Didier Merle (Chairperson)	March 2022	Independent Non-Executive Director
Joan Jill Wan Bok Nale	November 2020	Independent Non-Executive Director
Fiorangelo Salvatorelli	April 2022	Independent Non-Executive Director

Note: Thierry Vallet, Interim CEO, is in attendance and non-voting as and when required. Roopendra Bungshee, acting in the role of Head of Credit Risk are in attendance in the Committee for their relevant sections.

Fundamental functions comprise:

- Having the mandate to require management to establish policies and procedures to comply with the requirements of the Bank of Mauritius' "Guidelines on Related Party Transactions";
- Reviewing and approving credit exposures to related parties;
- Ensuring market terms and conditions are applied to all related party transactions;
- Reviewing the practices of the financial institution to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the bank is identified and dealt within a timely manner; and
- Reporting periodically and in any case not less frequently than on a quarterly basis to the Board of Directors on matters reviewed by it, including exception on policies, processes and limits.

Note: The Board disbanded the Conduct Review Committee, effective 1 October 2022, in line with the BOM's Guideline on Related Party Transactions (as amended) to transfer and establish a comprehensive board-approved policy on related party transaction under the onus of the Board itself.

BOARD COMMITTEES (CONT'D)

Corporate Governance Committee

The Committee consisted of five Non- Executive Directors as at 30 June 2021. In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require.

Composition:

The Committee shall consist of a minimum of three members and a maximum of five members.

Membership as at 30 June 2022:

The membership of the Committee shall be appointed by the Board from amongst the Directors of the Bank and shall be composed of a majority of Non-Executive Directors. As at 30 June 2022, the Committee was in adherence with the membership rudiments.

Members	Appointment date as member	Status
Aslam Kanowah (Chairperson)	October 2020	Non-Executive Director
Jan Fredrik Louis Gaëtan Boullé	October 2020	Non-Executive Director
Boris Faucher	May 2022	Non-Executive Director
Christian St-Arnaud	April 2022	Non-Executive Director
Jean-Raymond Rey	April 2022	Non-Executive Director

Note: Thierry Vallet, Interim CEO, is in attendance and non-voting as and when required.

Fundamental functions comprise:

- Determining, agreeing and developing the Bank's general policy on corporate governance in accordance with the recommendations of the Code of Corporate Governance;
- Providing corporate governance advice to the Board;
- Ensuring that disclosures on corporate governance whether in the annual report or on an ongoing basis, are made in accordance with the principles of the Code of Corporate Governance;
- Preparing the corporate governance report to be published in the annual report;
- Reviewing the annual corporate social responsibility policies and related budgets; and
- Ensuring that the board members receive thorough orientation on board governance and key strategic issues facing the financial institution.

The Corporate Governance Committee shall act as the Nomination Committee as and when required. Responsibility as Nomination Committee:

- Recommending to the board candidates for board positions, including the chair of the board and chairs of the board committees;
- Reviewing the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- Recommending criteria for the selection of board members and criteria for the evaluation of their performance;
- Recommending nominees for board committees;

BOARD COMMITTEES (CONT'D)

Corporate Governance Committee (Cont'd)

Fundamental functions comprise (cont'd):

- Commenting on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of their attendance at the board and committee meetings; and
- When considering an appointment to the board, the Nomination Committee shall satisfy itself that the candidate is able to commit sufficient time and effort to fulfil its responsibilities effectively, particularly if the candidate has a seat on multiple boards or undertakes other professional or commercial activities.

Credit Committee

The Committee consisted of one Independent Non-Executive Director and three Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least four times a year.

Weekly Credit Committee held:

During the financial year under review, the members of the Credit Committee met to discuss and approve credit files on a weekly/fortnightly basis or as and when required. The Bank has set credit limits for executive approval at different levels namely, Senior Credit Risk Manager, Head of Credit Risk, Management Credit Committee and Board Credit Committee, which necessitates the involvement of Credit Committee in many files. These Delegated Lending Limits were approved in November 2021 and will be reviewed periodically/as and when required. The approvals of credit files from lower level authority are then ratified in the Quarterly Reporting Credit Committee meetings. For the year under review, there were 33 weekly Board Credit Committee meetings and 52 weekly Management Credit Committee held. The frequency of these meetings was necessary by requirement to ensure rigorous debates on credit matters.

**The number of meetings featured pertains solely to quarterly meetings.*

Composition:

The Committee shall consist of at least four members.

Membership as at 30 June 2022:

The membership of the Committee shall be appointed by the Board from amongst the Directors of the Bank consisting of Independent Non-Executive Directors and Non-Executive Directors. As at 30 June 2022, the Committee was in line with the membership rudiments.

Members	Appointment date as member	Status
Christian St-Arnaud (Chairperson)	October 2020	Non-Executive Director
Jean-Raymond Rey	November 2020	Non-Executive Director
Louis Didier Merle	March 2022	Independent Non-Executive Director
Aslam Kanowah	March 2022	Non-Executive Director

Note: Thierry Vallet, Interim CEO, is in attendance and remain a non-voting member as and when required. Roopendra Bungshee, acting in the role of Head of Credit Risk and Soodesh Beegun, acting in the role of Head of Risk are also in attendance in the Committee for their relevant sections. Heads of Business are also in attendance as and when required.

BOARD COMMITTEES (CONT'D)

Credit Committee (Cont'd)

Fundamental functions comprise:

- Reviewing Credit Risk Policy, Lending guidelines and Credit Concentration Risk Policy at least once a year and submit same to Board for approval.
- Overseeing the credit risk management of the Bank, including reviewing the loan portfolio and monitoring of large credit exposures.
- Approving / declining credit applications in accordance with the Bank's Credit Risk Policy when exceeding limits delegated to Management Credit Committee.
- Reviewing and approving any deviations from the Bank's Credit Risk Policy.
- Ensuring that management establishes adequate credit assessment processes and effective controls to identify any deterioration in the loan portfolio.
- Approving any delegation of credit approval authority to Head of Credit Risk and Management Credit Committee.
- Approving any delegation of country limit to Head of Risk and Management Credit Committee
- As and when required, Board Credit Committee may provide its views and comments to Board Risk Committee on specific credit matters.

Remuneration Committee

The Committee consisted of three Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least four times a year.

Composition:

The Committee shall comprise of between three and five members.

Membership as at 30 June 2022:

The membership of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Bank. As at 30 June 2022, the Committee was in adherence with the membership requirements.

Members	Appointment date as member	Status
Jan Fredrik Louis Gaëtan Boullé (Chairperson)	March 2022	Non-Executive Director
Boris Faucher	May 2022	Non-Executive Director
Aslam Kanowah	March 2022	Non-Executive Director

Note: Thierry Vallet, Interim CEO, is invited as and when required.

Non-adherence:

As at 30 June 2022, the Committee was not in adherence with the minimum number of meeting requirements as the committee was recently established on 12 May 2022.

Fundamental functions comprise:

- Having responsibility for recommending the remuneration policy for all executive directors, directors and the Chairperson of the Board, including pension rights and any compensation payments to be approved by the Board as per laws and regulations. The Board shall determine the remuneration of the non-executive directors. No director or senior manager shall be involved in any decisions as to their own remuneration;
- Recommending and monitoring the level and structure of remuneration for senior management;
- Taking into account all factors which it deems necessary including relevant legal and regulatory requirements, the principles of the Code and associated guidance;
- Reviewing the on-going appropriateness and relevance of the remuneration policy;

BOARD COMMITTEES (CONT'D)

Remuneration Committee (Cont'd)

Fundamental functions comprise (cont'd):

- Within the terms of the agreed policy and in consultation with the CEO, as appropriate, recommending to the Board of Directors the total individual compensation package of each executive director, the Board Chairperson and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- Overseeing any major changes in employee benefits structures throughout the Bank;
- Working and liaising as necessary with other Board committees;
- Approving and recommending to the Board the design of, and determine targets for, any performance related pay schemes operated by the Bank and the total annual payments made under such schemes; and
- Annual review of bonuses and salaries adjustments.

Risk Committee

The Committee consisted of one Independent Non-Executive Directors and two Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require.

Composition:

The Committee shall consist of a minimum of three members and a maximum of five members.

Membership as at 30 June 2022:

With the exception of the CEO, the membership of the Committee shall be appointed by the Board and shall comprise of any Board members.

Members	Appointment date as member	Status
Fiorangelo Salvatorelli (Chairperson)	March 2022	Independent Non-Executive Director
Jean-Raymond Rey	November 2020	Non-Executive Director
Christian St-Arnaud	November 2020	Non-Executive Director

Note: The ex-CEO was a member of the committee and subsequently to his resignation, Thierry Vallet, Interim CEO, is in attendance and non-voting. Soodesh Beegun, acting in the role of Head of Risk, is also in attendance in the Committee.

Non-adherence:

As at 30 June 2022, the Committee was not in adherence with the membership rudiments as there was no active CEO performing the duties of an Executive Director. However, Thierry Vallet is attending the Committee as and when required.

BOARD COMMITTEES (CONT'D)

Risk Committee (Cont'd)

Fundamental functions comprise:

- Advising the board on the Bank's overall current and future risk appetite, overseeing senior management's implementation of the risk appetite framework and reporting on the state of risk culture in the Bank;
- Reviewing and establishing the risk appetite framework and seek approval of Board for the risk appetite framework.
- Responsible for identification of principal risks, including those relating to credit, market, liquidity, operational, compliance, and reputation of the Bank, and actions to mitigate the risks;
- Responsible for appointment of a chief risk officer who, among other things, shall provide assurance that the oversight of risk management is independent from operational management and is adequately resourced with proper visibility and status in the Bank;
- Responsible for ensuring independence of the chief risk officer from operational management without any requirement to generate revenues;
- Requirement of the chief risk officer to provide regular reports to the committee, senior management and the board on his activities and findings relating to the Bank's risk appetite framework;
- Receiving from senior officers, periodic reports on risk exposures and activities to manage risks; and
- Formulating and make recommendations to the board on risk management issues.

BOARD COMMITTEES (CONT'D)

Strategy Committee

MEETING HELD **1**

The Committee consisted of one Independent Non-Executive Directors and four Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least twice a year and otherwise as required/necessary to adequately and time advise the Board.

Composition:

The Committee shall compose of at least five members and a maximum of 50% of the directors.

Membership as at 30 June 2022:

With the exception of the CEO, the membership of the Committee shall be appointed by the Board with a majority of non-executive directors.

Members	Appointment date as member	Status
Isabelle Alvares Pereira De Melo (Chairperson)	May 2022	Non-Executive Director
Aslam Kanowah	May 2022	Non-Executive Director
Jean-Raymond Rey	May 2022	Non-Executive Director
Fiorangelo Salvatorelli	May 2022	Independent Non-Executive Director
Christian St-Arnaud	May 2022	Non-Executive Director

Note: The ex-CEO was a member of the committee and subsequently to his resignation, Thierry Vallet, Interim CEO, is in attendance and non-voting. Members of the Senior Management Team are invited as and when required.

Non-adherence:

As at 30 June 2022, the Committee was not in adherence with the minimum number of meeting requirements as the committee was recently established on 12 May 2022.

Fundamental functions comprise:

- Reviewing, considering, investigating, analysing, evaluating, monitoring and exercising general oversight of activities of the Bank periodically and make recommendations to the Board regarding:
    - the Bank's strategic plan and overall strategy, and
    - any strategic initiatives identified by the Board or management from time to time, including the launching of new products, entry into new lines of business and exit from existing products and/or lines of business.
- Assisting the Board in assessing major financial and investment plans and other material issues that affect the strategic plan and/or development of the Bank;
- Assisting management in the development of the Bank's strategy, including reviewing and discussing with management the strategic direction and initiatives of the Bank and the risks associated with the Bank's strategy;
- Assisting management in the process for development, or modification of the Bank's strategic plan;
- Giving advice on negotiation strategy and help in the documentation of any requisite agreements and other documentation relating to a Strategic Transaction;
- Assisting management with identifying key issues, options and external developments impacting the Bank's strategy;
- Reviewing the annual business plan, budget and capital structure of the Bank before onward submission to the Board for approval;
- Reporting to Board regularly on the workings of the committee and its recommendations;

BOARD COMMITTEES (CONT'D)

Strategy Committee (Cont'd)

Fundamental functions comprise (cont'd):

- Reviewing proposals for raising of funds as submitted by the management and make suggestions in that respect to the Board; and
- Reviewing and assessing annually the adequacy of this ToR and recommend any proposed changes to the Board for approval.

Technology, Digitization and Platforms ("TDP") Committee

MEETINGS HELD **5**

The Committee consisted of two Independent Non-Executive Directors and three Non-Executive Directors as at 30 June 2022. In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require.

Composition:

The Committee shall consist of a minimum of three members and a maximum of five members.

Membership as at 30 June 2022:

With the exception of the CEO, the membership of the Committee shall be appointed by the Board from amongst the Non-Executive Directors with a reasonable number should have an adequate familiarity with technology of the Bank.

Members	Appointment date as member	Status
Fiorangelo Salvatorelli (Chairperson)	March 2022	Independent Non-Executive Director
Isabelle Alvares Pereira De Melo	October 2020	Non-Executive Director
Aslam Kanowah	October 2020	Non-Executive Director

Note: Nicolas Fabien Hardy, Chief Technology & Operations Officer, is in attendance and non-voting. Atish Gungadur, Head of ICT Security, Suruj Nawosah, Head of ICT and Delphine Bissessur, Head of Digital are invited as and when required.

Non-adherence:

As at 30 June 2022, the Committee was not in adherence with the membership rudiments as there was no active CEO performing the duties of an Executive Director. the ex-CEO was a member of the committee and subsequent to his resignation, Thierry Vallet is attending the Committee as and when required.

Fundamental functions comprise:

Strategy and policies

- Any strategies and framework related to Information Technology, Digitization and Platforms, including e-banking products and services;
- Any technology strategy, policies, implementation of IT and digitization initiatives/projects undertaken that are aligned with the business strategy; and
- Any proposals, policies, standards, procedures and framework related to IT Security blue print in line with the security strategies of the Bank.

BOARD COMMITTEES (CONT'D)

Technology, Digitization and Platforms ("TDP") Committee (Cont'd)

Risks

- Proper balance of IT investments for sustaining bank's growth, that IT investments represent a balance of risks and benefits, and that budgets are acceptable and monitored;
- Review and recommend as may be required to the Audit Committee the Internal Audit's IT Annual Audit Plan and the corresponding Risk assessment;
- Information and technology risks as identified during audit process are assessed and managed in line with relevant frameworks;
- Awareness about exposure towards IT risks and controls, effectiveness of management's monitoring of IT risks through oversight over the proceedings of the Information Security Management Committee;
- Appropriate business continuity arrangements are in place relating to information technology; and
- On-going relevance of the Company's information management and data governance framework and systems including those relating to compliance with the General Data Protection Regulations (and any analogous legislation).

Resources

- Appointment of any such person (employee, consultant or advisor) to undertake any specific projects or assignments in relation to the Bank's technology or digitalization initiatives/projects;
- On-going appropriateness and relevance of the Company's policy for the allocation of resources required to deliver both the short-term and long-term information technology strategies; and
- IT organizational structure complements the business model and its direction.

Performance and value

- Management has implemented processes and practices that ensure that the IT services deliver value to the business; and
- Senior management's performance in implementing IT strategies and contribution of technology to businesses.

Budgets

- Review the IT budget figures.

Other

- To undertake such other duties and responsibilities as determined by the Board of Directors of the Bank for this Committee.

BOARD OF DIRECTORS MEETINGS

During the year under review, the reconstituted Board held twenty meetings. The Board manages a schedule for the meetings with enough leeway for any additional issues arising to be included in the agenda as and when required in line with the Bank's constitution. Decisions are also taken by way of resolutions in writing, assented and signed by all the Directors.

The attendance report for the board and its sub-committees are tabulated and listed underneath.

ATTENDANCE REPORT

The attendance report of the Directors at Board and Committee meetings for the year ended 30 June 2022 are tabulated below:

	Board of Directors	Audit Committee	Conduct Review Committee	Corporate Governance Committee	Credit Committee	Remuneration Committee	Risk Committee	Strategy Committee	TDP Committee
No. of meetings held	**20**	**10**	**4**	**19**	**4(36)**	**1**	**10**	**1**	**5**
Jean-Raymond Rey (Interim Chairperson)*	20	-	-	5	4(35)	-	10	1	-
Isabelle Alvares Pereira De Melo	20	-	-	-	-	-	-	1	5
Jan Fredrik Louis Gaëtan Boullé	19	-	-	19	-	1	-	-	-
Boris Faucher	2	-	-	2	-	1	-	-	-
Jennifer Jean-Louis	8	-	-	-	-	-	-	-	-
Aslam Kanowah*	19	-	-	19	1(10)	1	8	-	5
Louis Didier Merle*	11	3	1	-	1(9)	-	-	-	-
Fiorangelo Salvatorelli	19	3	1	-	-	-	2	1	1
Christian St-Arnaud*	20	-	-	5	4(32)	-	10	1	-
Joan Jill Wan Bok Nale*	20	10	4	-	2(21)	-	-	-	4
Inderjit Singh Bedi* (Resigned on 28 March 2022)	13	7	3	13	3(20)	-	-	-	-
Brian Adam Davis (Resigned on 15 October 2021)	5	-	-	7	-	-	-	-	2
Afsar Azize Abdulla Ebrahim (Resigned on 3 December 2021)	5	-	-	-	-	-	-	-	-
Giriraj Sinh Jadeja (Resigned on 30 March 2022)	11	7	3	-	-	-	8	-	3
Malachy McAllister (Resigned on 27 June 2022)	12	-	-	-	-	-	2	1	1

**These Directors also attended the Weekly Credit Committee meetings and the sum of both weekly and quarterly meetings are represented by the figures in brackets.*

COMPANY SECRETARY

The Company Secretary aids and provides guidance to the Board of Directors in a number of key areas, for instance, corporate law, governance and corporate secretarial practice. The Company Secretary also helps the Directors to fulfill their duties while acting with the utmost integrity and independence in the best interest of the Bank.

It has also a key role to play in the application of corporate governance within the Bank.

On 17 May 2021, the Bank appointed Jennifer Jean-Louis to serve as Company Secretary alongside her position as CFO. This appointment received all regulatory approvals, including the approval of BOM.

Jennifer's profile can be found under the "**DIRECTORS PROFILES**" segment above.

PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

BOARD MEMBER APPOINTMENT

The Board has mandated the Corporate Governance Committee to select and review candidates of the proposed directorship guided by legal and regulatory requirements. Candidates appointment should be conducted with selection being made, on merit, against objective criteria in relation to skills, knowledge, experience, independence and gender balance which will add to the benefits of diversity on the Board.

The Board members' selection and nomination process can be classified into the main steps illustrated below:

Once the selection process has been completed, the Corporate Governance Committee makes its recommendation to the Board for approval.

For the purpose of filling a casual vacancy, the Board may approve the recommendation of the Corporate Governance Committee. As such, the proposed Director shall stay in office until the next annual meeting whereby he/she may be elected by the shareholders.

The newly appointed Director receives a Letter of Appointment which contains the following main details:

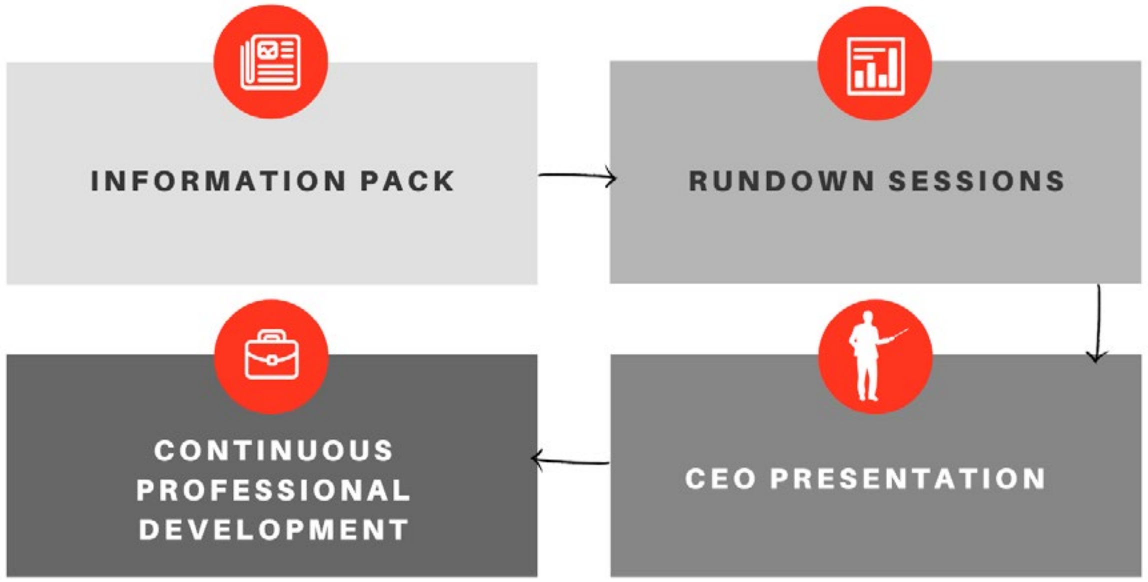
- Time Commitment;
- Roles and Duties;
- Outside Interests;
- Confidentiality;
- Price Sensitive Information and Dealing in the Bank's Shares;
- Induction;
- Review process; and
- Insurance.

The appointments and resignations during the year under review have been summarized under the "**OUR DIRECTORATE"** segment under the sub-header, "**Appointments**" and "**Resignations**".

INDUCTION AND PROFESSIONAL DEVELOPMENT

Following appointment on the Board, the Directors receive an extensive and formal tailored induction training to familiarise themselves with the activities of the Bank including training relevant Money Laundering/Terrorist Financing risk. In addition to receiving an information pack, the Directors also get accustomed with the Board Charter and Terms of Reference of the Board sub-committees and their statutory duties and obligations.

The Chairperson regularly reviews and agrees with each director on his/her training requirements and consequently appropriate training is provided to continuously update their skills and knowledge. The Company Secretary also keeps an updated register of training for all the Directors.



In line with continuous professional development, the Directors attended trainings relevant to Corporate Governance: Driving Board Excellence, the Corporate Governance Scorecard and Elements of Corporate Governance. Moreover, on a quarterly basis, the Directors receive an update on any regulatory change, including summary of any new BOM Guidelines or any change to existing BOM Guidelines or Act relevant to the banking and financial services sector.

Furthermore, this year, the Board has reviewed the Director's Training Program which includes both mandatory and non-mandatory training requirements and a new budget has been approved for same.

SUCCESSION PLANNING

In accordance with its Terms of Reference, the Board is responsible for the succession planning of the Board, the Chief Executive Officer and Senior Management Team of the Bank.

The Board has mandated the Corporate Governance Committee to put in place the succession plans, especially that of the Chairperson and of the CEO. Same is formalised in the Terms of Reference of the Corporate Governance Committee.

The Corporate Governance Committee shall be responsible for the identification and nomination of potential candidates.

Following the resignation of the ex-CEO as from 27 June 2022, meanwhile, Thierry Vallet, is acting as Interim CEO in the leadership and management of the Bank.

As at 30 June 2022, on the Senior Management Team side, five vacancies are currently being managed by Acting Heads with the full support of the Board until the future leadership of the different functions are defined, the necessary replacements protocols have been engaged and the Board remains guided through the Corporate Governance Committee acting as the Nomination Committee to find the appropriate candidates with the optimal mix of skill, experience and knowledge to spearhead the different departments. As at date, there exist six vacancies being managed by Acting Heads.

PRINCIPLE FOUR – DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

All Directors, including any alternate Director, are fully knowledgeable of their fiduciary duties as laid out in The Companies Act 2001 of Mauritius.

CODE OF ETHICS FOR THE BOARD

The Bank has a Code of Ethics for its Board; same is available on the Bank's website.
(https://www.afrasiabank.com/media/3187/code-of-ethics-Board-of-directors.pdf)

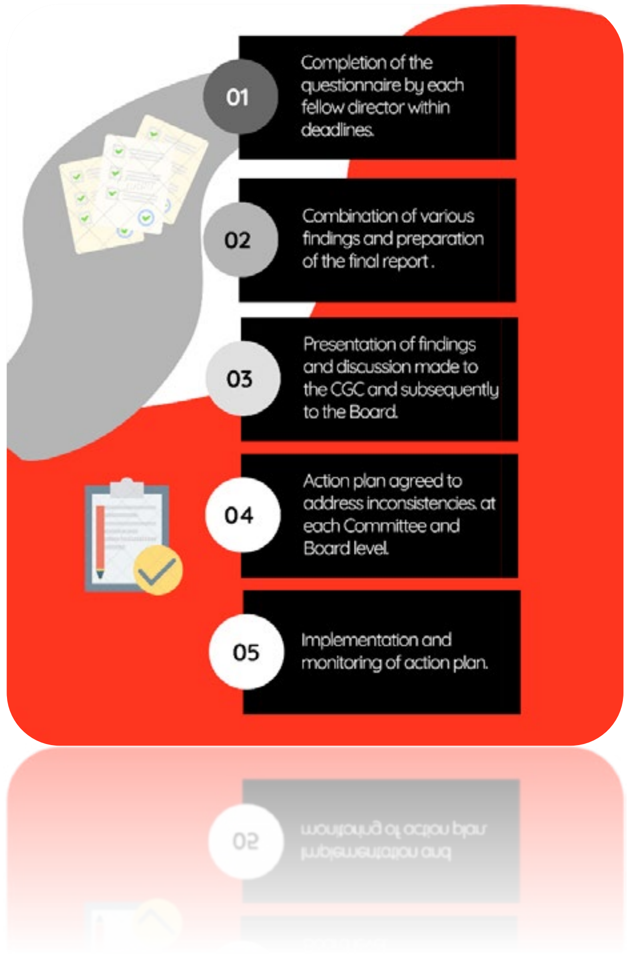
The Board believes that it must lead by example and encourages the Bank's Senior Management, the staff and other relevant stakeholders to follow the Conduct and Ethics Policy and to act ethically. The Board monitors and evaluates compliance with its Code of Ethics as and when required.

BOARD APPRAISAL

The Board must undergo a performance appraisal exercise, in accordance with the National Code on Corporate Governance for Mauritius and BOM's "Guidelines on Corporate Governance". The Directors are requested to evaluate the Board on the following main criteria:

- The Board's size, composition and structure;
- The Board's roles, duties and responsibilities;
- The effectiveness of the Board and its Committees; and
- The role and function of the Chairperson.

For the year under review, in line with the recommendation of the Code that revolves around using an external consultant for the Board appraisal exercise, an evaluation was undertaken with the support of an independent external facilitator under the oversight of both the Chairperson of the Board and the Corporate Governance Committee ("CGC"). In this respect, a formal and rigorous evaluation exercise of the Board, its Committees and the Directors was conducted by BDO Services & Co Ltd/Insync, whereby the views of directors were sought notably on a range of governance topics and related documents in April 2022.



The report identified areas of improvement and action plans were subsequently agreed. The implementation of the action plans is being monitored by the current Interim Chairperson, with the support of the Corporate Governance Committee, to ensure that issues identified are given due consideration within a reasonable timeframe.

In line with the above-mentioned action plans, the Chairperson of each committee is monitoring and reporting regularly to the Board on the efficacy of their respective committees in line with the predefined action plan measures with the ultimate view to improve board effectiveness and consequently the effectiveness of the Bank.

DIRECTORS' REMUNERATION AND BENEFITS

The Remuneration Committee, as part of its duties, recommends, agrees, develops and reviews the Bank's general policy on executive and senior management remuneration.

The remuneration and benefits paid and payable to the Directors for the year ended 30 June 2022 are tabulated below:

Remuneration and benefits paid and payable (MUR'000)				
	Fixed	Variable	Others	Total
Jean-Raymond Rey (Interim Chairperson)[1]	2,285	2,175	208	4,668
Isabelle Alvares Pereira De Melo	625	1,220	-	1,845
Jan Fredrik Louis Gaëtan Boullé[2]	625	1,805	-	2,430
Boris Faucher[3]	-	-	-	-
Jennifer Jean-Louis[4]	2,137	-	-	2,137
Aslam Kanowah	625	3,020	-	3,645
Louis Didier Merle	274	845	-	1,119
Fiorangelo Salvatorelli	447	840	-	1,287
Christian St-Arnaud	759	3,000	-	3,759
Joan Jill Wan Bok Nale	759	3,010	165	3,934
Inderjit Singh Bedi (Resigned on 28 March 2022)	5,085	-	-	5,085
Adam Brian Davis[3] (Resigned on 15 October 2021)	-	-	-	-
Afsar Azize Abdulla Ebrahim (Resigned on 3 December 2021)	338	450	-	788
Giriraj Sinh Jadeja (Resigned on 30 March 2022)	500	1,890	135	2,525
Malachy McAllister[5] (Resigned on 27 June 2022)	20,376	-	-	20,376

[1] The Interim Chairperson does not receive any fees for attendance of any meetings. Variable fees pertain to earnings prior appointment as Interim Chairperson.

[2] The fees were paid to IBL Ltd.

[3] The Director has opted to waive any compensation for acting as Director, partner or officer of AfrAsia Bank Limited.

[4] For period 16 March 2022 to 30 June 2022.

[5] For period 3 December 2021 to 27 June 2022.

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

The table below sets out the fee structure for Non-Executive & Independent Directors:

Category of Member	MUR'000	Fee details
Chairperson	550	Fixed fee per month
Board Member	500	Fixed per annum for a maximum of 5 Board meetings
Additional fee to Board Member	50	Per attendance of any additional Board meetings
Committee Member	45	Per attendance
Additional fee to Chairperson of Committee	10	Per attendance
Risk Committee Member being also a Credit Committee Member	25	Per attendance

None of the Non-Executive Directors have received any remuneration in the form of share options or bonuses associated with organisational performance during the year.

Total remuneration and benefits paid and payable, to the Directors from the Bank and its subsidiary for the year ended 30 June 2022 were as follows:

	YEAR ENDED 30 JUNE 2022		YEAR ENDED 30 JUNE 2021			YEAR ENDED 30 JUNE 2020	
	Executive Directors	Non-Executive Directors	Executive Director		Non-Executive Directors	Executive Director	Non-Executive Directors
	MUR'000	MUR'000	MUR'000 *Non-Exit*	MUR'000 *Exit*	MUR'000	MUR'000	MUR'000
The Bank AfrAsia Bank Limited	22,513	31,085	16,673	28,071	19,691	20,272	21,444
The Subsidiary EKADA Capital Ltd (formerly known as AfrAsia Capital Management Ltd) (Disposal on 25 January 2021)	-	-	4,520	-	-	2,325	-

Note: No director fees were paid to the directors of AfrAsia Investment Limited.

DIRECTORS' SERVICE CONTRACTS WITH THE BANK AND ITS SUBSIDIARY

Thierry Vallet, Director of AfrAsia Investments Limited, had a service contract with the Bank which expired in June 2022.

DIRECTORS' SHARE INTEREST

The interests of the Directors in the securities of the Group and the Bank are maintained by the Company Secretary. As part of the appointment of a Director, the latter can choose to notify in way of writing to the Company Secretary their interests as well as their associates' interests in the securities of the Group and the Bank.

As at 30 June 2022, there were no Directors who held ordinary shares either directly and indirectly in the Bank.

CONFLICTS OF INTEREST

Conflicts of interest is a situation whereby the interest of a member of the Board or Management or one of the significant shareholders and/or one of their associates is or may be competing with or impeding on the interests of the Group and/or the Bank.

Any conflict or potential conflict of interest must be declared to the Board and/or Company Secretary. The conflicts of interest of Directors are generally recorded in a register maintained by the Company Secretary. The Interest Register is available for consultation to shareholders upon written request to the Company Secretary.

It is noted that for any Board and Committee meetings, the agenda contains a standard item whereby the Directors present are requested to declare any interest that they have or may have with respect to any of the matters to be discussed. Any declaration made has been recorded in the minutes accordingly and the conflicted Director has had to abstain from participating in the deliberations and from voting on the concerned matter.

The following principles are encouraged in relation to conflicts of interest:

- The personal interests of a Director or persons closely associated with the Director must not take precedence over the Bank and its shareholders, including the minority ones;
- Directors are required to avoid conflicts of interest and make full and timely disclosure of any conflicts of interest when exposed to same; and
- Directors appointed by shareholders are aware that their duties and responsibilities are to act in the best interest of the Bank and not for the shareholders who nominated them.

All information obtained by Directors in their capacity as Director to the Board of AfrAsia Bank Limited are treated as confidential matters and are not divulged to any other parties without the expressed authority of the Board.

INFORMATION TECHNOLOGY AND IT SECURITY

The Bank's overall strategic direction is highly dependent upon its information technology management. Businesses are today rapidly embracing new technologies and modern ways of working. Historically, separate domains no longer have the luxury of operating in a vacuum. Business competitiveness depends on business-technology alignment. As employees spend more time using their personal devices on premise, interacting on social networks, and sharing information via file-sharing services, the Bank has to look for ways to ensure security and data preservation while safeguarding privacy of the users. Newer generations understand this intuitively: the volume of information created and consumed on mobile devices is growing exponentially, which is also changing and shaping the way individuals use and share information.

With technology innovating and evolving much faster than the speed of change in organisational cultures, as they extend out to cloud and mobile devices, IT teams have to radically change how they operate. Most important is how they offer their services, including how they procure products and services, manage technology and data assets, together with their own role within the organization within a certain framework. ABL's technology leadership plays a key role to embrace this trend to deliver efficient and effective information technology that enables business development. Collective decision-making can result in executive buy-in to help drive more business value from technology investments, however, policy enforcement can fall short when the organization lacks tools to monitor and manage compliance of the Bank policies. Serious efforts are required from executives to enforce the required policies.

As part of its response to the evolving nature of cyber threats, ABL's IT Security team has implemented a comprehensive set of policies for information security, cyber security and technology risks that protects the confidentiality, integrity and availability of information created, processed, transmitted, stored and disposed by the Bank. The policies and procedures are posted on the bank's intranet, accessible to its employees. Regular security training and awareness campaigns are conducted to ensure that employees understand their roles in information protection and are equipped to detect or avoid situations that may compromise the ABL environment.

In this respect, the Board has established a formal Board Committee, namely the TDP Committee together with a set of governance policies which are implemented and regularly reviewed to manage, minimize the associated risks and align with the modern business world. The TDP Committee ensures that the Bank continuously seeks to foster a robust framework for the smooth running of its activities, together with adequate proficient resources and sophisticated infrastructure to manage the relevant risks and the business continuity of the Bank. The TDP Committee monitor and evaluate significant investments in information technology and expenditures. Along with the Board, the Bank's representatives may include the Chief Technology and Operations Officer, the Head of IT and the Head of Security. As such continuous investments in people, technology and security is critical to upkeep with the competitive innovative landscape to remain relevant. The Committee also strive to support modern ways of working.

Refer to the Risk Management Report of the Annual Report under Information Technology section for further insight on information governance.

REMUNERATION PHILOSOPHY

The goal of AfrAsia Bank Limited is to be recognized as an employer of choice and as well as a trusted financial partner in Mauritius and across Africa. Remuneration is a key vehicle towards achieving this objective, encouraging and enabling the Bank's 400+ employees to deliver the best possible customer experience (CX) through enhanced employee experience (EX).

The Bank is progressing on its broad-based review of its remuneration programme as an attempt to find the potential gap between 'where it is' and 'where it needs to be' and for so doing opted to use the services of Korn Ferry to bring about the effective change required in measuring, evaluating and benchmarking both skillset and mindset of our employees.

Embedding culture in business and people processes

Cultural change at AfrAsia Bank Limited is a multi-year journey, with strong senior management commitment and a clear tone from the top. Our organisational values were revamped in 2017 in order to be more in line with employees, a majority of which are millennials and digital natives. To make our values remain tangible our induction was also revamped whereby newcomers are exposed to experiential learning of our values.

REMUNERATION PHILOSOPHY (CONT'D)

Attract and Retain Talent

All employees are assessed using the balanced score card as a performance management online tool. Employees are not only assessed as to what they do through their objectives but also as to how they do what they do through the values assessment. The Talent Management system is helping the Bank move to another level in its management of talent.

In addition, senior executives with regular dealings with the Board will participate for the first time in ABL's second Board effectiveness survey due to take place in mid-November 2022. This is the second step in bringing a 360-degree effectiveness assessment which is critical when changing the organisation's culture.

RELATED PARTY FRAMEWORK

The Bank operates its assessment of its related parties through its Conduct Review Committee, which is guided by its own Terms of Reference and in accordance with BOM's "Guideline on Related Party Transactions". Refer to the Risk Management Report of the Annual Report under Related Party Transactions, Policies and Practices section.

The Board disbanded the Conduct Review Committee, effective 1 October 2022, in line with the BOM's Guideline on Related Party Transactions (as amended) to transfer and establish a comprehensive board-approved policy on related party transaction under the onus of the Board itself.

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

BOARD

The Board leads the conduct of affairs and provides sound leadership to the executives of the Bank. It sets clearly defined policies and the Bank's risk appetite, which are then conveyed to the executives via their delegated authorities to facilitate them to oversee the course of actions of the business. Additionally, the Board ensures that risks are being properly detected, managed and mitigated.

RISK COMMITTEE AND EXECUTIVE MANAGEMENT

The fundamental responsibility of the Risk Committee is advising the Board on the Bank's overall current and future risk appetite, overseeing senior management's implementation of the Risk Appetite Framework ("RAF"), reporting on the state of risk culture in the Bank and interacting with and overseeing the Head of Risk.

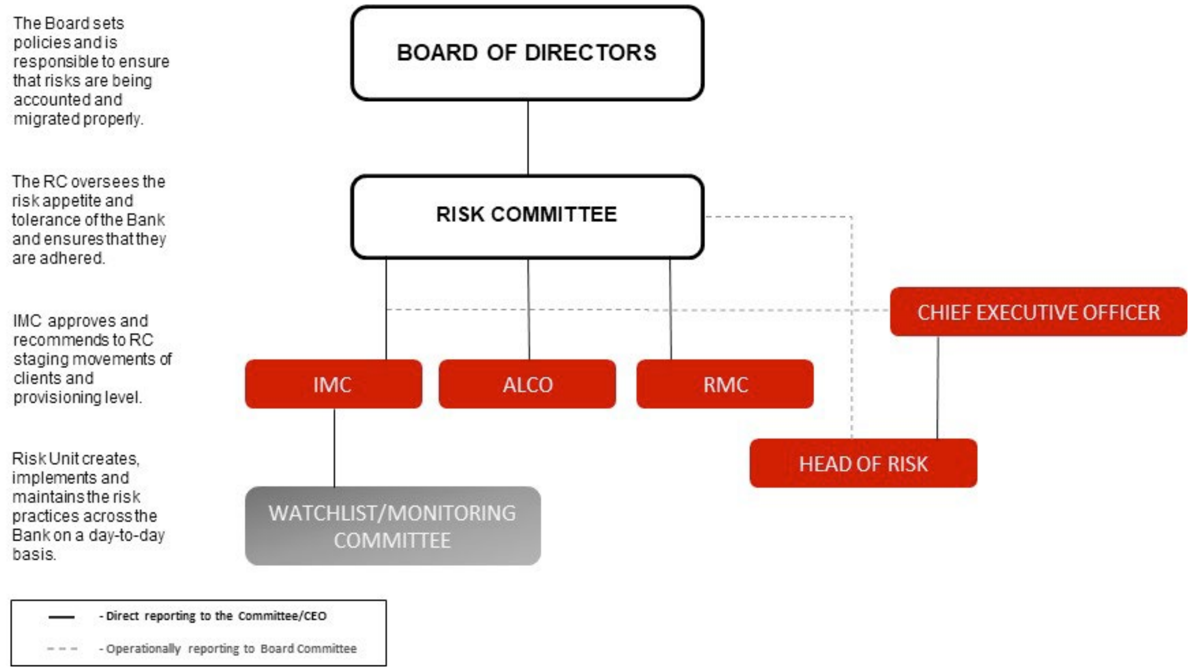
The Risk Committee work includes oversight of the strategies for capital and liquidity management as well as for all relevant risks of the Bank, such as credit, country, market, information, interest rate cyber, operational and reputational risks, to ensure they are consistent with the stated risk appetite, all in compliance with BOM's guidelines and policies approved by the Board. In addition, the Risk Committee is responsible to ensure that the Bank maintains satisfactory liquidity and solvency ratio at all times. The Committee receives regular updates and reports from the Head of Risk and Risk Unit functions about the Bank's current risk profile, current state of the risk culture, utilization against the established risk appetite and limits, limit breaches and mitigation plans.

Internally, the Bank has established an Assets and Liabilities Committee ("ALCO"), an Impairment Committee ("IMC") and a Risk Management Committee ("RMC") that report to the Risk Committee ("RC") on their respective operations.

RISK MANAGEMENT

The independent risk management function is a key component of the Bank's second line of defense. The risk management function, through its various divisions, monitors risk-taking activities and risk exposures in line with the Board-approved risk appetite, risk limits and corresponding capital or liquidity needs.

While it is common for risk management team to work closely with the various business units, the risk function remains sufficiently independent of the business units and is not involved in revenue generation of the bank. Such autonomy is an essential component of an effective risk management function, as is having access to all business lines that have the potential to generate material risk to the Bank as well as to relevant risk-bearing subsidiaries. It also maintains its objectivity by being independent of operations and the Head of Risk have, without impediment, direct access to the Risk Committee chairperson/members.



RISK MANAGEMENT (CONT'D)

The complete Risk Management Report of the Annual Report forms integral part of the Section A.

CORPORATE INTEGRITY AND WHISTLE BLOWING POLICY

The Bank has established a Corporate Integrity and Whistle Blowing Policy to promote an atmosphere of honesty and to encourage employees to conduct themselves in the best interests of the Bank. The applicability of this policy attaches itself to all the employees of the Bank irrespective of their locational, contractual and probational nature.

A copy of the Corporate Integrity and Whistle Blowing Policy is available on the Bank's website: (https://www.afrasiabank.com/media/3190/corporate-integrity-and-whistle-blowing-policy.pdf)

PRINCIPLE SIX – REPORTING WITH INTEGRITY

FINANCIAL

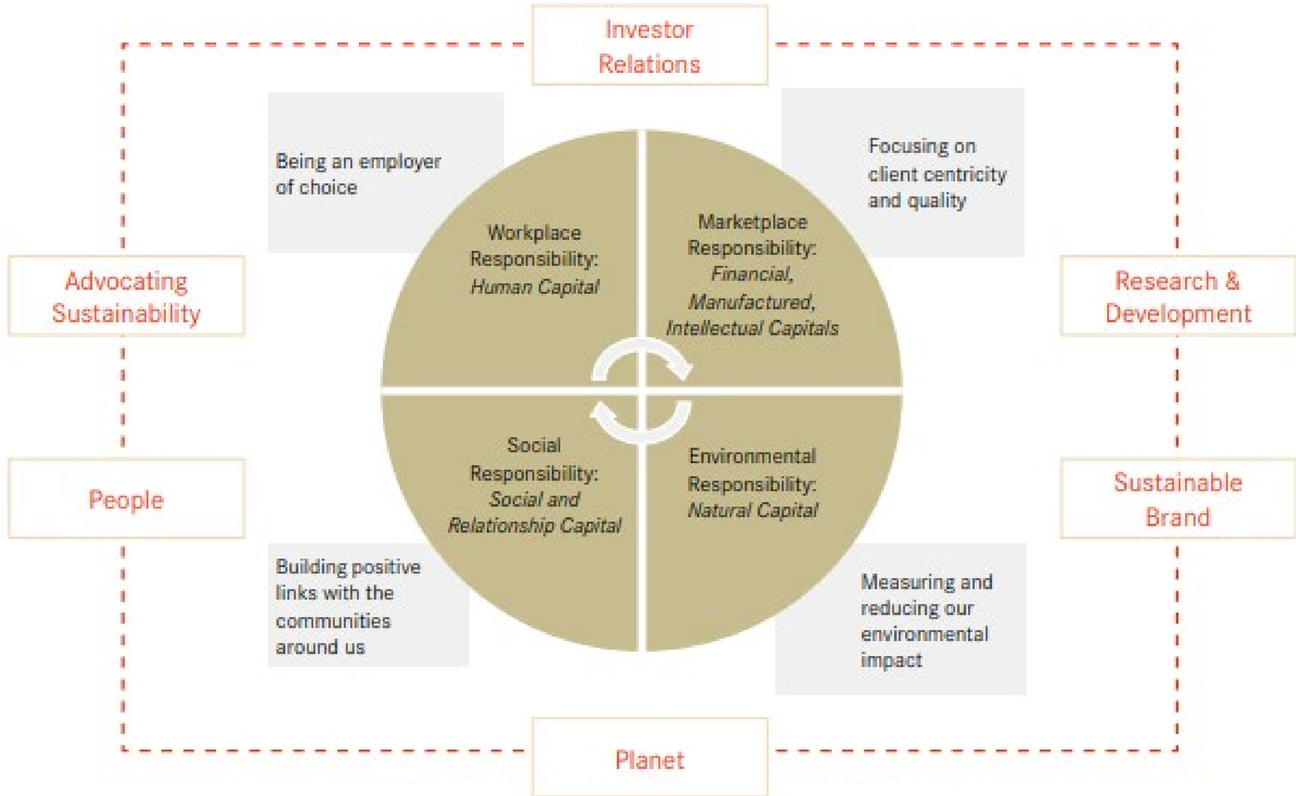
The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and The Companies Act 2001 of Mauritius. The Directors must ensure that the provisions of The Companies Act 2001 of Mauritius, The Banking Act 2004 (as amended) and Financial Reporting Act 2004 (as amended) are complied with. They must also ensure that the financial statements are free from errors, material misstatements or irregularities and that any non-adherence is disclosed, explained and quantified.

SUSTAINABILITY

The few past years has been very challenging with the COVID-19 outbreak but also offered an unprecedented opportunity for companies to move towards the integration of environmental, social and governance ("ESG") in their management systems. More than ever, there is a global increase in awareness in regards to ESG and operational resilience amongst the private sector community. At AfrAsia Bank, we have taken the commitment to build up a strong 2030 Sustainability Strategy that will contribute to a net zero carbon economy.

Looking back on the Financial Year ("FY") 21- 22, we have been in an adaptable period with many of the departmental projects being on hold however we can say that the era of pandemic restrictions is coming to an end, giving room to more opportunities.

AfrAsia Bank's sustainability strategy:



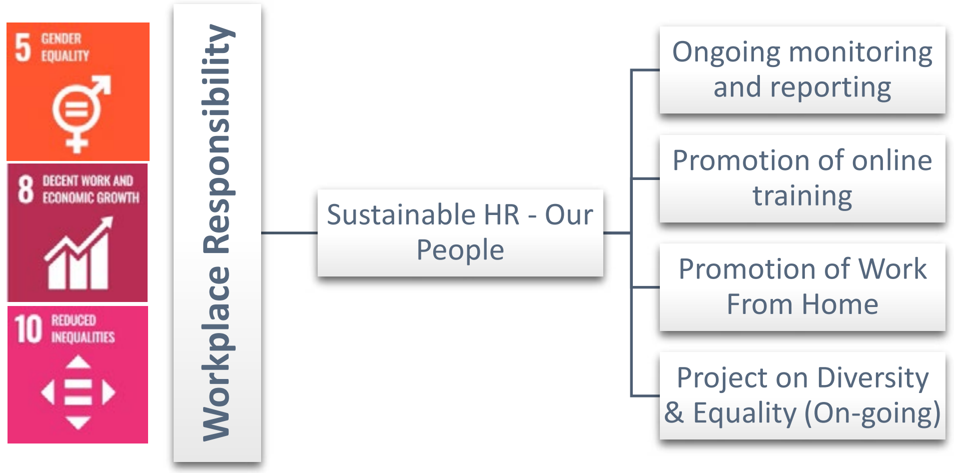
2022 has been an adaptive year, with change in structure in the Sustainability and CSR department and the arrival of a new Head developing a new sustainability strategy for the next 3 years.

SUSTAINABILITY (CONT'D)

WORKPLACE RESPONSIBILITY

Several projects are currently in progress under the aegis of the Human Resources ("HR") department. With the COVID pandemic impacting our operations and day to day work, our main concerns were job retention and on-going training of our staff.

Overview of HR projects:



	FY 19-20	FY 20-21	FY 21-22
Total Headcount	413	415	424
Average Hours Of Training	20	11	15
Average Hours Of Training (Male)	18	11	15
Average Hours Of Training (Female)	21	11	15
Turnover Rate (Full Time Employees)	11.1%	7%	13%

Table 1: Snapshot of key performance indicators for workplace responsibility throughout the last 4 years (The above figures are not subject to audit).

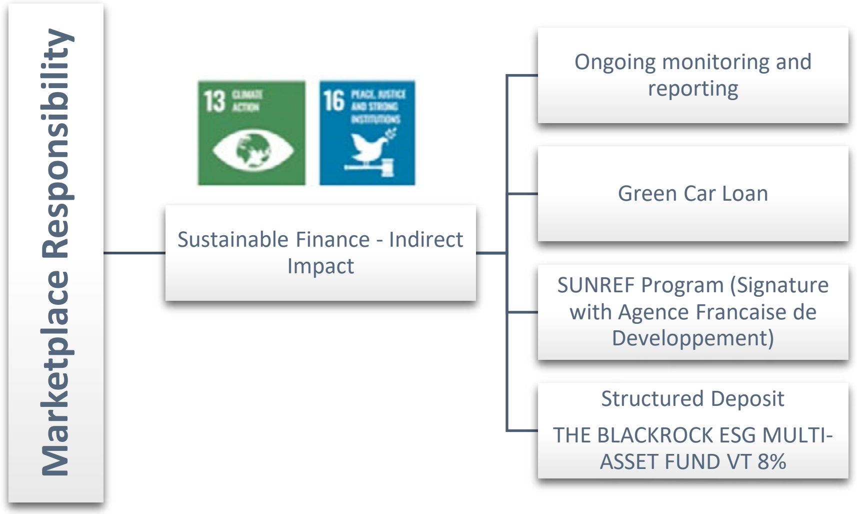
We strive to create a safe, inclusive and discrimination-free environment for all our staff through the various projects under the HR department and through the Health & Safety Committee.

SUSTAINABILITY (CONT'D)

MARKETPLACE RESPONSIBILITY

As a Bank, one of our major impact is through our financing. We have been steadily developing this pillar to provide our clients with sustainable financial products across the different business lines.

Overview of Sustainable Financing:

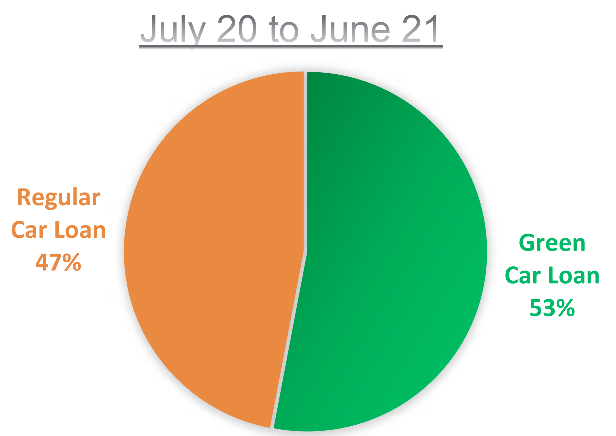


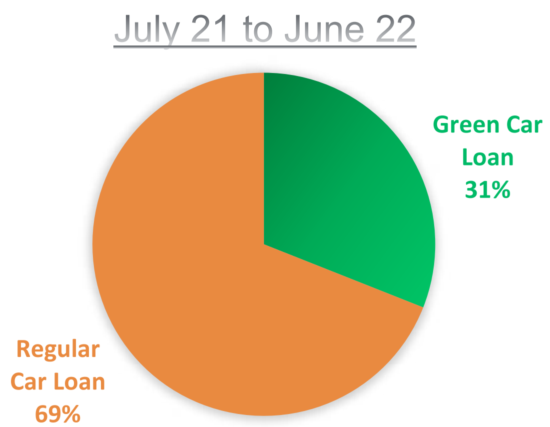
The FY 21-22 was another important year for the growth of ABL in the Sustainable Finance field. During that period, our focus has been the implementation of the Environmental and Social Management System ("ESMS") as well as the launch of our Green Loan under the SUNREF program.

The Green Loan was officially launched during the last quarter of the financial year, for which we have received numerous demands from our clients. Since then, we have been in discussion with them in order to provide the best offering that will cater for their needs.

Additionally, building up from last year, the treasury team has provided another offering to their structured deposits based on Environmental, Social and Governance criteria, The BlackRock ESG Multi-Asset Fund VT 8%.

Snapshot of Green Car Loan Performance:





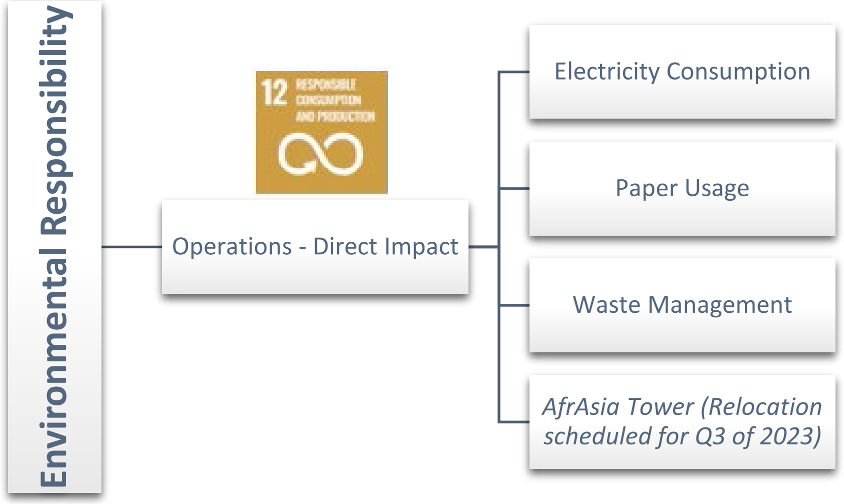
As part of our Marketplace Responsibility Strategy, we also strictly adhere to all legal and statutory requirements (including in regards to prevention of money laundering and financing of terrorism activities) and protect our client's data through stringent measures in place to prevent any breaches.

SUSTAINABILITY (CONT'D)

ENVIRONMENTAL RESPONSIBILITY

Apart from our credit portfolio, we are also looking into the management of our direct impacts within our operations. With relocation of our premises scheduled for 2023 to the AfrAsia Tower in the Tribeca Central Smart City, the Bank is aiming to provide an innovative future workspace as well as a greater operational efficiency to its employees. The AfrAsia Tower will be an environmentally-advanced, energy-efficient and sustainable workplace, with a LEED certification based on international sustainability standards. Until then, we will continue to monitor our electricity consumption and paper usage.

Overview of projects under Environmental Responsibility:



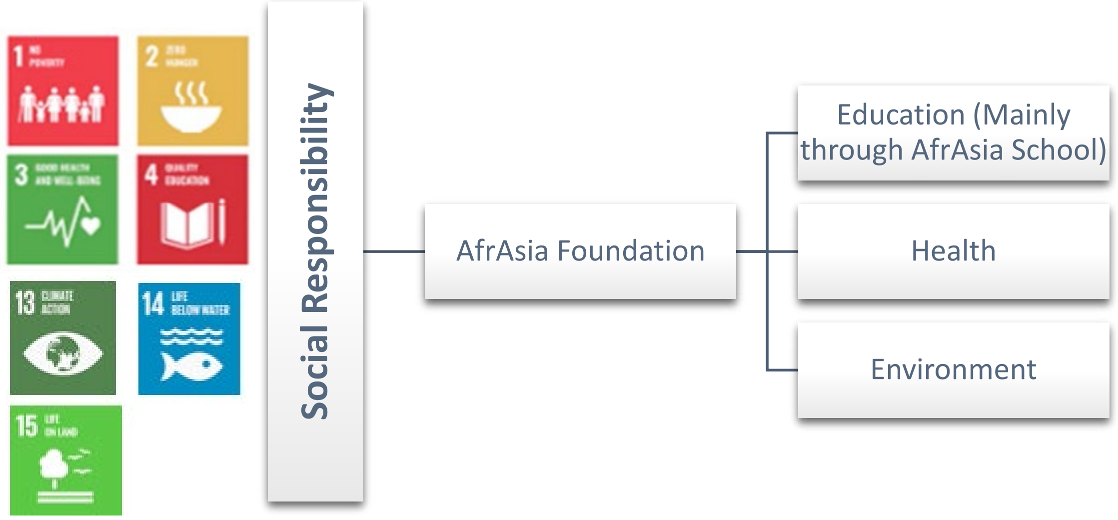
Snapshot of key performance indicators for environmental responsibility throughout the last three years:

	FY 19-20	FY 20-21	FY 21-22
Electricity Consumption at Ebene Office (KWH)	548,867	496,114	468,033
Paper Usage (Reams)	3,865	2,692	2,379
Quantity of E-Waste Recycled (KG)	58	226	-

The above figures are not subject to audit.

SOCIAL RESPONSIBILITY

Overview of Social Responsibility at AfrAsia Bank:



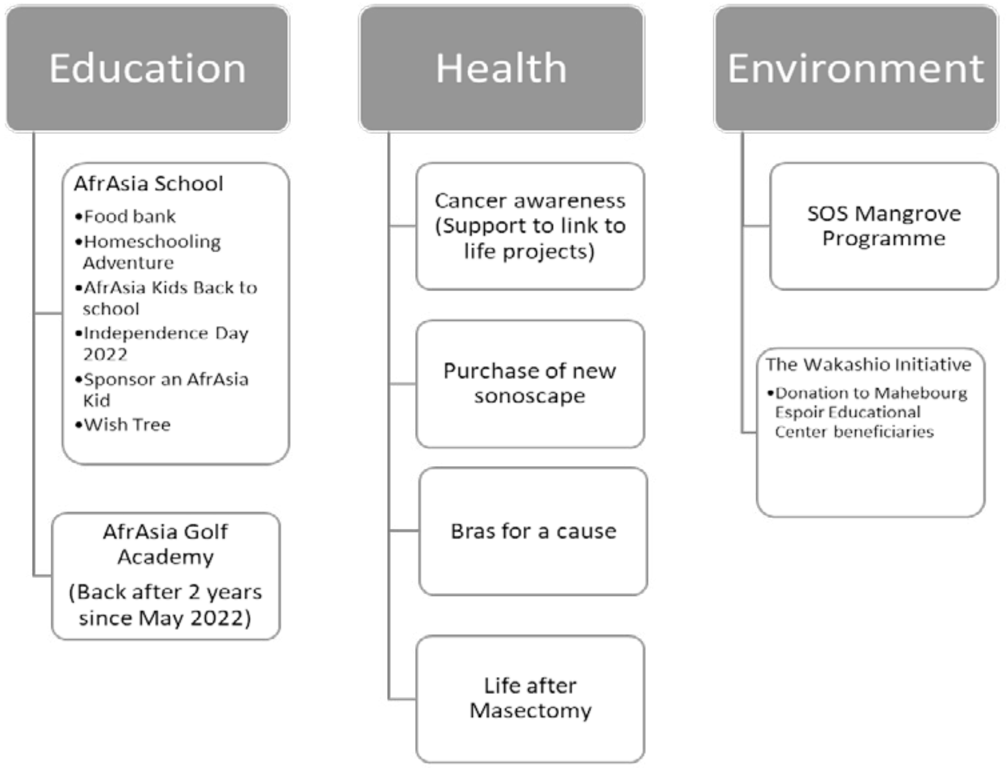
SUSTAINABILITY (CONT'D)

SOCIAL RESPONSIBILITY (CONT'D)

ABL's social strategy is mainly managed through the AfrAsia Foundation, which is governed by a council, who is responsible for management of the funds. The accounts of the Foundation are also audited annually by an external auditor.

Overview of Projects by AfrAsia Foundation:

The Foundation funds sustainable projects that fall under its three main pillars namely: Education, Health and Environment.



Overview of AfrAsia School:

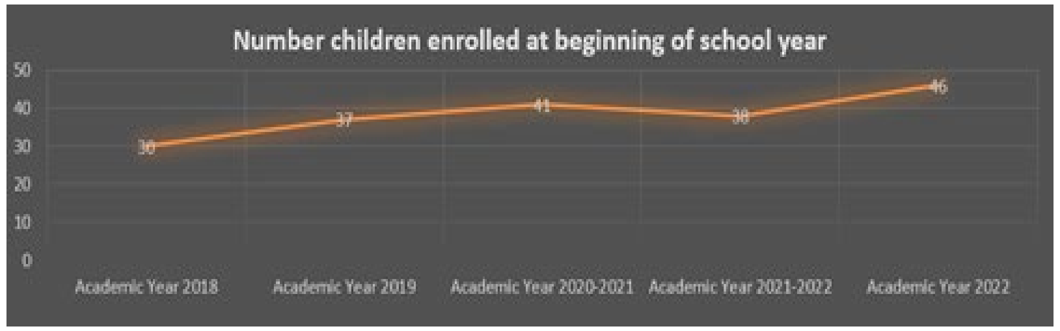
Under the Education Pillar, the main project of the Foundation is AfrAsia School – Life Long Education Centre, in collaboration with the Non-Governmental Organisation ("NGO"), Ti Rayons Soleil. In addition to free primary education, the beneficiaries also receive support from a social worker for their families, food support system, after school care as well medical and psychological support. This year again, The COVID-19 pandemic impacted the running of the school 's programme. The Emergency support programme set up last year is now a permanent Food support programme for the beneficiaries.

SUSTAINABILITY (CONT'D)

SOCIAL RESPONSIBILITY (CONT'D)

Overview of AfrAsia School (Cont'd):

Number of children enrolled at AfrAsia School per academic year:



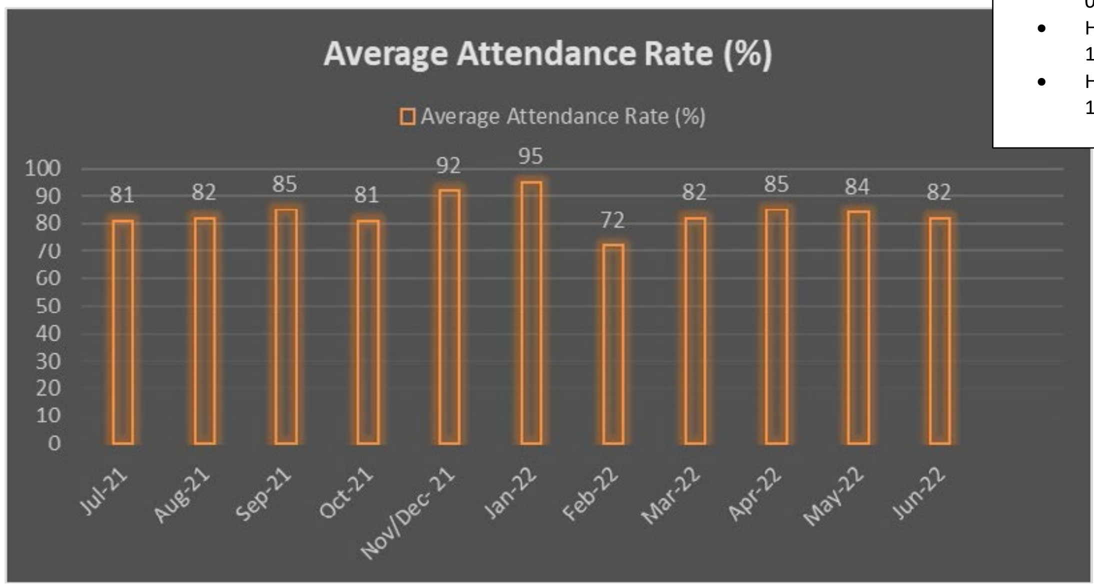
The above figures are not subject to audit.

Due to the fact that the Ministry of Education, Tertiary education, science and technology extended the academic year from April to November 2022, there have been no graduates at AfrAsia School for the year 2021-2022. To adapt to this particular situation, a temporary class has been created to accommodate children who completed their last year of pre-primary school. The aim behind this initiative is to reinforcing their academic foundation for them to be well prepared for their enrollment in the primary school in 2023.

Attendance at the school

This year again, the school calendar was marked by the COVID-19 pandemic and school closure. However, the attendance rates of the students were closely monitored and averaged at approximately **84%** for the year.

- School resumes on 05.07.2021
- Homeschooling from 15.11.2021 to 10.12.2021
- Homeschooling from 17.01.2022 to 29.01.2022



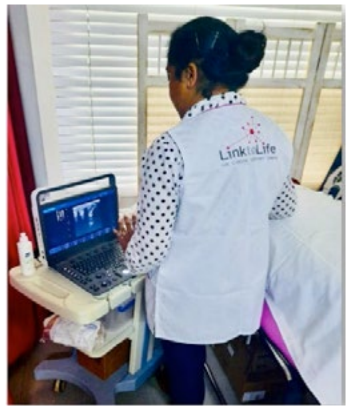
The above figures are not subject to audit.

SUSTAINABILITY (CONT'D)

SOCIAL RESPONSIBILITY (CONT'D)

Health Pillar

Since 2014, we have collaborated with the non-governmental-organization Link to Life to raise awareness around the importance of early screening. The Foundation has sponsored a portable ultrasound screening machine in 2021.



Environment Pillar

The Foundation choose to support the SOS Mangrove Programme through the NGO, Reef Conservation who has been set up for the long-term monitoring and educational program that aims to study and restore mangrove forests around Mauritius following the Wakashio incident in August 2020.

In view of the 5 years since the launch of the Foundation, a roadmap until 2025 has been set up with the aim to reinforce the engagement of the Bank towards the local community.

SDG 17: PARTNERSHIPS FOR THE GOALS

One of our key commitments is to create meaningful dialogues around sustainability in the local, regional and international communities. We do that through the following means:

- Membership of the United Nations Global Compact ("UNGC");
- GRI Community membership;
- ABL is a founder and council member of the Global Compact Network for the Indian Ocean;
- Launch of Sustainability themed webinars: Digitalisation, ESG; and
- Members of the Business Mauritius ("BM") Sustainability Network.

The Annual Report is published in full on the Bank's website. (https://www.afrasiabank.com/en/about/investors/annual-reports)

The financial statements are set out in Section B of the Annual Report.

PRINCIPLE SEVEN – AUDIT

DIRECTORS' RESPONSIBILITIES

The Directors are accountable for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and all the requirements of The Companies Act 2001 of Mauritius, The Banking Act 2004 (as amended) and the Financial Reporting Act 2004 (as amended) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

EXTERNAL AUDIT

The Bank had a rotation of Auditors in the financial year 2022 as per the requirement of The Banking Act 2004. Ernst & Young was appointed as the new auditors through a tendering process launched in 2021. The appointment of Ernst & Young has been approved on the 13th December 2021 at the AGM.

The Audit Committee evaluates the independence and effectiveness of the external auditor on a continuous basis before making a recommendation to the Board on their appointment and retention.

The fees for audit and other services were as follows:

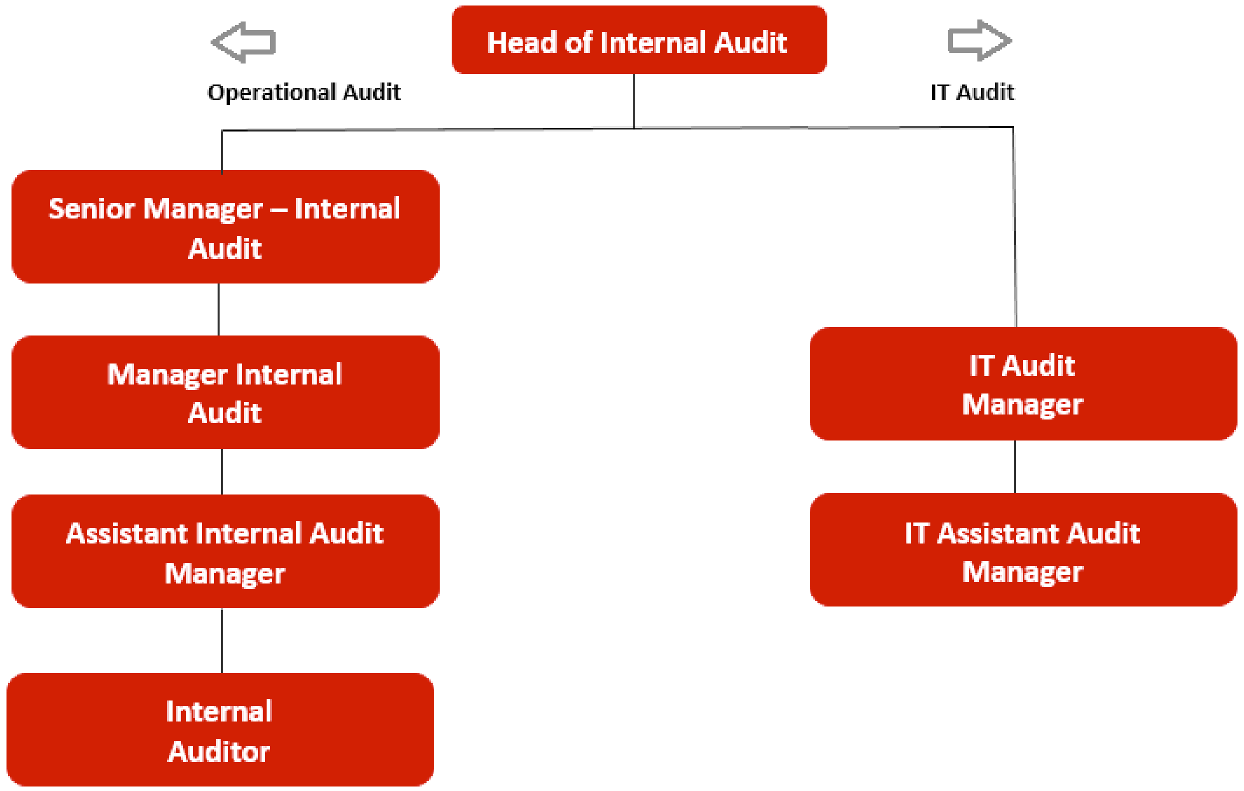
	YEAR ENDED 30 JUNE 2022		YEAR ENDED 30 JUNE 2021		YEAR ENDED 30 JUNE 2020	
	Audit MUR '000	Other MUR '000	Audit MUR '000	Other MUR '000	Audit MUR '000	Other MUR '000
Deloitte **The Bank** AfrAsia Bank Limited	**-**	**175**	5,700	4,117	8,400	6,426
Ernst & Young **The Bank** AfrAsia Bank Limited	**21,521**	**2,500***	-	-	-	-
Ernst & Young **The Subsidiaries**						
AfrAsia Investments Limited	**314**	**-**	327	25	314	329
EKADA Capital Ltd (formerly known as AfrAsia Capital Management Limited)	**-**	**-**	618	22	598	33

*Other services include limited review, internal control review and assurance reports.

INTERNAL AUDIT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes. The internal audit function at ABL helps the Board and management maintain and improve the process by which risks are identified and managed and helps the Board discharge its responsibilities for maintaining and strengthening the internal control framework.

The structure is as follows:



***Note**: Recruitment of 3 additional headcount is currently in progress.*

Independence of the internal audit team

The internal audit function in ABL remains independent of the activities audited and objective in its work. There have been no restrictions placed over the right of access by internal audit to the records, management or employees of the Bank as part of the audit procedures performed during the year under review and to the date of this report. The Head of Internal Audit maintains a direct reporting line with the Audit Committee for direction and accountability and to the Chief Executive Officer for administrative interface and support in line with good governance practices.

The Head of Internal Audit has regular access to the Chairperson of the Audit Committee. He attends quarterly meetings with the Audit Committee and more frequently when the need arises.

Qualifications and experience

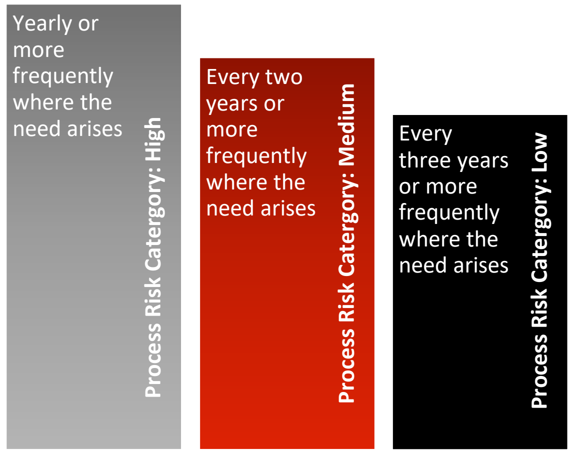
Kristy Kumar Ballah, a Chartered Banker and also a Fellow of the Institute of Chartered Accountants in England and Wales with 17 years of experience in the auditing field heads the Internal Audit department. Prior to joining the Bank, he was the Group Internal Audit Manager at the Mauritius Commercial Bank. He started his career with PwC where he grew to become an Audit Manager. Over the years, the Head of Internal Audit had exposure to local organizations operating in diverse sectors and also had significant international exposure. He is well acquainted with risk management activities in general. The profile of the Head of Internal Audit is displayed on the Bank's website.

The Head of Internal Audit is supported by staff members with significant banking and auditing experience. The team includes members with "Big 4 firm" exposure and who are also members of professional bodies such as ICAEW, ACCA, CBI, IIA, ISACA etc.

INTERNAL AUDIT

Implementation of the risk-based audit plan

The Internal Audit team implements the yearly risk-based audit plan approved by the Audit Committee. The audit frequency for identified processes is as follows:



The FY 22 Audit Plan

The target is to complete the FY 22 audit plan is by latest October 22. The completion timing was impacted by the cascade effect of the delay in completing the FY 21 audit plan as a result of the confinement linked to COVID-19 and also a number of ad-hoc assignments arising in FY 22.

The FY 22 risk-based audit plan was approved by the Audit Committee and the Board. The Internal Audit team used amongst others use the following key criteria to assign inherent and residual risk ratings to the relevant processes in the Bank:

- Past audit findings and cumulative audit knowledge of controls design and performance;
- Financial implications of a particular process;
- Volume of transactions;
- Whether the process is impacted by key regulatory requirements;
- Whether the process represents a key second line of defense function; and
- Recent or foreseen changes in management, structure, systems impacting the process.

The internal audit team provides varying degrees of assurance about the effectiveness of the risk management and control processes of selected activities and functions of the organization. It is worth mentioning that as at date, the majority of issues categorized as higher risk have been either addressed or management has kick started the remedial actions.

Any risk or deficiency in the system of internal controls revealed during audits performed have been reported in the respective reports issued at the end of the assignment. The audit report includes audit recommendations, management comments, action plan and timeline for implementation. Monitoring of implementation is done by Internal Audit.

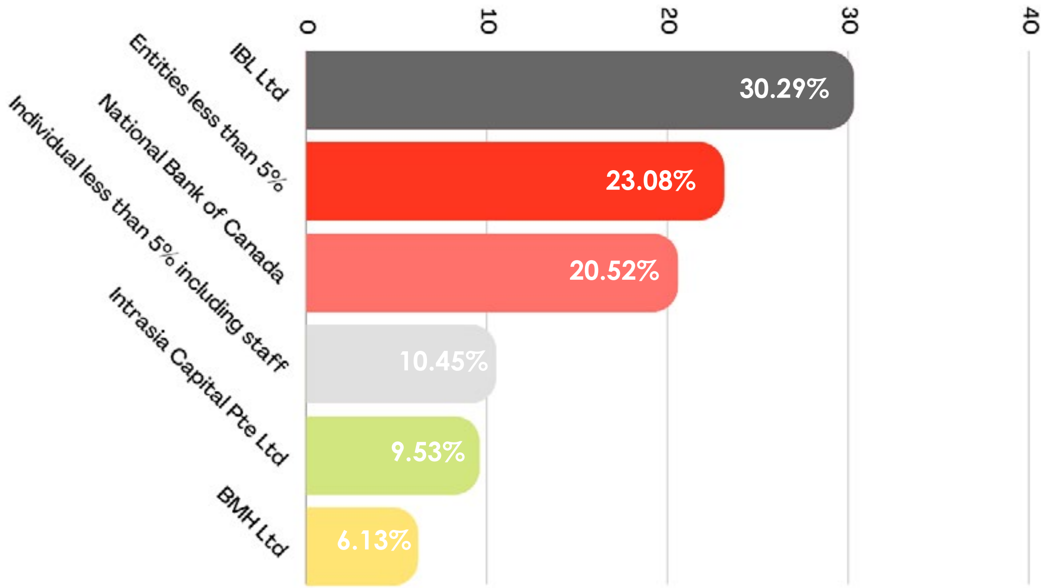
PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

ABL's stakeholders are individuals or groups that have an interest in the Bank or are affected by its actions. The primary stakeholders of the Bank are employees and management, shareholders and investors, and government and regulatory authorities.

SHAREHOLDING STRUCTURE

AfrAsia Bank has a good mix of local and international private institutional investors of renowned reputation across various continents and had a regulatory capital base of MUR 10.3bn as at 30 June 2022. The Bank ensures that there is proper and efficient information dissemination to all its shareholders and that the rights of minority shareholders are not neglected. It is noted that 0.29% of the Bank's shareholding is held by its staff.

The Bank's shareholding structure as at 30 June 2022 is as follows:



Size of shareholding	Number of shareholders	Number of shares	Holding
1 – 1,000	1,929	269,163	0.24%
1,001 – 5,000	163	373,341	0.33%
5,001 – 10,000	29	189,632	0.17%
10,001 – 50,000	62	1,582,923	1.40%
50,001 – 500,000	23	4,124,020	3.65%
Above 500,001	24	106,438,131	94.21%
Total	**2,230**	**112,977,210**	**100.00%**

Size of shareholding	Number of shareholders	Number of shares	Holding
Individuals	2,046	11,708,820	10.36%
Insurance & assurance companies	4	1,299,747	1.15%
Pensions and provident funds	36	4,134,419	3.66%
Investment & trusts companies	15	10,263,848	9.08%
Other corporate bodies	129	85,570,376	75.74%
Total	**2,230**	**112,977,210**	**100.00%**

DIVIDEND POLICY

Dividends are proposed by management to its Board in line with the provisions of The Banking Act 2004 (as amended), the "Guideline on Payment of Dividend" issued by BOM, The Companies Act 2001 of Mauritius and the Bank's Constitution. Once the Board is satisfied with Management's recommendation and the satisfaction of solvency tests, the Board may approve the payment of dividends, subject to the approval of BOM, after which dividends may be distributed to shareholders.

Dividend on Ordinary Shares

The Bank has achieved a satisfactory financial return to allow dividends of MUR 235.0m (MUR 2.08 per share), declared and paid during the year under review (2021: MUR 338.9m that is, MUR 3.00 per share/2020: MUR 429.3m that is, MUR 3.80 per share). This can be summarised as follows:

Dividends on Ordinary Shares (MUR'm)			
	2022	2021	2020
Dividend paid	**235.0**	338.9	429.3

Dividend on Class A Shares

Dividend for the 6 months ended 31 December 2021 was approved by the Board of Directors on 11 February 2022 and payment not yet effected as at 30 June 2022 as Bank of Mauritius approval not yet received. Dividend of MUR 65.0m for the 6 months ended 30 June 2021 (MUR 66.2m were paid for the 6 months ended 31 December 2020 and MUR 66.7m for the 6 months ended 30 June 2020). This can be summarised as follows:

Dividends on Class A Shares – Series 1 and 2 (MUR'm)			
	2022	2021	2020
Dividend paid	**65.0**	132.9	147.4

MATERIAL CLAUSES OF CONSTITUTION

Article 21.2 of the Bank's Constitution provides for a list of reserved matters which must be approved by special resolution of the voting shareholders of the Bank.

Restrictions concerning the disposal of shares are set out in Articles 15 and 16 of the Bank's Constitution. Such restrictions include the requirement to obtain the Board's approval in connection with the registration of share transfers.

SHAREHOLDERS' AGREEMENT

In connection with the Shareholders' Agreement ("SHA") signed on 01 December 2014, three out of four shareholders who had entered into the SHA sent notices to terminate the SHA. One shareholder did not agree that the SHA had been terminated and declared a dispute as regards to the said termination of the SHA. The dispute was referred to the International Chamber of Commerce ("ICC") for arbitration. The claim was heard in April 2021. The Bank, which was a signatory to the SHA, took a neutral position in the arbitration. The Arbitral Tribunal rendered its award on 19 October 2021, whereby the Arbitral Tribunal decided inter alia that the SHA has been terminated with effect from 31 December 2019.

SIGNIFICANT CONTRACTS

ABL has not entered into any significant contract with third parties during the financial year ended 30 June 2022.

MANAGEMENT AGREEMENTS

ABL has not entered into any management agreement with third parties during the financial year ended 30 June 2022.

GIFTS AND DONATIONS

The Bank has made MUR 15,000 of gifts and donations during the year ended 30 June 2022 (2021: MUR 15,000/2020: MUR 2.0m).

POLITICAL DONATIONS

The Bank has not made any political donations during the year ended 30 June 2022 (2021: NIL and 2020: MUR 3.5m).

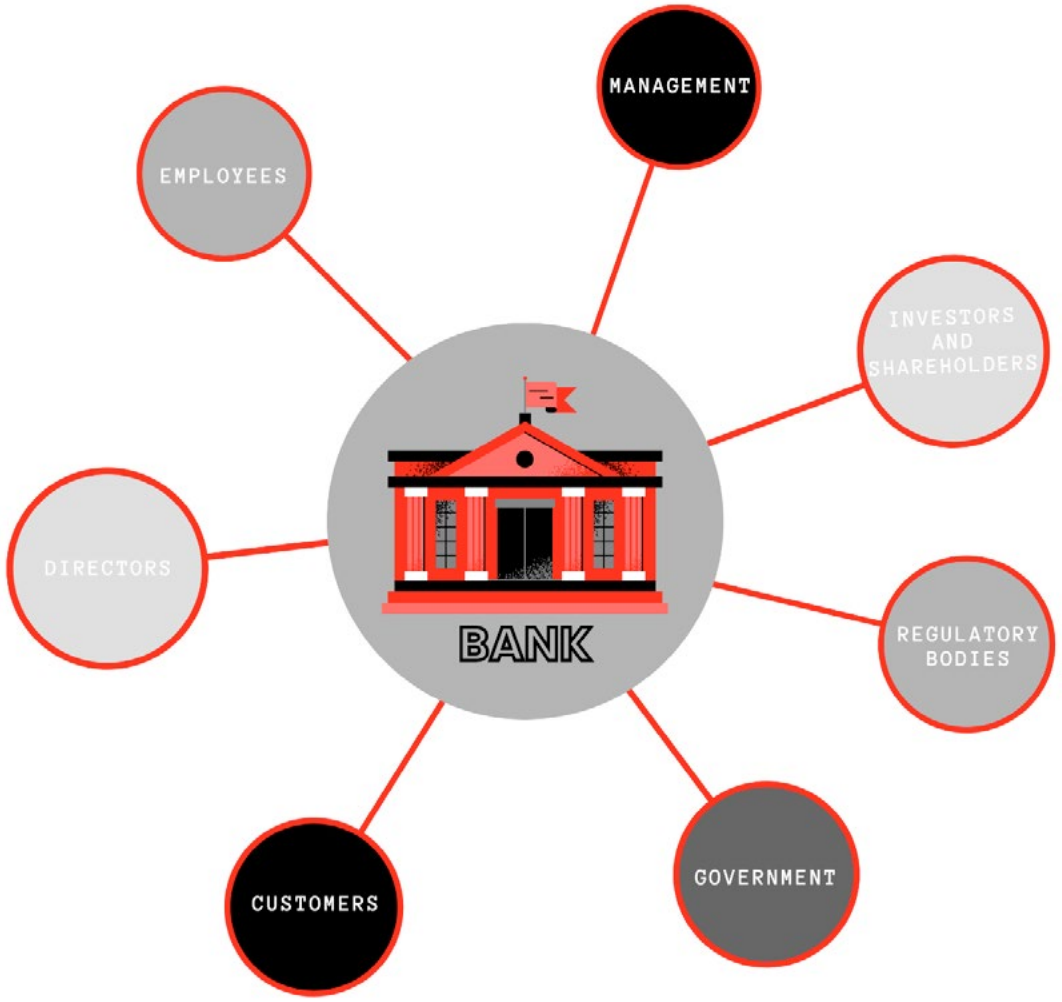
RELATED PARTY

The Bank has not entered into any agreement with any related parties during the financial year ended 30 June 2022.

For further details pertaining to related party transactions and balances relating to year ended 30 June 2022, kindly refer to the note 36 on "Related Party Disclosures" of the Annual Report.

The Board disbanded the Conduct Review Committee, effective 1 October 2022, in line with the BOM's Guideline on Related Party Transactions (as amended) to transfer and establish a comprehensive board-approved policy on related party transaction under the onus of the Board itself.

OUR KEY RELATIONSHIPS



We continue to take a proactive approach towards our relations with primary stakeholders. When selecting suppliers, contractors or non-governmental organisations, we look for those that align closely to our values and areas of focus.

We offer a variety of ways for stakeholders to interact with us and provide feedback; we use this information towards understanding what is going well and improving areas of concern. We regularly review how we communicate with our stakeholders to ensure it is still appropriate in an ever-changing fast-moving world.

Below is an overview of our main stakeholders and how the Bank engages with them:

EMPLOYEES AND MANAGEMENT

HOW WE ENGAGE WITH OUR STAKEHOLDERS	• Face to face meetings • Social events/activities • Training and coaching • External learning and growth opportunities • Committees • Recognition and rewards • Virtual workshops and meetings
THEIR CONTRIBUTION TO VALUE CREATION	• Work towards achievement of our strategy - Key Performance Indicators • Demonstrate passion towards a positive customer experience • Help create and build positive working relationships • Enhance trust on the market • Help create a positive employer and corporate brand

OUR KEY RELATIONSHIPS (CONT'D)

EMPLOYEES AND MANAGEMENT (CONT'D)

WHAT OUR STAKEHOLDERS EXPECT FROM US	• An environment that encourages growth and open communication • The opportunity to achieve personal goals whilst aligning to the Bank's objectives
WHAT CONCERNS OUR STAKEHOLDERS	• A safe and healthy place to work • Continued career growth • Open door management style with mutual trust • A positive work cultures • Sustainability and CSR actions • Regular feedback and coaching • Competitive remuneration • Financial and non-financial rewards • Recognition • A high level of empowerment and autonomy

SHAREHOLDERS AND INVESTORS

HOW WE ENGAGE WITH OUR STAKEHOLDERS	• Annual reports, media releases and published results • Board meetings • Annual general meetings • Investor Relations web page • Presentations and factsheets to provide comfort with regard to our financial strength and resilience • External workshops and seminars • Newsletters • Sustainability and CSR microsite • Social media platforms • Webinars
THEIR CONTRIBUTION TO VALUE CREATION	• Investors provide the financial capital necessary to sustain growth
WHAT OUR STAKEHOLDERS EXPECT FROM US	• Providing sustained returns on investment through strong fundamentals, franchise, resilience, sound risk profile, strategic growth opportunities and good governance practices while building a sustainable business model
WHAT CONCERNS OUR STAKEHOLDERS	• Sustainability issues (Environment, Social, Economic) • Delivering sustainable returns • Leadership and strategic direction • Corporate governance and ethics • Progress with project pipelines, business plans and future growth initiatives • A high level of employee engagement, empowerment and autonomy, a positive employer brand

OUR KEY RELATIONSHIPS (CONT'D)

CUSTOMERS

HOW WE ENGAGE WITH OUR STAKEHOLDERS	- Dedicated relationship managers proposing tailored financial solutions - Business meetings and visits - Online Conferences, Roadshows and Presentations - Networking Events - Newsletters - Website - Social media platforms - Satisfaction surveys - Webinars
THEIR CONTRIBUTION TO VALUE CREATION	- Customers are at the heart of our business and provide a solid base for our growth prospects - Customers turning into our strategic partners as we leverage on their brand equity
WHAT OUR STAKEHOLDERS EXPECT FROM US	- Quality of the Bank's product suite and service - Continuous assistance and clear guidance, especially during a pandemic context - Sustainability and financial solidity of the Bank - Efficient complaint mechanism - Enhanced customer relationship management practices - Seamless front-end experience with an easy, fast and secured banking environment, including for online channels
WHAT CONCERNS OUR STAKEHOLDERS	- Transparent and timely insights that could impact their financial situation - Security and confidentiality of transactions - Corporate governance and ethics - Sustainability issues (Environment, Social, Economic)

GOVERNMENT AND REGULATORY AUTHORITIES

HOW WE ENGAGE WITH OUR STAKEHOLDERS	- Regular meetings - Workgroups with Bank of Mauritius and Financial Services Commission on regulatory guidelines, new legislations, laws and other matters - Written communication - Regulatory returns - Onsite and offsite supervision by the regulators - Trilateral meeting between the Bank of Mauritius, External Auditors and the Bank - Regulatory approvals - Providing information during Parliamentary debates through the Mauritius Bankers Association and Business Mauritius - Virtual Committees and conferences
THEIR CONTRIBUTION TO VALUE CREATION	- The regulator provides the enabling regulatory framework - Guidelines and instructions from the regulators issued from time to time
WHAT OUR STAKEHOLDERS EXPECT FROM US	- Providing banking and financial services in a transparent, secure and sustainable way - Ensuring and maintaining customer satisfaction - Complying with acts, regulations and guidelines

OUR KEY RELATIONSHIPS (CONT'D)

GOVERNMENT AND REGULATORY AUTHORITIES (CONT'D)

WHAT CONCERNS OUR STAKEHOLDERS	- Products and services being provided and the communication around same - Compliance with laws, acts and regulations - Transparency and accessibility to accurate, relevant and current information - The Bank's duty of confidentiality and data protection - Duties of the Board and senior management - Appropriate Customer Due Diligence and Know Your Client ("KYC") processes and reviews - Risk management and internal controls - Complaints handling and customer care - Compliance with the principles of corporate governance - Sustainable financing

DIRECTORS

The role and responsibilities of the Board of Directors have been commented on under the section, "The key role of the Board".

SOME KEY DATES

SHAREHOLDERS' CALENDAR

Financial Year End	June
Annual Meeting of Shareholders	November/December

PUBLICATION OF FINANCIAL STATEMENTS

30 September quarter end	November
31 December quarter end	February
31 March quarter end	May
30 June year end	September or any other dates permitted by the Bank's regulators

DIVIDENDS

Ordinary Shares Dividends

Declaration	Post 30 June 2022 upon closure of accounts
Payment	Upon receipt of approval from regulators

Class A Shares Dividends

Declaration	Post June and December
Payment	Upon receipt of approval from regulators

The Annual Report is published in its entirety on the Bank's website. (https://www.afrasiabank.com/en/about/investors/annual-reports).

The Corporate Governance Report have been approved by the Board of Directors and signed on its behalf by:

JEAN-RAYMOND REY
Interim Chairperson

ASLAM KANOWAH
Corporate Governance Committee Chairperson

Date: 31 October 2022

STATEMENT OF COMPLIANCE

(SECTION 75(3) OF THE FINANCIAL REPORTING ACT 2004)

Name of Public Interest: AfrAsia Bank Limited
Reporting Period: 1 July 2021 to 30 June 2022

The Board of AfrAsia Bank Limited, confirms that to the best of their knowledge AfrAsia Bank Limited and its Group Entities have complied with the principles of the National Code of Corporate Governance 2016 in all material aspects except for the following:

Areas of Non-Compliance	
Principle 2: The structure of the Board and its Committees	As at 30 June 2022, AfrAsia Bank Limited did not meet the minimum percentage of Independent Non-Executive Directors. *Reason for AfrAsia non-compliance*: Given the decision of the Board to appoint a Non-Executive Director as Interim Chairperson of the Board, the required percentage of Independent Director changed from 40 per cent to 50 per cent. The Board is already progressing on its endeavor to find this equilibrium via an ongoing onboarding exercise to bring the Bank into compliance with an appropriate directorship mix.
Principle 2: The structure of the Board and its Committees	As at 30 June 2022, the Bank did not have two Executive Directors serving on the Board which goes against the requisites of the Code stipulating that the Board should consider having a strong executive management presence with at least two executives as members. *Reason for AfrAsia non-compliance:* The ex-CEO ceased to act as Executive Director of the Bank on 27 June 2022. Upon the appointment of a permanent CEO, the Bank will comply with the requirement of the Code.
Principle 3: **Director appointment procedures**	As at 30 June 2022, the Board of Directors did not have a formal suitable plan for the orderly succession of appointments of its members and senior management personnel in order to maintain an appropriate balance of knowledge, skills and experience and to ensure it is progressively refreshing. Reason for AfrAsia non-compliance: The term of reference of the Corporate Governance Committee states that Committee is responsible to identify and nominate candidates for the approval of the Board to fill Board/Management vacancies as and when they arise. Given that the Board has been working on revisiting the ToRs of the multiple committees and redefining the fundamental functions as required as implied under the section "BOARD COMMITTEES". As at date, this exercise being complete, adequate succession planning is now a priority for the Committee to bring about proper structure and formalisation.

JEAN-RAYMOND REY
Interim Chairperson

ASLAM KANOWAH
Corporate Governance Committee Chairperson

Date: 31 October 2022

ELEVATE

We believe that a fundamental pillar of sustainable growth remains in embarking our key stakeholders on our journey.

RISK MANAGEMENT REPORT

RISK MANAGEMENT

Risk management at AfrAsia Bank Ltd ('ABL') is a key element in determining and implementing the Bank's strategic planning. The institution's risk management policies and procedures comply with regulations and market's best practices.

RISK MANAGEMENT STRATEGY

Risk management is the process of identifying, evaluating and managing the impact of uncertain events, and monitoring the consequences at acceptable levels. The risk-management cycle is comprised of four phases:

- establishing objectives by identifying the strategic goals and determining constraints;
- analyzing the risks;
- selecting controls and assessing the alternatives to address the risks; and
- implementing the alternatives and monitoring the progress and results.

The process organises information about the possibility of a spectrum of undesirable outcomes into an inclusive, orderly structure that helps decision makers to make informed choices about their organisation's ability to manage risks.

OUR RISK APPETITE FRAMEWORK

The Bank's risk appetite is defined by a risk appetite framework set by the Board. It aids to emphasise its strong risk culture and helps define thresholds, processes and controls to manage aggregate risks through an acceptable scale.
In line with Bank of Mauritius Guidelines on Credit Concentration, Country Risk Management and Cross-Border Exposures, the Board has established a set of policies and procedures in respect of cross-border activities, which clearly translate to the Bank's strategic goals within approved risk parameters.

Stress-Testing

Stress-testing ("ST") is an integral part of the Bank's risk management process as it consists of both sensitivity analysis and scenario analysis.

Stress testing is a fundamental tool to

- facilitate a view of the organisation's **forward risk profile** as a result of portfolio effects and/or changes in macroeconomic conditions;
- **Identify potential vulnerability** to unprecedented but plausible events; and
- **Determine appropriate management actions or contingency plans** to limit the impact of such events on the entity.

Results of stress testing must impact decision making, including strategic business decisions via

- Strategic planning and budgeting;
- Internal Capital Adequacy Assessment Process ("ICAAP"), including capital planning and management, and the setting of capital buffers;
- Informing the setting of risk appetite statements;
- Liquidity planning and management; and
- Identifying and proactively mitigating risks through actions such as reviewing and changing risk limits, limiting exposures and hedging.
- Risk Based Supervisory ('RBS') reporting to the Central Bank

The various type of scenario analysis performed at ABL are as follows:

Scenario analysis
Scenario analysis means a process of applying historical and/or hypothetical circumstances to assess the impact of a possible future event on a financial system, sector, bank, portfolio or product. Scenarios are not necessarily forecasts; rather, they are coherent and credible narratives, describing potentially different paths to the current or expected conditions and their translation into calculating the scenario. Scenario analysis incorporates many economic and financial parameters in a consistent manner, in contrast to sensitivity analysis, which may focus on a subset of parameters

- Changing **multiple risk inputs simultaneously** with the **source of the stress** event being **well defined;**
- Macroeconomic stress testing involves the creation of a **severe but plausible macroeconomic scenario** and assessing the **impact of key macroeconomic risk drivers** (e.g. GDP, interest rates, inflation) **on key risk inputs** (e.g. PD, LGD and EAD);
- Other hypothetical or historical scenarios: "what-if"; and
- Assessing the impact on statement of profit or loss and other comprehensive income, statements of financial position and capital ratios.

Sensitivity analysis
Sensitivity analysis means the process of assessing the impact of a change of a single or limited set of risk factors, variables, assumptions or other factors

- **Adjusting of a risk parameter**, or a small number of very closely related risk parameters to understand the impact on a risk position; and
- It is important to note that the **event** that gives rise to the movements in the parameters is **hypothetical**.

Reverse stress testing
It is the process of assessing a pre-defined adverse outcome for a bank, such as a breach of regulatory ratios, insolvency or illiquidity, and identifying possible scenarios that could lead to such adverse outcome. A reverse stress test helps to understand underlying risks and vulnerabilities in banks' businesses and products that pose a threat to its viability and helps to identify scenarios that could threaten resilience;

- **Assessing scenarios and circumstances** that would **render its business model unviable,** thus **identifying potential business vulnerabilities:**
    - Starts from the point of failure of the Bank's business model and then working backwards to identify circumstances or scenarios under which this might occur; and
    - Point of failure is considered as significant financial losses that impact the Bank's capital or lack of liquidity to such an extent that the **existing business model would no longer be viable** or where **material supervisory intervention** would result.

The Economic Impact of the Russo-Ukrainian War

The invasion by Russia drove up commodity prices in the petroleum, gas and agri-business sectors, as strikes on key Ukrainian infrastructure, ports and cities sent shuddering shockwaves coursing through supply chains. The ongoing clash between Russia and Ukraine is set to have a ripple effect on the global economy through three major streams: The financial sanctions, the prices of commodities and the disruption of supply chains.

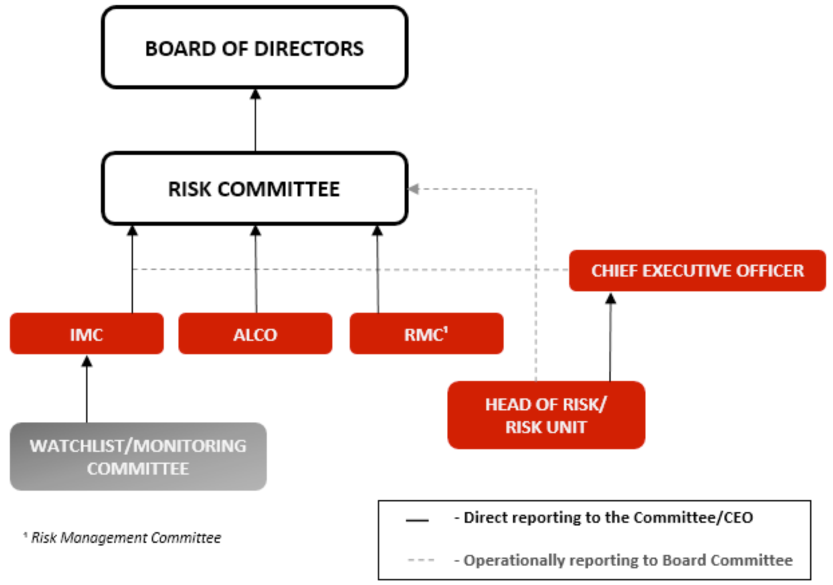
Figure 7 Impact of Russo-Ukrainian War

Moreover, weakened business confidence and rising investor uncertainty will weigh on asset markets, aggravating financial conditions and eventually leading to massive capital outflows from emerging markets. While both Russia and Ukraine are substantial food producers, Ukraine is also ranked as the world's leading producer of sunflower oil, followed by Russia, with both countries representing approximately 60% of global production. Both economies are important sources of palladium, titanium, wheat and maize. The situation is currently straining the market – Ukraine's oilseed cultivation and manufacturing industry stands at a complete standstill along with some delays in cargo shipments. A persistent state of conflict further jeopardizes the prospect of the upcoming cropping season.

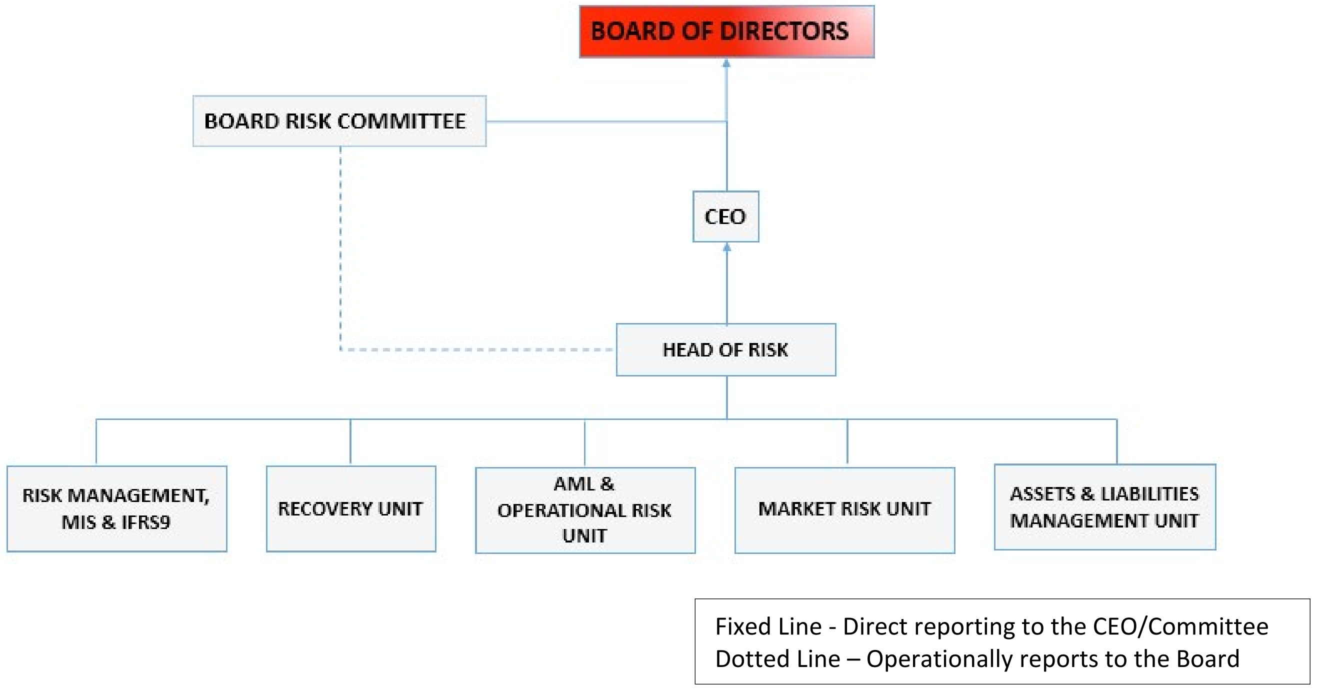
RISK GOVERNANCE AND OVERSIGHT STRUCTURE

The independent status of the Risk Management function is supported by a governance structure that provides for escalation of risk issues to senior management, Board sub-committees and the Board of Directors, as appropriate.

The chart below illustrates the Board of Directors' and key senior management-level committees in the Firm's risk governance structure.



RISK MANAGEMENT STRUCTURE



Committees established by Management

Management Credit Committee ("MCC")

The MCC is the senior management credit decision-making committee with a defined delegated authority as determined by the Board of Directors through the Credit Committee and Risk Committee from time to time.

The purpose of the MCC is to

i. (i) assist the Board to formulate, approve and implement Credit policies, guidelines and credit practices of the Bank.
ii. (ii) exercise responsibility for the independent assessment, approval, review and monitoring of all credit risk assets relatoing to the Bank's business; and
iii. (iii) ensure that the origination and management of the assets in the portfolio is done in terms of the Bank's policy.

Asset and Liabilities Committee ("ALCO")

- This committee comprises of the Chief Executive Officer, Chief Financial Officer, Head of Risk, the General Manager, Senior Executive - Head Corporate Banking, Senior Executive- Head Global Business, Senior Executive - Treasury and Markets, Head of Treasury and the Head of Credit Risk who meet at least once a month.
- ALCO's overall responsibility is to ensure that the Bank's overall asset and liability structure including its liquidity, currency and interest rate risks are managed within the risk appetite set by the Risk Committee.

Impairment Management Committee ("IMC")

The Bank's IMC consist of the Chief Executive Officer, the Chief Financial Officer and the Head of Risk and they meet at least once in a quarter or as and when required. The duties of the Committee are as follows:

a) Review Top Non-Performing Accounts.
b) Review and approve all files, which warrant new/additional specific provision.
c) Review and approve Expected Credit Loss (ECL) for Stage 2 and 3 assets
d) Approve proposals for restructure of facilities and settlement of liabilities including one-time settlement
e) Review List of new Non Performing Accounts.
f) Review and approve all accounts in Watchlist (Downgrade /Upgrade)
g) Review and approve accounts assessed under Significant Increase in Credit Risk (SICR).
h) Take cognizance of recoveries and write backs for the Quarter.
i) Review and approve list of accounts recommend for write offs.

Risk Management Committee ("RMC")

The Committee will comprise of the Chief Executive Officer (CEO), General Manager, Chief Technology & Operations Officer (CTOO), CRO/Head of Risk, Chief Financial Officer(CFO), Group Head Compliance and MLRO (Non-Voting member), Head of AML and Operational Risk/DPO, Senior Executive - Global Business, Head of Internal Audit (Non-Voting member).

The main duties of the Risk Management Committee are to:

a) Oversee the overall Risk management and internal controls of the bank.
b) Ensure appropriate methodologies and systems are in place to identify and adequately assess and
c) manage risks;
d) To assess the Company's risk profile and key areas of risk
e) Report to the Board Risk Management Committee as appropriate

MANAGEMENT OF KEY RISK AREAS

Risk can be defined as the uncertainty of an event to occur in the future. In the banking context, it is the exposure to the uncertainty of an outcome, where exposure could be defined as the position/stake banks take in the market. The main type of risks faced by the Bank are as follows:

	Type of Risk	Description	Mitigating Actions
FINANCIAL RISK	**Credit Risk**	It is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk and concentration risk.	1. Policies & Procedures 2. Regulatory Guidelines 3. Control & Monitoring 4. Key Resources with technical expertise 5. Allocation of delegated limit for approval at various levels 6. Regular Credit Committee (CC) meetings held to deliberate on credit files 7. Quarterly review by Credit Committee
	Country Risk	Country risk, also referred to as cross-border country risk, is the uncertainty that obligors (including the relevant sovereign, and the group's branches and subsidiaries in a country) will be able to fulfil obligations due to the group given political or economic conditions in the host country.	1. Regular Country Review 2. Cap in terms of Country Risk Limit 3. Quality Review by Board 4. In line with Risk Appetite Framework
	Market Risk	Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.	1. Work around solution (manually) 2. Market Risk Policy 3. Process & level of acceptance 4. Tolerance limit 5. System Implementation
	Funding and liquidity Risk	Funding risk is the risk associated with the impact on a project's cash flow from higher funding costs or lack of availability of funds. Liquidity risk is defined as the risk that	1. Liquidity risk is managed in line with the Bank's internal liquidity risk management framework and the

		an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.	Bank of Mauritius ("BoM") Guideline on Liquidity Risk Management. 2. Daily reporting of liquidity metrics and monitoring of Liquidity Early Warning Indicators.
	Interest rate Risk	The risk arising from changes in interest rates or the prices of interest rate related securities and derivatives, impacting on the Bank's earnings or economic value of equity.	Monitoring of interest rate risk exposure in line with the Bank's internally prescribed limits.
NON-FINANCIAL RISK	**Operational Risk**	Operational risk is the risk of loss suffered as a result of the inadequacy of, or failure in, internal processes, people and/or systems or from external events.	1. Documented policies, procedures and processes 2. Implementation of systems and internal controls 3. Training
	Compliance Risk	Compliance Risk is the risk of legal or regulatory sanction, financial loss or damage to reputation that the group may suffer as a result of its failure to comply with laws, regulations and codes of conduct and standards of good practice applicable to its financial services and banking.	1. Policies and Procedures in line with regulatory requirements and standards 2. Internal controls 3. Trained and qualified staff 4. Appropriate system and tools
	Information Risk	The risk of accidental or intentional unauthorized use, modification, disclosure or destruction of information resources, which would compromise the confidentiality, integrity or availability of information.	1. Documented policies, processes and procedures 2. Implementation of systems and internal controls 3. Awareness Training and best practices.
	Cyber Risk	The Risk of failure, unauthorized or erroneous use of information systems resulting into financial loss, disruption or damage to the reputation of the Bank.	1. Educate Employees and stakeholders on Information Security including Cyber Security measures 2. End point Security on Devices including Encryption and Anti-virus Protection 3. Ensure efficient Patch Management on information systems 4. Cyber Threat detection and online monitoring 24/7, 365/365 5. Distributed denial-of-service (DDoS) monitoring services
TRANSVERSAL RISK	**Business strategic risk**	Business strategic risk is the risk of earnings variability, resulting in operating revenues not covering operating costs after excluding the effects of market risk, credit risk, structural interest rate risk and operational risk.	1. Documented policies, procedures and processes 2. Implementation of systems and internal controls 3. Training 4. Ensure that the Bank adheres to its Risk Appetite 5. Ensure that Business strategy is embedded in the Risk Appetite Framework
	Reputational risk	Reputational risk is the risk of potential or actual damage to the group's image, which may impair the profitability, and/or sustainability of its business.	1. Effective communication, staff training, and HR practices 2. Documented policies, procedures and processes 3. Efficient complaints & feedback handling for continuous improvement of products/services 4. Constant compliance checks and monitoring 5. Information Security

CREDIT RISK

Credit risk arises from the possibility of financial losses stemming from the failure of clients or counterparties to meet their financial obligations to the Bank. Credit processes control the credit risk of individual and corporate clients. Other sources of credit risk arise from trading activities, including: debt securities, settlement balances with market counterparties, amongst others.

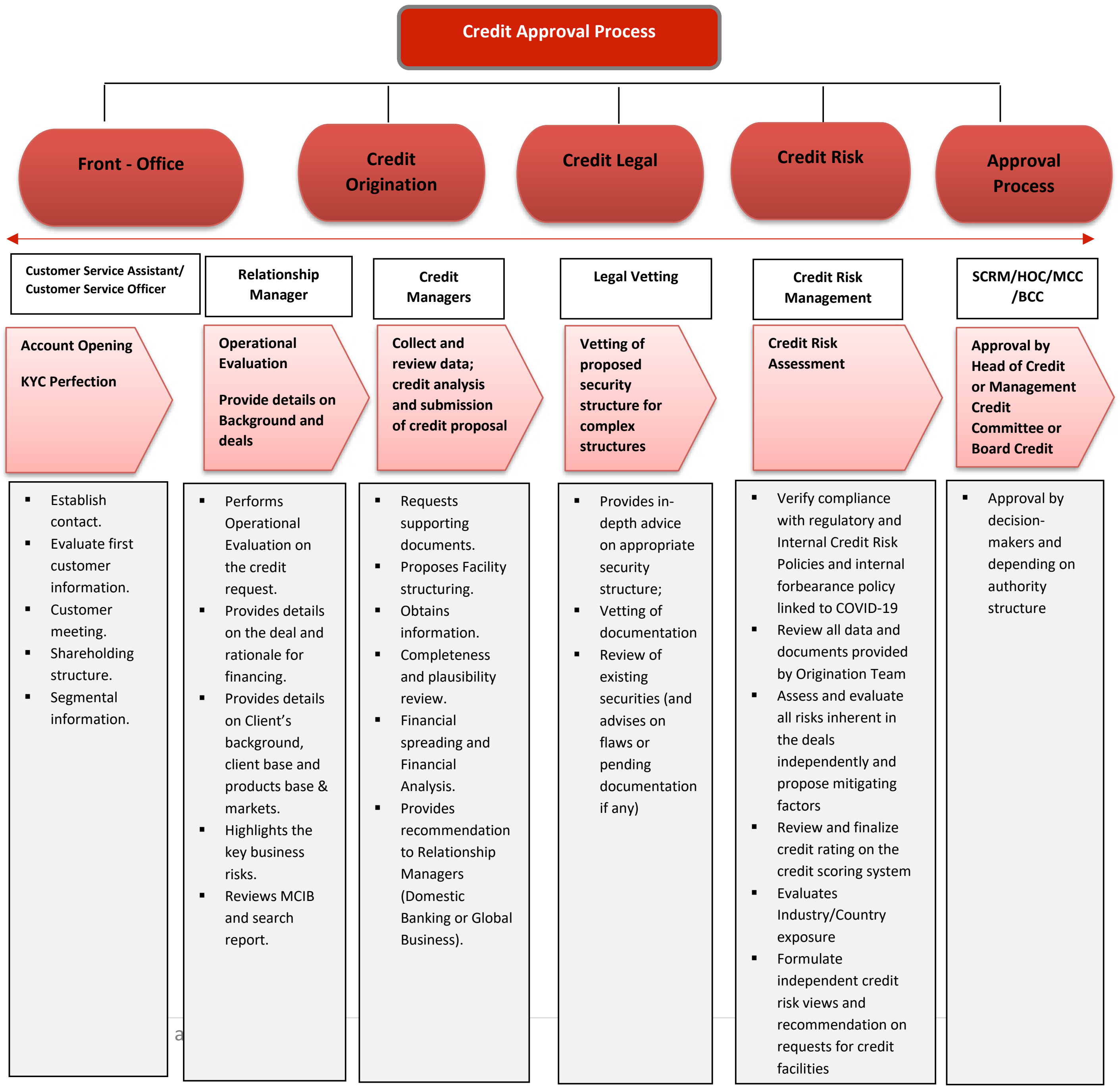
The credit risk management objective is to maintain a rigorous and effective integrated risk management framework to ensure that all controls are in line with risk processes based on international best practices.

CREDIT RISK (CONT'D)

Organisation and Structure

The Bank has structured the responsibilities of credit risk management so that informed and appropriate decisions are taken and in line with the approved delegated lending authority limit, whilst ensuring that there is an adequate segregation of tasks. Credit policies and processes are in place to ensure the effective monitoring and managing of credit risk in compliance with the Bank of Mauritius guidelines and AfrAsia Bank's risk appetite.

CREDIT RISK POLICIES



CREDIT RISK (CONT'D)

Impact of IFRS 9 Financial Instruments ("IFRS 9")

AfrAsia Bank Limited has run a centrally managed IFRS 9 programme since 2018, which included business functions and subject matter experts on methodology, data sourcing and modelling, IT processing and reporting. Overall governance of the programme implementation has been through the Bank's IFRS 9 Steering Committee and included representatives from Risk, Credit, IT and Finance department. The adoption of IFRS 9 has enabled AfrAsia Bank to enhance its internal control system with a better end-to-end management on an ongoing basis, which is critical to avoid unintended consequences. In addition, IFRS 9 has allowed the Bank to analyze high frequency market data to enhance the risk assessment of our portfolios; while still delivering a consistent customer experience within set risk parameters.

The Bank also complies with the macro-prudential policy measures as set out in the Guideline on Credit Impairment Measurement and Income Recognition to compute Portfolio Provisioning. In the event IFRS 9 provisioning is lower than General Provisioning (as per the abovementioned guideline), the difference is being booked in the Portfolio Reserve.

While AfrAsia Bank Limited continues to adhere to key principles therein, it is worth noting that as part of the support measures to allow banks to continue supporting enterprises facing cash flow and working capital difficulties in the context of COVID-19, the abovementioned Guideline on Credit Impairment Measurement and Income Recognition has been put on hold by BoM.

OUR CREDIT RATING

The CRISIL models is used to rate companies including small and medium enterprises & large corporates and global & domestic banks, while the CRISIL Retail Scoring Solution ("CRESS") is used to rate retail customers. CRISIL is a global analytical company and is one of India's leading ratings agency and provider of high-end research to the world's largest banks and leading corporations. CRISIL is majority owned by S&P Global Inc.

The system uses the following criteria in determining the credit rating:

- financial information,
- financial/non-financial securities,
- credentials of the counterparty,
- details of facilities and
- qualitative assessment of industry of operation (Industry risk, business risk, market position, financial risk, management risk and account conduct risk)

CREDIT RISK (CONT'D)

OUR CREDIT RATING (Cont'd)

CRISIL rating grades and descriptions for each grade are as follows:

Rating Grades	Description	Definition
AAA	Investment Grade – Highest Safety	Borrowers rated AAA are judged to offer highest safety of timely payment.
AA+	Investment Grade – High Safety	Borrowers rated AA+ are judged to offer high safety of timely payment.
AA	Investment Grade – High Safety	Borrowers rated AA are judged to offer high safety of timely payment. They differ in safety from AA+ only marginally.
A	Investment Grade – Adequate Safety	Borrowers rated A are judged to offer adequate safety of timely payment.
BBB	Investment Grade – Moderate Safety	Borrowers rated BBB are judged to offer moderate safety of timely payment of interest and principal for the present.
BB	Investment Grade – Moderate Safety	Borrowers rated BB are judged to offer moderate safety of timely payment of interest and principal for the present. There is only a marginal difference in the degree of safety provided by borrowers rated BBB.
B	Investment Grade – Minimum Safety	Borrowers rated B are judged to carry minimum safety of timely payment of interest and principal for the present.
CC	Sub-Investment Grade – Inadequate Safety	Borrowers rated CC are judged to carry inadequate safety of timely payment.
C	Sub-Investment Grade – High Risk	Borrowers rated C have a greater susceptibility to default.
D	Highly Susceptible to Default/Default	Borrowers rated D are in default or are expected to default on maturity.

CREDIT MONITORING PORTFOLIO

Credit risk exposures are managed through a robust post disbursement monitoring process. This involves regular portfolio reviews and detection of any early warning signals. Exposures showing signs of deterioration are put on watch list and the files are reviewed at least monthly to ensure prompt actions are taken. Regular and ad-hoc checks are performed to ensure that guidelines and policies set by the Board are adhered to. With the implementation of IFRS 9, all borrowers, regardless of financial health, are subject to a full review of all facilities on at least an annual basis. More frequent interim reviews may be undertaken should circumstances dictate to identify any significant increase in credit risk.

Whilst uncertainty persist in relation to COVID-19, there are also significant opportunities emerging in the current economic context. In respect to the Bank's credit portfolio, several deferments have already ended as at 30 June 2022 and the facilities are being well serviced.

In addition, the Russia-Ukraine conflict has weakened prospects for the global economy. The crisis has worsened existing supply chain disruptions with resulting surge in commodity prices. The credit portfolio has been assessed and a sector cap on the commodity trading sector has been implemented as a precautionary measure in view of lack of visibility on this sector. At the domestic level, even if there are encouraging signs in the tourism industry, the war is impacting on the strength of the recovery due to the sharp rise in inflation.

CREDIT RISK (CONT'D)

CREDIT MONITORING PORTFOLIO *(Cont'd)*

In light of the impact of the war and COVID-19 pandemic on our business activities, the Bank continues to enhance its Significant Increase in Credit Risk (SICR) assessment framework based on several factors in a view to better manage the portfolio and trigger early warning signs.

Loans & Advances to customers – June 2022

RATINGS	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing:				
Credit rating AAA	103,865	-	-	103,865
Credit rating AA+ to AA-	6,403,072	-	-	6,403,072
Credit rating A+ to A-	324,104	-	-	324,104
Credit rating BBB+ to BBB-	10,602,848	4,835,210	-	15,438,058
Credit rating BB+ to BB-	479,837	157,958	-	637,795
Credit rating B+ to B-	4,635,919	37,539	-	4,673,458
Credit rating CCC+ to C	14,984	-	-	14,984
Non performing:				
Credit rating D	-	-	1,949,877	1,949,877
Total gross carrying amount	**22,564,629**	**5,030,707**	**1,949,877**	**29,545,213**

Loans & Advances to Banks – June 2022

RATINGS	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing:				
Credit rating A+ to A-	2,548,586	-	-	2,548,586
Credit rating BBB+ to BBB-	4,926,146	-	-	4,926,146
Credit rating BB+ to BB-	2,295,062	-	-	2,295,062
Credit rating B+ to B-	2,253,225	-	-	2,253,225
Total gross carrying amount	**12,023,019**	**-**	**-**	**12,023,019**

During the financial year ended 30 June 2022, AfrAsia Bank has taken active steps in prudently managing its exposures and ensuring that its loan book is judiciously diversified, while periodically conducting stress tests to assess the resilience of its portfolio in case of unfavorable events. Over the years, the Bank has been keeping a close attention on its credit concentration to ensure it meets regulatory requirements.

CONCENTRATION OF RISK

The key focus of the Bank's credit risk management approach is to avoid any undue concentrations in its credit portfolio, whether in terms of counterparty, group, portfolio, and country. The Bank has always kept its large exposures within the regulatory limits. For instance, our concentration ratio of large exposures above 10% was 192.65% as at 30 June 2022, well within the regulatory limit as shown below:

Regulatory Credit Concentration Limit	As at 30 June 2022
Credit exposure to any single consumer shall not exceed 25% of the Bank's Tier 1 Capital	Highest single customer: 18.63%
Credit exposure to any group of closely-related customers shall not exceed 40% of the Bank's Tier 1 Capital	Highest Group of closely related customer: 20.52%
Aggregate large credit exposures to all customers and Banks of closely related customers above 10% of Bank's Tier 1 Capital shall not exceed 800% of Bank's Tier 1 Capital	**192.65%**

*Note: Public State Entities (PSEs) are exempt from credit concentration as per Bank of Mauritius Guideline.

CREDIT RISK (CONT'D)

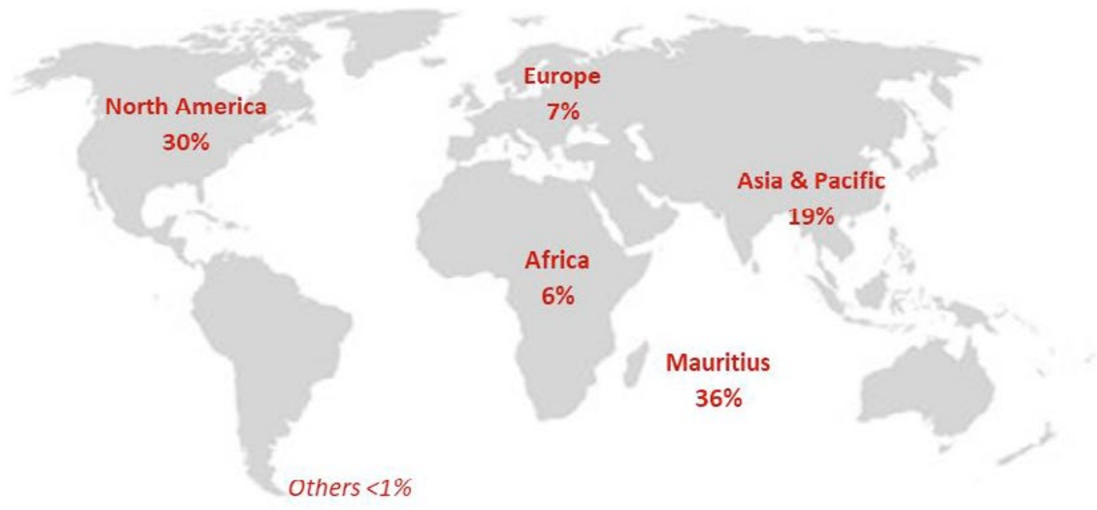
CONCENTRATION OF RISK (Cont'd)

Furthermore, economic reports, country and industry analysis are prepared and submitted to the Board Risk Committee to highlight trade developments and risks to the Bank's credit portfolio. These reports are used to define strategies for both our industry portfolio, and individual counterparties within the portfolio.

Concentration by Geography

The Bank's financial assets before taking into account any collateral held or other credit enhancements, can be analysed as follows by the following geographical regions:

REGION	2022 MUR'000	2021 MUR'000	2020 MUR'000
Africa			
Mauritius	**76,719,294**	74,699,016	58,704,122
Other African countries	**13,674,578**	8,676,615	12,332,502
North America	**63,026,805**	54,254,420	41,225,695
Europe	**15,633,737**	21,568,983	19,632,067
Asia	**40,626,973**	32,269,714	29,377,200
Others	**735,020**	585,623	799,301
	210,416,407	192,054,371	162,070,887



Concentration by Industry

The Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

SECTOR	2022 MUR'000	2021 MUR'000	2020 MUR'000
Agriculture	1,676,528	979,158	1,278,888
Construction, infrastructure and real estate	2,667,479	1,849,854	1,980,120
Financial and business services	129,870,699	136,141,751	100,868,753
Government and parastatal bodies	46,434,949	32,201,281	35,021,623
Information, communication and technology	2,657,904	1,274,563	1,100,878
Manufacturing	5,386,136	3,934,486	5,867,227
Personal	3,292,231	2,785,392	2,373,536
Tourism	4,274,417	4,919,289	4,528,383
Traders	8,563,746	3,794,823	4,452,605
Others	5,592,318	4,173,774	4,598,874
	210,416,407	192,054,371	162,070,887

CREDIT RISK MITIGATION

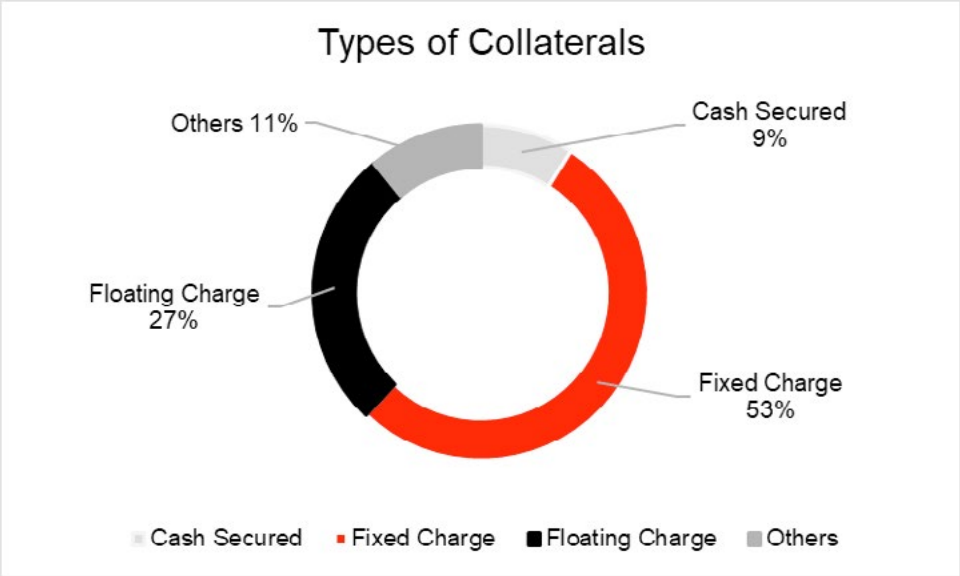
As a fundamental credit principle, the Bank does not generally grant credit facilities solely on the basis of the collateral provided. All credit facilities are based on the credit rating, source of repayment and debt-servicing ability of the borrower. Collaterals are taken when required by the bank to mitigate the credit risk. The collateral is monitored on a regular basis with the frequency of the valuation depending on the liquidity and volatility of the collateral value.

Enforcement legal certainty of enforceability and effectiveness is another technique used to enforce the risk mitigation. Where a claim on counterparty is secured against eligible collateral, the secured portion of the claim is weighted according to the risk weight of the collateral and the unsecured portion against the risk weight of the counterparty. To mitigate counterparty risk, the Bank also requires close out netting agreements. This enables the Bank to offset the positive and negative replacement values of contracts if the counterparty defaults. The Bank's policy is to promote the use of closeout netting agreements and mutual collateral management agreements with an increasing number of products and counterparties in order to reduce counterparty risk.

As an indication, claims secured by cash and other charges represent 37% of the loan book, whilst unsecured portions account for 63% of total loan book.

The value of collateralized loan and other credit enhancements:

Collateral Details	Total MUR'000	Total %
Cash Secured	1,400	9%
Fixed Charge	7,993	53%
Floating Charge	4,131	27%
Others	1,696	11%
Total	**15,220**	**100%**



The Group and the Bank also request for personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

RELATED PARTY TRANSACTIONS, POLICIES AND PRACTICES

The Bank adheres to the Guideline on Related Party Transactions issued by the Bank of Mauritius (BOM) in December 2001 and which was last reviewed in May 2022 (The guideline will be implemented by 30th September 2022). The current policy is in line with the previous Guideline, the Board of Directors has set up a Conduct Review Committee ("CRC") to review and approve related party transactions.

The Bank's policy on related party transactions sets out the

- rules governing the identification of related parties,
- terms and conditions applicable to transactions entered into with them and
- reporting procedures to the governance Committees.

All related party transactions are reviewed and approved at the level of the Conduct Review Committee, which ensures that market terms and conditions are on arm's length basis.

During the normal course of business throughout the year, the Bank entered into a number of banking transactions with its related parties. These include placements or loans to/from Banks, deposits as well as other normal banking transactions. As at 30 June 2022, related party exposure was within regulatory guidelines at 16.71% (Cat 1 and Cat 2).

The Bank has complied with all requirements of the Bank of Mauritius Guideline on Related Party Transactions. Related party reporting to the Bank of Mauritius is made on a quarterly basis. Moreover, all related party transactions are monitored and reported to the Conduct Review Committee for the financial year ended 30 June 2022. The internal policy of the Bank on Related Party Transactions is being updated post the revised guideline issued by Bank of Mauritius in May 2022 (effective by 30th September 2022).

MARKET RISK

Market risk is commonly defined as the potential risk of losses arising from adverse movements in market prices, typically due to changes in foreign exchange rates, interest rates, equity and commodity prices. The key drivers of market risk that the Bank is exposed to are mainly associated with fluctuations in interest rates and foreign exchange rates.
Market risk is also known as "systematic risk" as it affects the entirety of the market. As such, this risk cannot be fully eliminated through diversification but may be mitigated by using various hedging techniques through derivative products and concentration as well as sensitivity limits.
The Bank uses a robust risk management framework to monitor and manage the various market risks that it is exposed to on a daily basis. Both the ALCO (Asset and Liability Committee) and Risk Committee define, review and monitor on a regular basis a set of different market risk limits that is in line with the Bank's overall risk appetite and also complement the regulatory limits as established by the Bank of Mauritius.
The Market Risk department, being responsible for the identification and monitoring of the Bank's exposure to interest rate and currency risks, works in collaboration with the various business lines to define and implement appropriate market risk policies and procedures. In so doing, the staff of the department contribute in the identification, assessment and control of the various market risks and also provide timely information to Senior Management, the Board of Directors and Regulators.

Net Foreign Exchange Open Positions
Open positions in foreign currencies expose the Bank to currency risk, the possibility that fluctuations in exchange rates may result in adverse movements in the value of current holdings and future cash flows that are denominated in currencies other than the base currency. This risk is inherently present at the Bank due to its multi-currency investing and lending activities.
For the financial year ended 30th June 2022, the Bank has maintained a daily net FX Open position against the Mauritian rupee that was well under the regulatory limit of 15% of Tier 1 capital as prescribed by the Bank of Mauritius (see graph below).

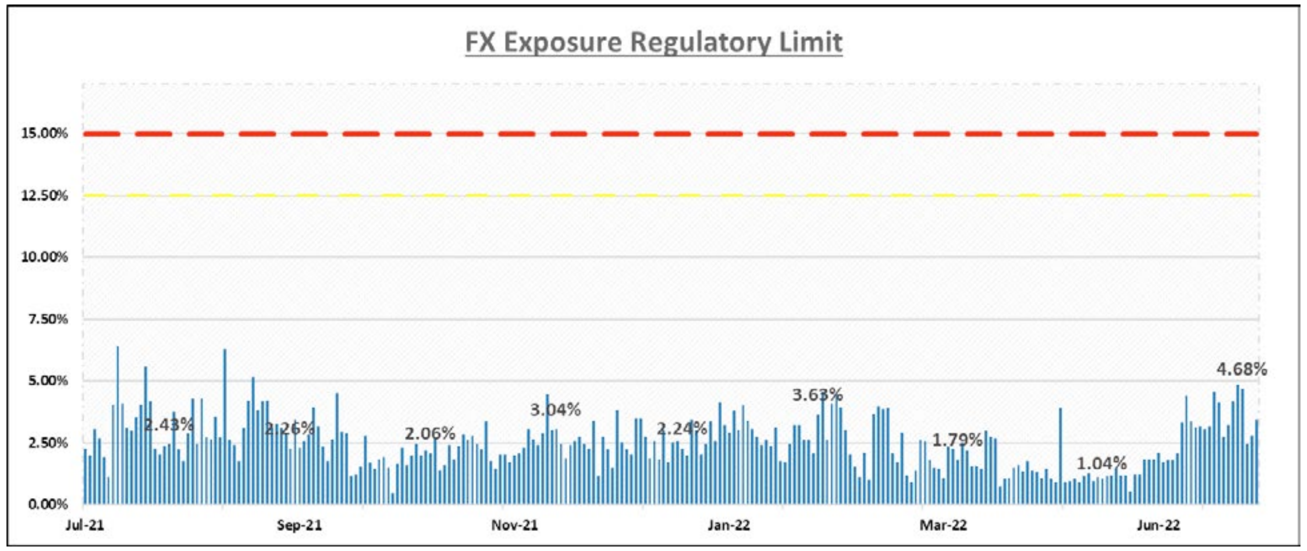


Table 1: FX Exposure for the Financial Year ended 30th June 2022

Market Risk Monitoring and Controls
The Bank uses a panoply of statistical and financial tools (see below) to measure the size of potential losses across different market scenarios and investment time horizons. Market risk reports are prepared on a daily basis and communicated to Management, ALCO (Asset and Liability Committee) and the Risk Committee. Such timely and frequent reporting of a multitude of market risk matters ensure that relevant issues are promptly escalated and addressed.

Value at Risk ("VaR")
The Value at Risk (VaR) model provides an estimate of the potential future loss of a position over a specified horizon, given a required degree of confidence in the estimate. The Bank uses a parametric approach, also known as Variance-Covariance method, to compute both a daily and weekly VaR at a 99% confidence level for the FX portfolio. As far as the fixed income portfolio is concerned, the Bank uses the Monte Carlo approach to estimate a daily VaR at 99% confidence level.

Sensitivity Limits
The Bank uses different sensitivity limits to cap the impact of adverse movements in interest rate on the fixed income portfolio. In particular, duration limits are measured on a daily basis to quantify the effect of both 1% and 0.01% change in interest rate and compared against pre-defined limits. Moreover, the Bank has established different limits for the different categories of fixed income instruments in order to better measure and manage the overall portfolio from a market risk perspective.

Position Limits
Position limits are mainly used at the Bank to limit concentration risk by restricting the maximum exposure to one particular market, sector or instrument. These limits are carefully set so as to ensure appropriate diversification among the different portfolios but at the same time are not overly restrictive to prevent the generation of absolute returns. Position limits complement the other types of risk management tools used at the Bank as they are easily understood, implemented and monitored.

Stop-Loss Limits
Various stop-loss limits are used across portfolios to ensure that appropriate actions are undertaken when losses breach pre-defined levels. Remedial actions usually involve either a reduction in the size of a portfolio or its complete liquidation when a loss of a particular size occurs over a specified period. An alternative approach to stop-loss limits used at the Bank especially during periods of high volatility involves derivatives instruments, such as put and call options, to maintain expected losses within acceptable levels.

Tenor Limits

Most fixed income products will ultimately expire on a pre-defined date. Bonds with different maturity dates will react differently to changes in market structure. Generally, the longer the tenor of a bond, the more sensitive it is to changes in interest rates. From a market risk perspective, it is advisable to place limits on the maximum tenor of bonds in order to manage the riskiness of the fixed income portfolio. At the Bank, we use different limits to control the tenor of bonds and also to regulate the trading frequency of dealers.

LIQUIDITY AND FUNDING RISK

Liquidity and funding risk is the risk that the Bank will be unable to meet its daily cash and financial obligations as they fall due or do so at materially significant costs. Liquidity risk arises from mismatched cash flows related to the bank's assets and liabilities as well as the characteristics of some products with ambiguous maturities.

The Bank's primary objective as a financial institution is to manage liquidity such that it supports the Bank's business strategy and allows it to honour its commitments when they come due, even under stress. This is done primarily by implementing a liquidity risk policy framework approved by the Board, which establishes a risk appetite, triggers, risk indicators, monitoring structures and escalation trees.

The bank's Asset and Liability Committee (ALCO), under guidance from the Board Risk Committee is responsible for the assessment, monitoring and management of the Bank's liquidity risk and strategy and ensuring compliance with both internal and regulatory limits.

As per the principles outlined in the Bank's liquidity risk policy, the following approach is adopted to manage liquidity risk both under a business-as-usual and stressed scenario.

Short-term liquidity risk management	**Structural (longer-term) liquidity risk management**	**Contingency Liquidity Risk Management**
Managing intra-day liquidity positions	Identification of structural liquidity mismatches against tolerance limits and breaches are escalated to ALCO	Setting of appropriate early warning indicators
Monitoring daily and short-term cash flow requirements	Managing term lending capacity by taking into account behavioural profiling of ambiguous maturity assets and liabilities	Undertaking liquidity stress testing and scenario analysis
Setting up of interbank and repo lines	Monitoring depositor concentration against internal limits and holding sufficient marketable assets against the bank's deposit base.	Ensuring a contingency funding plan is in place with appropriate actions plans and escalation process.
Setting of deposit rates according to market conditions and ALCO approved targets.	Managing long-term cash flows	

Regulatory Environment

The Bank works closely with the central bank to implement regulatory liquidity standards. The Bank adapts its processes and policies to reflect the Bank's liquidity risk appetite towards these new requirements.

Liquidity Coverage Ratio (LCR)

The Bank of Mauritius, in line with Basel principles, issued Liquidity Coverage Ratio requirements for banks in November 2017, as part of the Guideline on Liquidity Risk Management.

The LCR was introduced primarily to ensure banks maintain an adequate stock of unencumbered high quality liquid assets (HQLA), that consist of cash or assets convertible into cash at little or no loss of value in private markets, to meet liquidity needs for a 30 calendar day time period, under a severe liquidity stress scenario.

$$\text{LCR} = \frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days}}$$

The Bank publishes the LCR on a quarterly basis and reports to the Bank of Mauritius on a fortnightly basis.

The Bank of Mauritius adopted a phased in approach to the Basel III LCR requirement. Since January 2020, banks are required to hold minimum LCR ratios of 100% for local currency, material foreign currencies and on a consolidated basis.

The following table provides the Bank's LCR position as at 30 June 2022. The LCR was 297%, well above the 100% regulatory requirement, demonstrating a robust liquidity position.

LCR Disclosure Requirements

	(Consolidated in MUR)	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)	78,992,369,258	78,992,369,258
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	29,825,295,914	2,982,529,591
3	*Stable deposits*	0	0
4	*Less stable deposits*	29,825,295,914	2,982,529,591
5	Unsecured wholesale funding, of which:	142,865,739,776	70,562,335,173
6	*Operational deposits (all counterparties)*	0	0
7	*Non-operational deposits (all counterparties)*	142,865,739,776	70,562,335,173
8	*Unsecured debt*	0	0
9	Secured wholesale funding	0	0

10	Additional requirements, of which:	0	0
11	*Outflows related to derivative exposures and other collateral requirements*	0	0
12	*Outflows related to loss of funding on debt products*	0	0
13	*Credit and liquidity facilities*	1,005,712,717	87,363,424
14	Other contractual funding obligations	0	0
15	Other contingent funding obligations	2,706,167,293	2,102,163,878
16	**TOTAL CASH OUTFLOWS**	**176,402,915,700**	**75,734,392,066**
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	0	0
18	Inflows from fully performing exposures	49,136,114,066	47,053,262,034
19	Other cash inflows	2,076,091,620	2,076,091,620
20	**TOTAL CASH INFLOWS**	**51,212,205,686**	**49,129,353,654**
			TOTAL ADJUSTED VALUE
21	**TOTAL HQLA**		**78,992,369,258**
22	**TOTAL NET CASH OUTFLOWS**		**26,605,038,412**
23	**LIQUIDITY COVERAGE RATIO (%)**		**297%**

[1] The quarterly average of monthly observations is based on April to June 2022 month end figures.

[2] The quarterly average of daily HQLA is based on close of day figures over the 01 April 2022 to 30 June 2022 period.

Liquidity stress tests and Contingency Funding Plan

On a monthly basis and as part of its annual ICAAP process, the bank runs various liquidity stress scenarios, with different severity levels, to assess the adequacy of its stock of liquid assets. These scenarios simulate stressed depositor outflow situations and factor in both bank specific and systemic risk.

In assessing the adequacy of its stock of liquid assets, the bank applies a haircut on the market value of its liquid assets to reflect forced sale discounts.

In line with Bank of Mauritius requirements, the Bank maintains a comprehensive liquidity contingency funding plan with well-defined action plans and an approved escalation tree in the event of a liquidity crisis. Qualitative and quantitative liquidity early warning indicators are tracked and reported at ALCO on a monthly basis.

Liquidity Risk Appetite

The Bank monitors a range of liquidity risk limits and ratios against an internally approved risk appetite. The Bank's liquidity risk appetite is based on the following principles:

- ensuring the Bank has a sufficient amount of unencumbered liquid assets to cover its financial obligations under both normal and stressed conditions;
- ensuring the Bank keeps a liquidity buffer above the minimum regulatory requirements and
- ensuring the Bank maintains diversified and stable sources of funding.

Liquid Assets

To protect depositors from unexpected crisis situations, the Bank holds a portfolio of unencumbered liquid assets that can be readily liquidated to meet financial obligations. The majority of unencumbered liquid assets are held in MUR or U.S. dollars. Moreover, all assets that can be quickly monetized are considered liquid assets. The Bank's liquid assets do not factor in the availability of the Bank of Mauritius' overnight borrowing quota.

The table below provides a breakdown of the Bank's eligible liquid and marketable instruments as defined by the Basel committee on banking supervision and the Banking Act.

As at 30 June 2022, the Bank's liquid assets ratio was 73% against an internal limit of 25%.

As at 30 June 2022 (MUR'm)	Bank-owned liquid assets[1]	Liquid assets received[2]	Total Liquid assets	Encumbered liquid assets[3]	Unencumbered liquid assets
Cash and deposits with financial institutions	**70,843**	**-**	**70,843**	**-**	**70,843**
Securities					
Issued or guaranteed by US Treasury	**34,496**	**-**	**34,496**	**-**	**34,496**
Issued or guaranteed by local government/central bank	**20,393**	**12,346**	**32,738**	**-**	**32,738**
Total	**125,732**	**12,346**	**138,077**	**-**	**138,077**

(1) Bank-owned liquid assets include assets for which there are no legal or geographic restrictions.

(2) Securities received as collateral with respect to reverse repo transactions.

(3) Encumbered assets relate to assets pledged as collateral against bank borrowing.

Funding Mix & Depositor Concentration ratio

The Bank aims to maintain an adequate balance of its funding base through appropriate diversification of its funding sources. The Bank also diversifies its funding by currency, geography and maturity. Management's objective is to achieve an optimal balance between demand and term deposits in line with the bank's asset deployment strategy.

As of the end of the current financial year, the Bank does not foresee any event, commitment or demand that might have a significant impact on its funding and liquidity risk position.

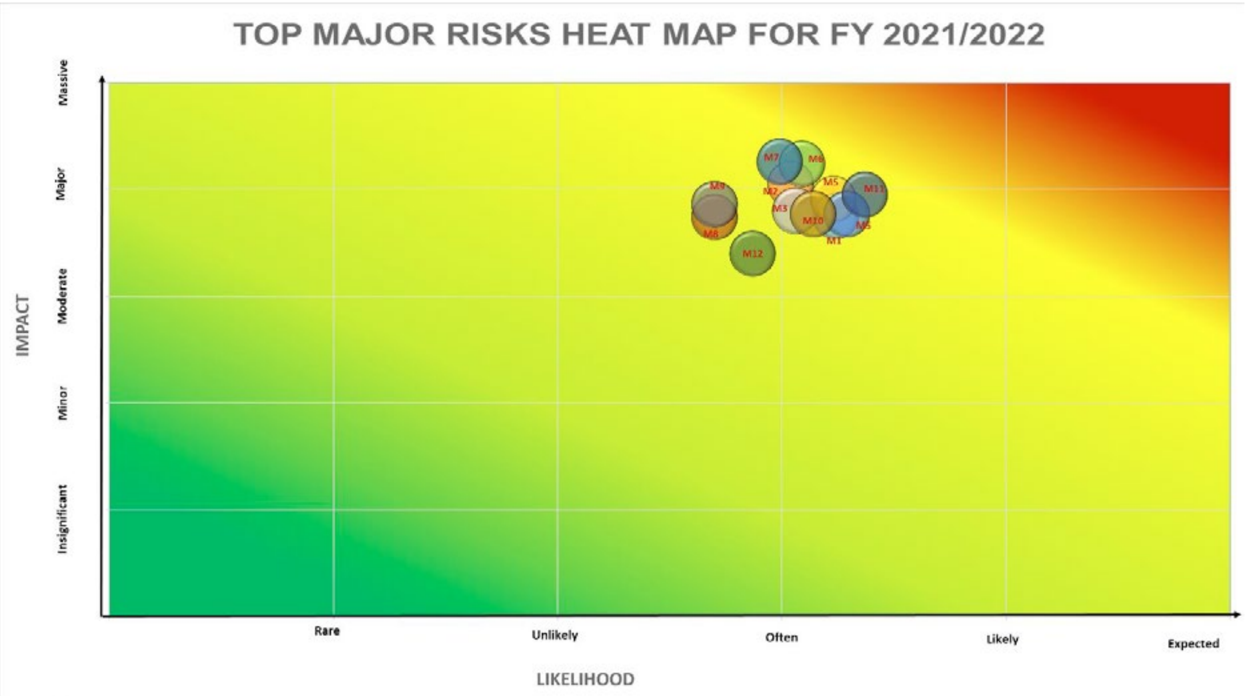
As at 30 June 2022, the bank's short-term depositor concentration ratios were as follows:

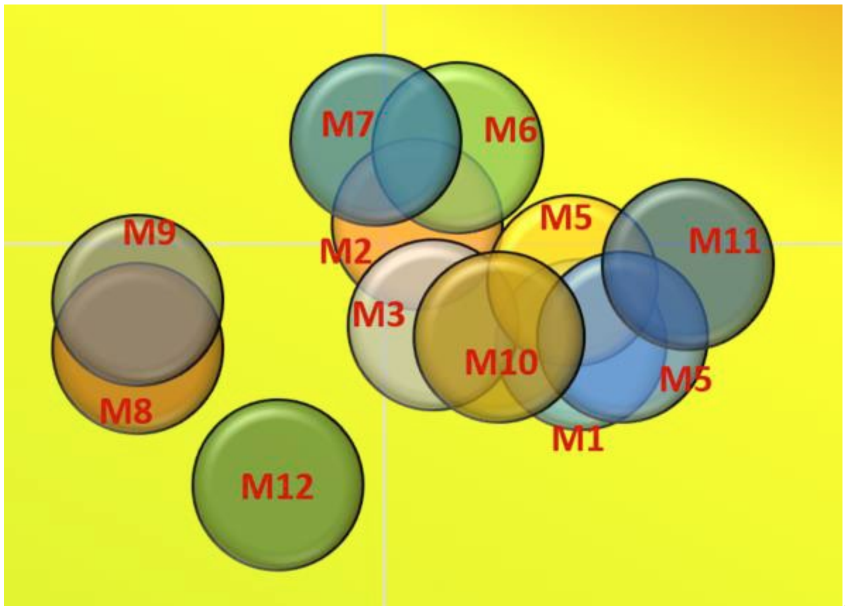
Depositor Concentration

MUR deposits	
Single depositor/ Group of related counterparties	4.5%
Top 10 depositors/ Group of related counterparties	18.2%
FCY deposits	
Single depositor/ Group or related counterparties	6.0%
Top 10 depositors/ Group of related counterparties	12.8%

ENTERPRISE RISK MANAGEMENT

The Major Risks of the Bank have been evaluated where all departments were requested to provide their assessment through a rating exercise with regards to their actual business activities. The snapshot below depicts the inherent risks of the Major risks in terms of likelihood and impact.





1	M11	Pandemic Risk	↑
2	M6	Cyber security	↓
3	M7	Fight against financial crime	↑
4	M4	Existing IT Platforms	⇔
5	M5	Digital Transformation	↑
6	M2	Regular changes in regulatory guidelines	↓
7	M1	Challenging economic environment	↑
8	M10	Talent management and Employee Retention	⇔
9	M3	Operational Challenges	↓
10	M9	Responsible financing	⇔
11	M8	Fair dealing	⇔
12	M12	Climate related and environmental financial risks	New

The diagram below depicts the trends of the Major Risks between the FY 2018/2019, FY 2019/2020, FY 2020/2021 and FY 2021/2022. For this Financial Year, a new risk related to Climate and environmental Financial Risk has been introduced in the Enterprise Risk Arena. Risk associated to Pandemic risk, Cyber Security, and Fight against Financial Crimes have been perceived among the heightened risks during this financial year and positioned themselves first, second and third respectively among the Top Enterprise Risk.

On the other side risk associated with Existing IT Platform, Digital Transformation and Regular changes in the regulatory guidelines are placed in the middle of the table. While the risk associated with challenging economic environment has elevated from the ninth to seventh position mainly to the challenges with the Ukraine/Russia WAR which directly and indirectly have an impact on the economic environment. Talent Management, Responsible Financing and Fair Dealing have the same level as previous year. With regards to the new entrant in the arena which is the Climate Related and Environmental Financial Risk, it has been positioned on the twelfth place as a new guideline which Bank of Mauritius has issued and AfrAsia Bank Ltd is working on a gap analysis on the requirement for its implementation.

It can be concluded that these major risks are containable where appropriate actions are being taken to mitigate the inherent risk in these areas to be within bank's risk profile and appetite.

OPERATIONAL RISK MANAGEMENT

AfrAsia Bank Ltd always promotes a culture where Operational Risk is Everyone's Responsibility. Operational Risk (OR) is the risk of achieving our strategy or objectives as a result of inadequate or failed in internal processes, people, and systems or from external events which can lead to adverse customer impact, reputational damage, litigation or financial loss.

Operational risk is inherent in all banking products, activities, processes and systems, and the effective management of operational risk is a fundamental element of the risk management programme.

Sound operational risk management is a reflection of the effectiveness of the board of directors and senior management in administering their portfolio of products, activities, processes and systems. Where appropriate, strategic and reputational risks should be considered by the banks' operational risk management

The bank has a well-defined structure for operational risk that complies with regulatory and best practice requirements and is aligned with the risk culture and the risk profile of its activities. This is supplemented through an operational risk charter and operational risk framework which include the three lines of defense (BUs, Control Units, and Internal/External Auditors) and involvement of senior management ensuring the coverage that all operational risks are efficiently managed across its activities.

The OR framework includes a risk control self-assessment (RCSA) process, risk impact/likelihood matrix, key risk and control indicators, Early Warning Indicators (EWIs), a robust operational risk event management tool and escalation process, scenario analysis, audit recommendations, external information sources (external events or industry reports) and operational losses process.

AfrAsia Bank Ltd continuously improve operational control procedures to keep pace with new regulation and best practice in the market through holistic follow up of risks and their mitigating controls.

The AfrAsia fosters awareness and knowledge of operational risks at all level of organizations through its risk pro-culture. During the financial year 21/22, number of different training sessions were conducted using the e-learning platform (LMS) and face to face sessions which addressed general knowledge of Operational Risk.

AfrAsia calculates its minimum (Pillar I) operational risk capital requirement using the Basic Indicator Approach (BIA) where the capital charge is 15% of average gross income over the last 3 years.

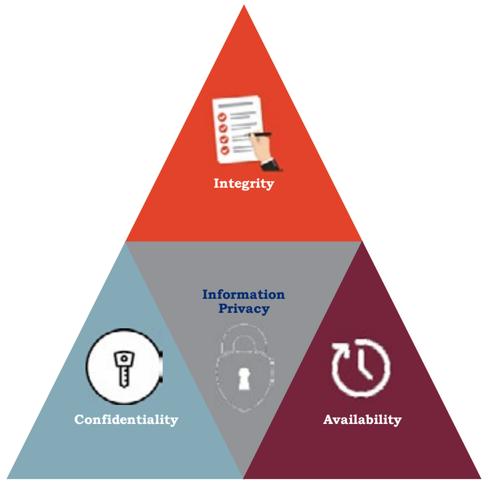
AfrAsia has an Early Warning Indicators (EWIs) for Operational Risk Loss which is 0.1% to 1.0 % of Gross income. For this Financial Year 21/22, ABL has an Operational loss which stood at 0.197% of Gross Income i.e in the medium area.

The Operational risk radar depicts the position of Operational Risk incidents with Operational losses according to the Basel Event Classification under the four-quadrant people, process, system and external factors vis a vis the Early Warning Indicators (EWIs) set.

INFORMATION TECHNOLOGY

At AfrAsia, Information Technology is more geared towards enabling sophisticated product development, better market infrastructure, and helps the Bank reach geographically distant and diversified markets. The Bank leverage maximum effort on FinTech to keep pace in the digitalized market while keeping aligned to its' IT Security policies.

Data and information: Effective deployment of data and information assets is in the form of Management information system, business intelligence / analytics, decision support and forecasting. Data and information being among the most valuable assets of the organisation, the information strategy of the Bank focuses not only on the above but also on data governance, to ensure integrity and consistency of data at every stage of the data lifecycle, maintaining adherence to the Data Privacy rules including Mauritius Data Protection Act (DPA) 2017, the General Data Protection Regulation (GDPR) 2018 and POPI Act 2020.AfrAsia is committed to ensure that privacy rights and entitlements are adequately protected in relation to the techniques used to capture, transmit, manipulate, record or store data relating to individuals.



Technology, Infrastructure and Security: With technology evolving faster than ever, the primary challenge for an enabling technology is to ensure that the Bank is adequately prepared and equipped to sustain the rigorous and continuous evolution of requirements for new technologies in the era of digital innovation and artificial intelligence, whilst managing the costs and the associated risks.

The Bank's Information Technology (IT) and Information Security (IS) frameworks are built on global standards like ITIL, ISO 27001 etc. and the governance principles are modeled along the lines of COBIT, ISO/IEC 27014:2013. The practice of governance includes regular reviews with executive management and extends up to the Board with regular updates and feedback to and from the Board. Internal, external and regulatory audits play a crucial role in the governance cycle with intermittent checks on the policies and implementation of same.

Information Risk: Information Risk aims to maintain the confidentiality, integrity and availability of information assets when being stored, processed and transmitted. Management focus is oriented to ensure that all measures converge towards adopting the best practices including governance through frameworks & standards, and establish efficiency and consistency of protections.

BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management (BCM) Policy includes plans to mitigate operational risks, and as a commitment to continue business to our shareholders, customers and employees. Business Impact Analysis, Business Recovery Strategies and Emergency Response plans are defined and implemented to provide for a Disaster Recovery site with data being updated as per preset recovery time objectives. This minimizes operational, financial, legal, reputational and other material consequences arising from any disruption to the primary IT infrastructure.

The BCM policy reviewed in Jan 2021 is in line with the Business Continuity Institute Good Practice Guidelines 2018 (BCI GPG 2018), which is built on ISO requirements namely ISO 22301:2012 for business continuity management and ISO/TS 22317:2015 for Business Impact Analysis (BIA).

Source: BCI Good Practice guideline 2018

The management team of the Bank is committed to the following statement:

"We will take all necessary measures to ensure the continuity of business operations and to minimize recovery time in the case of disaster (natural or otherwise) or in the event of an emergency."

The Bank has a BCM Steering Committee to review the processes after each testing exercise and to review the policy every year with a view to continuously improve resilience. The ultimate objective is to cater for any eventual disruption of operations to be restored within a minimum lapse of time such that the Bank resumes to normal operations within a reasonable time frame.

At least one BCM test is performed annually for all critical infrastructure involving all functions and user groups of the Bank to ensure the effectiveness of the processes and the readiness of the infrastructure and people. The Bank has adopted a cyclical approach residing on the four pillars: Readiness, Prevention, Response and Recovery /Resumption to continuously improve on the BCM and attain an efficient and acceptable level. Rigorous administration and maintenance, as well as any event experienced, will necessitate revisions and/or plan additions. The strategy adopted for an efficient BCM is to continuously test, train, evaluate and maintain our BCP.

The BCM policy is in place for moving towards a better resilient framework to protect the interest of all stakeholders of the Bank. During the third wave of Covid 19 period, the bank followed its BCM policy, the Government of Mauritius and World Health Organization protocols. The bank also adapted our customer services among others, to be more gear towards technology, while maintaining our controls to run the bank operations. Furthermore, we applied strict sanitary measures and perpetuate our usual awareness campaign to keep our staffs informed about the evolving situation and kept employee welfare.

CLIMATE CHANGE AND ENVIRONMENTAL RISKS

The Global Risks Report 2021[1] identifies climate action failure as one of the risks with the highest likelihood and one of the risks with the highest impact over the next decade. "Risks to financial stability posed by climate change can be categorized as physical and transitional. The value of financial assets/liabilities may be affected by the actual or anticipated economic effects of continued climate change (physical risks) or by the transition to a low-carbon economy (transition risks)[2].

The international community has issued an urgent call for adaptation and mitigation of climate change by both the public and private sectors. In this vein, the Bank of Mauritius (BoM) joined the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)[3] and will contribute to the development of a framework for the financial sector's management of environmental and climate risks. In addition, BoM will facilitate the transition toward a sustainable economy. AfrAsia Bank is also striving to achieve Sustainable Development Goal (SDG) 13 - Climate Action - with the aid of the SUNREF Program.

As a financial institution, we recognize that we are in a strong position to mobilize funding for environmentally and climate-friendly projects. We, as a bank, will implement an Environmental and Social Management System through the SUNREF Program and our partnership with the Agence Française de Développement. Through the implementation of this system, we intend to apply policies, procedures, and tools, as well as build internal capacity, to identify and manage our credit portfolio's environmental and social risks. For the Financial Year 2021-22, through our various offerings we provided our clients with an increasing number of viable financial options: Green Loan, Green Car Loan and the Blackrock ESG Multi-Asset Fund VT.

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1 http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf
2 https://www.fsb.org/wp-content/uploads/P231120.pdf
3 https://www.bom.mu/media/media-releases/media-release-bank-mauritius-joins-network-central-banks-and-supervisors-greening-financial-system

CAPITAL STRUCTURE AND ADEQUACY

Regulatory Requirements

In line with the requirements of the Basel Committee on Banking Supervision ("BCBS") and the Bank of Mauritius ("BOM"), AfrAsia Bank Limited ("ABL") ensures adherence to the below guidelines for the computation of its capital adequacy ratios ("CAR").

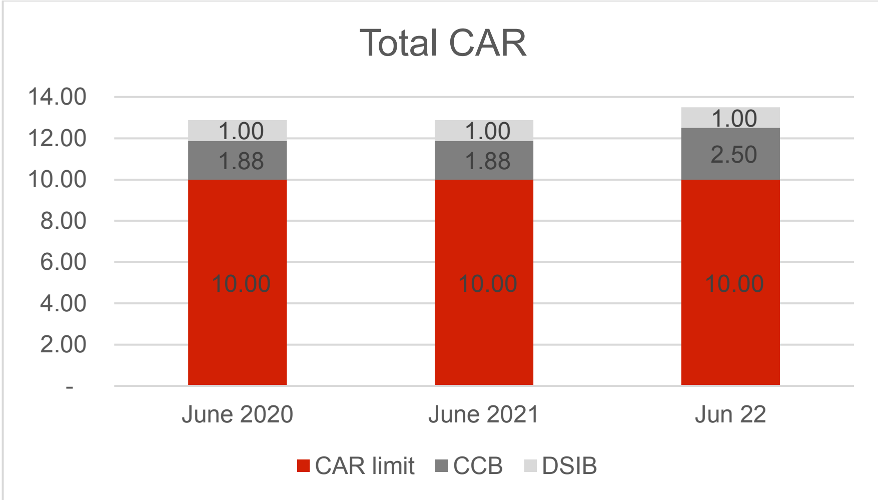
Capital	Guideline on Scope of Application of Basel III and Eligible Capital – Jun 14 (Revised Jun 21)
Credit Risk	Guideline on Standardised Approach to Credit Risk – Mar 08 (Revised Apr 22)
Market Risk	Guideline on Measurement and Management of Market Risk – Jul 2009
Operational Risk	Guideline on Operational Risk Management and Capital Adequacy Determination – Feb 2005 (revised Apr 2008)

The Basel III reforms aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen banks' transparency and disclosures.

In May 2020, BOM had set a number of forbearance measures in order to mitigate the effects from the COVID-19 pandemic. The implementation of the last tranche of 0.625% of the capital conservation buffer ("CCB") was delayed to April 2022 considering the prevailing economic uncertainty.

Effective 1st April 2022, ABL was required to maintain a CCB of 2.50% above the minimum regulatory limits.

Additionally, in compliance with the "Guideline for dealing with Domestic-Systemically Important Banks ("D-SIB")", the Bank is subject to an additional buffer of 1.00% for the calendar year 2022, following the yearly assessment carried out by BOM.



CAPITAL STRUCTURE AND ADEQUACY (CONT'D)

Capital management

The primary objectives of the Bank's capital management are to ensure compliance with externally imposed capital requirements and maintaining strong credit ratings and healthy capital ratios in order to support the business and to maximise shareholders' value. The Group and the Bank manage their capital structure and adjust it in light of changes in economic conditions and the risk characteristics of its activities.

AFRASIA BANK LIMITED		2020	2021	2022
		MUR'000	MUR'000	MUR'000
Common Equity Tier 1 capital: instruments and reserves				
Share Capital		3,641,049	3,641,049	3,641,049
Statutory reserve		920,631	1,051,915	1,267,407
Retained earnings		2,297,788	2,664,794	3,547,780
Accumulated other comprehensive income and other disclosed reserves		198,526	251,890	296,287
Common Equity Tier 1 capital before regulatory adjustments		**7,057,994**	**7,609,648**	**8,752,523**
Common Equity Tier 1 capital: regulatory adjustments				
Other intangible assets		(269,914)	(288,679)	(362,436)
Deferred Tax		(124,388)	(149,593)	(140,092)
Total regulatory adjustments to Common Equity Tier 1 capital		**(394,302)**	**(438,272)**	**(502,528)**
Common Equity Tier 1 capital (CET1)		**6,663,692**	**7,171,376**	**8,249,995**
Additional Tier 1 capital: instruments				
Instruments issued by the Bank that meet the criteria for inclusion in Additional Tier 1 capital (not included in CET1)		1,323,265	1,365,601	1,366,376
Additional Tier 1 capital (AT1)		**1,323,265**	**1,365,601**	**1,366,376**
Tier 1 capital (T1 = CET1 + AT1)		**7,986,957**	**8,536,977**	**9,616,371**
Tier 2 capital: instruments and provisions				
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach)		399,896	555,833	663,008
Tier 2 capital (T2)		**399,896**	**555,833**	**663,008**
Total Capital (capital base) (TC = T1 + T2)		**8,386,853**	**9,092,810**	**10,279,379**
Risk weighted assets				
Credit Risk		49,912,135	51,055,154	60,030,610
Market Risk		245,359	107,997	308,608
Operational Risk		5,205,652	5,045,198	4,878,430
Total risk weighted assets		**55,363,146**	**56,208,349**	**65,217,648**
Capital ratios (as a percentage of risk weighted assets)	**Regulatory Limits**			
CET1 capital ratio (CET1 / RWA)	10.00%	12.04%	12.76%	12.65%
Tier 1 capital ratio (T1 / RWA)	11.50%	14.43%	15.19%	14.75%
Total capital ratio (TC / RWA)	13.50%	15.15%	16.18%	15.76%

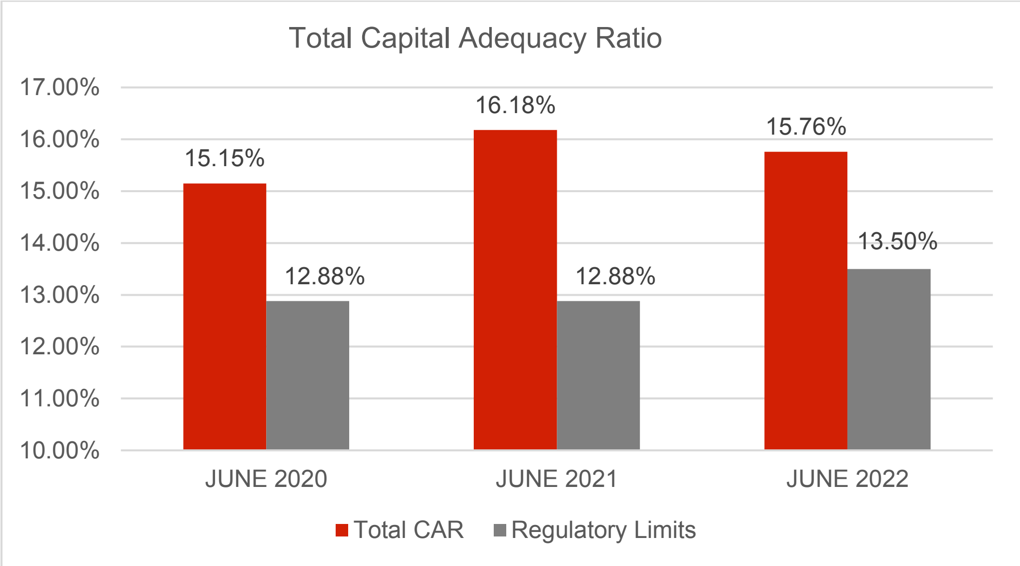
CAPITAL STRUCTURE AND ADEQUACY (CONT'D)

Regulatory capital is the sum of Tier 1 capital and Tier 2 capital. Tier 1 Capital is further divided between Common Equity Tier 1 Capital which comprises of share capital, retained earnings, other reserves net of regulatory adjustments and Additional Tier 1 Capital that is Class A shares. The other component of regulatory capital is Tier 2 capital which includes stage 1 and stage 2 provisions, country risk reserves and additional provision above IFRS 9 provisions.

The Bank's capital base stood at MUR 10.3bn as at end of June 2022 split between CET 1 capital of MUR 8.2bn, AT1 capital of MUR 1.4bn and T2 capital of MUR 0.7bn. The increase in the capital base results primarily from the good performance of the Bank with net profits of MUR 1.4bn for the financial year ended June 2022. Ordinary dividends of MUR 235.0m (MUR 2.08/share) as well as Class A dividends of MUR 65.0m were paid out of retained earnings in the financial year.

CAPITAL ADEQUACY RATIO

The capital adequacy ratio of the Bank stood at 15.76% under Basel III as at end of June 2022, dropping by 42 basis points from 16.18% as at end of the previous financial year. The Bank remains well capitalised with its capital adequacy ratio being above the regulatory limit of 13.50% for the calendar year 2022.



CAPITAL STRUCTURE AND ADEQUACY (CONT'D)

RECONCILIATION WITH AFRASIA BANK'S AUDITED FINANCIAL STATEMENTS

	30 June 2022	
	Statement of Financial Position as in published financial statements	Statement of Financial Position as per Basel III
ASSETS	**MUR'000**	**MUR'000**
Cash and balances with banks	46,935,652	50,129,900
Due from banks	47,333,177	47,342,471
Derivative financial instruments	371,979	371,979
Loans and advances to banks	11,990,476	12,023,019
Loans and advances to customers	27,256,624	27,796,915
Investment securities	70,965,299	70,984,385
Other assets	3,423,651	234,413
Property and equipment	119,206	119,206
Right of use assets	101,088	101,088
Intangible assets	362,436	362,436
Deferred tax assets	140,092	140,092
TOTAL ASSETS	**208,999,680**	**209,605,904**
EQUITY AND LIABILITIES		
Due to banks	1,644	1,644
Deposits from banks	369,587	369,587
Deposits from customers	197,075,719	197,075,719
Borrowings from financial institution	140,547	140,547
Derivative financial instruments	166,845	166,845
Current tax liabilities	182,700	182,700
Lease liabilities	100,378	100,378
Other liabilities	693,221	687,945
Provisions	-	611,500
of which: Provision reflected in regulatory capital	-	*611,500*
Retirement benefit obligations	79,240	79,240
TOTAL LIABILITIES	**198,809,881**	**199,416,105**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Ordinary Shares	3,641,049	3,641,049
Class A shares	1,385,768	1,385,768
Retained earnings	3,547,780	3,547,780
Other reserves	1,615,202	1,615,202
of which: Provision reflected in regulatory capital	-	51,508
TOTAL EQUITY	**10,189,799**	**10,189,799**
TOTAL EQUITY AND LIABILITIES	**208,999,680**	**209,605,904**

CAPITAL STRUCTURE AND ADEQUACY (CONT'D)

RISK WEIGHTED ASSETS

For the financial year ended June 2022, the Bank witnessed a significant increase of 16.0% in total RWAs, reaching MUR 65.2bn in comparison to MUR 56.2bn for the financial year ended June 2021. The hike in RWAs demonstrates that business activities have picked up well since the end of the COVID-19 Pandemic with the balance sheet size increasing from MUR 190.1bn to MUR 209.0bn.

The total RWAs to total On Balance Sheet Assets ratio stood at 31% as at June 2022, showing a slight increase from 30% for June 2021.

Analysis by risk type:

- Credit Risk MUR 60.0bn
- Market Risk MUR 0.3bn
- Operational Risk MUR 4.9bn

Credit Risk

The Bank applies the appropriate risk weights individually on all assets attracting credit risk in line with the Guideline on Standardised Approach to Credit Risk issued by BOM. The assets can be both market and non-market related.

The Bank uses external ratings from agencies such as Moody's, CareEdge Rating and Global Credit Rating to risk weight its assets base.

Risk Weighted Assets for Credit Risk

On-Balance Sheet Assets	Credit exposure	Risk weightage	Risk weighted assets
	MUR'000	%	MUR'000
Cash Items	25,911	0	-
Claims on Sovereigns	45,371,383	0	-
Claims on Central Bank	33,181,647	0	-
Claims on Banks	87,710,861	20-100	29,974,244
Claims on non-central government public sector entities	3,140,000	50	1,570,000
Claims on corporates	26,864,501	20-150	22,343,000
Claims on regulatory retail portfolio	903,183	75	677,387
Claims secured by residential property	1,725,161	35-125	1,606,709
Claims secured by commercial real estate	921,200	100-125	987,997
Past Due Claims	201,578	0-150	140,537
Other Assets	841,968	100	841,968
Total	200,887,393		58,141,842

CAPITAL STRUCTURE AND ADEQUACY (CONT'D)

Non-Market related Off-Balance Sheet Assets	Credit exposure	Credit Conversion Factor	Risk weighted assets
	MUR'000	%	MUR'000
Direct Credit Substitutes	32,920	100	32,920
Transaction-related contingent items	126,556	50	63,278
Trade related contingencies	156,079	20-50	55,758
Other commitments	4,763,991	0-50	1,145,028
Total	**5,079,546**		**1,296,984**

Market related Off Balance Sheet Assets	Credit exposure	Credit Conversion Factor	Risk weighted assets
	MUR'000	%	MUR'000
Interest rate contracts	1,107,038	0.5-1	11,070
Foreign exchange contracts	1,763,757	2-5	43,003
Equity Contracts	31,712	6-10	4,201
Other market-related contracts	3,411,727	10-15	533,511
Total	**6,314,234**		**591,785**
Total Credit Risk-Weighted Assets	**212,281,173**		**60,030,611**

Market Risk

The RWA calculation is based on the foreign exchange open position risk of the banking book and trading book.

Additional capital is required whenever its overall trading book position activities exceed the materiality level of 5% of its total assets.

Risk Weighted Assets for Market Risk	
	MUR'000
Aggregate net open foreign exchange position	308,608
Capital charge for trading book position exceeding 5% or more of its total assets	
Total Market Risk-Weighted Assets	**308,608**

Operational Risk

ABL uses the Basic Indicator Approach to calculate its operational risk RWA. It is calculated by multiplying the average audited total operating income for the past 3 years by 15%, then multiplying the expected results by 10.

Risk Weighted Assets for Operational Risk

	%	MUR'000 Year 1	MUR'000 Year 2	MUR'000 Year 3	MUR'000	
Annual Gross Income		3,815,153	2,581,751	3,359,955		
No of Years					3	
Average gross income for previous 3 years					3,252,287	
Capital charge for operational risk	15%				487,843	(a)
Equivalent Risk-Weighted Assets ((a) x 10)					**4,878,430**	

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated and separate financial statements of the Group's and the Bank's operations in Mauritius presented in this annual report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards of the International Accounting Standards Board as well as the requirements of The Companies Act 2001 of Mauritius, The Banking Act 2004 (as amended) and the guidelines issued by the Bank of Mauritius, have been applied in the preparation and fair presentation of the financial statements for the year ended 30 June 2022 and management has exercised its judgement and made best estimates where deemed necessary.

The Group and the Bank have 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 communication of the Bank's policies, procedure manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through the Audit Committee, Conduct Review Committee, Corporate Governance Committee, Credit Committee, Risk Committee, Remuneration Committee, Strategy Committee and Technology, Digitalization and Platforms Committee, which comprise non-executive and independent directors, oversee management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

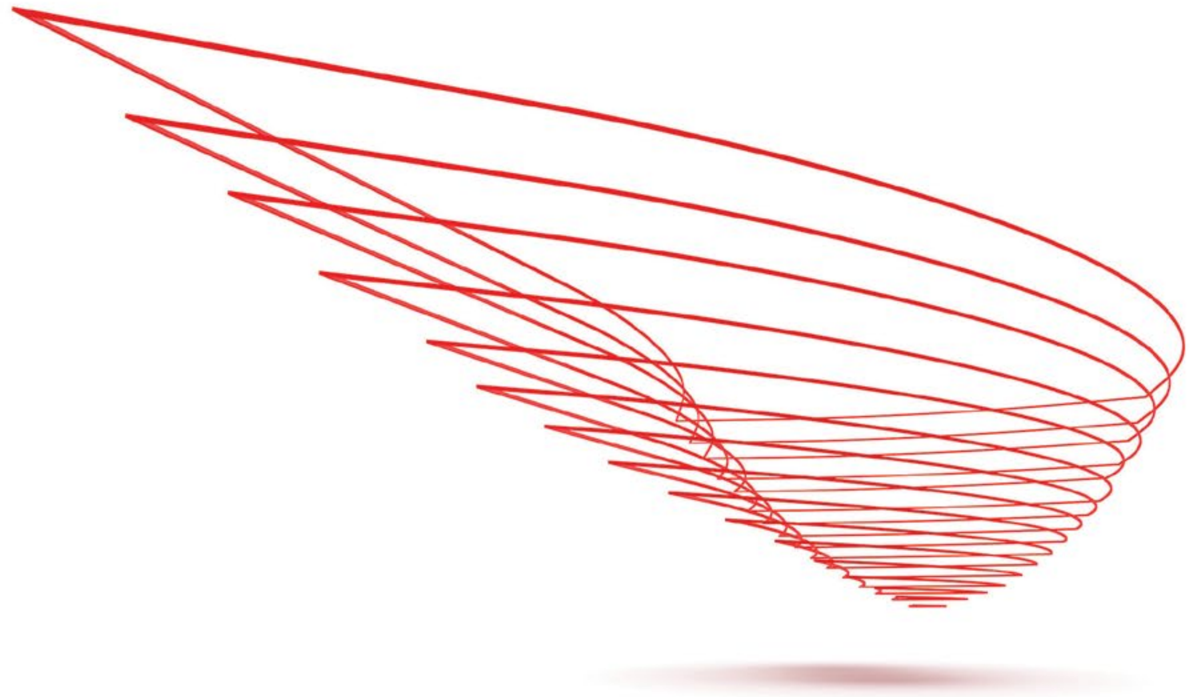
The Bank's Internal Auditors, who has full and free access to the Audit Committee, conduct a well-designed program of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of The Banking Act 2004 (as amended), 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 auditors, Ernst and Young, have 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.

JEAN-RAYMOND REY	**THIERRY VALLET**	**JOAN JILL WAN BOK NALE**
Interim Chairperson	Interim Chief Executive Officer	Audit Committee Chairperson

Date: 31 October 2022



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More than just bankers, we are partners with an **entrepreneurial approach** to fulfil our clients' financial aspirations.

FINANCIAL STATEMENTS

CERTIFICATE FROM THE COMPANY SECRETARY

In terms of Section 166(d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, AfrAsia Bank Limited (the "Bank"), has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001 for the year ended 30 June 2022.

JENNIFER JEAN-LOUIS
Company Secretary

Date: 31 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRASIA BANK LIMITED

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of AfrAsia Bank Limited (the "bank") and its subsidiary (the ''Group'') set out on pages 170 to 298 which comprise the consolidated and separate statements of financial position as at 30 June 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and bank as at 30 June 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001**,** Banking Act 2004 and Financial Report Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and the bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and bank and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and bank and in Mauritius. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Key Audit Matters	How the matter was addressed in the audit
Completeness of deposits from customers As set out in note 24 to the financial statements, deposits from customers of the Bank amounted to Rs 197 bn. We noted certain exceptions during our tests of control performed on a sample of outward payments relating to current and saving accounts deposits from Global business and International companies. Our risk assessment was increased following these exceptions since these deposits from Global Business and International companies amounted to Rs 106 bn which are material to the financial statements. Accordingly, given the amounts involved and the extent of procedures that needed to be performed, we identified the audit of deposits from customers as a key audit matter.	Our audit procedures to address this key audit matter, included the following: - Verified the completeness of statements issued to customers as at 30 June 2022 by testing the reconciliation of statements issued by the Bank against the list of all current and saving accounts and agreed with the accounting records. - Performed positive confirmation procedures for a sample of deposit accounts to confirm balances as at 30 June 2022 - Carried out the following alternative procedures for those accounts with no responses: o Agreed the balances from the customer account statements to the Bank's records; o Tested a sample of transactions close to reporting date and subsequent year end by verifying supporting documents to ensure validity of these transactions; o Analysed transactions from account opening date to the date of our report using analytics tool to identify and investigate any unusual transactions - Validated the authenticity of confirmations received by verifying authorised signatories and email addresses to relevant mandates and performing call back procedures. - Reviewed the list of alleged/attempted frauds, the Complaints Register, the list of litigations and the whistle-blower log up to date of our report to identify any issue that might impact the internal control system and/or the financial statements. - Circularised lawyers to identify any legal case related to deposits from customers and assess whether the legal case could have an impact on the financial statements and if averred, ensured that adequate provisioning has been made as at 30 June 2022. - Evaluated the appropriateness of a sample of manual journal entries relating to deposits from customers.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matters	How the matter was addressed in the audit
Expected credit losses (ECL) on loans and advances to customers Expected credit losses (ECL) relating to loans and advances to customers, disclosed in note 16(b), represent management's best estimate of the losses incurred within the loan portfolios at the reporting date. We identified the audit of ECL on loans and advances to customers as a key audit matter owing to the following: • These impairment provisions are material to the Group and the Bank in terms of value; • The impairment calculations involve significant judgements and high degree of estimation uncertainty in respect to determination of the components of the ECL model (PD, EAD & LGD); • Economic scenario forecasts used to estimate the ECL on loans and advances to customers require subjective management judgement and post-model management adjustments to reflect the current macroeconomic environment accurately particularly related to COVID-19 pandemic impact; • Significant judgements, estimates and assumptions have been made by management in respect of the loss event, the amount and timing of expected future cash flows as well as determination of the value of collaterals for Stage 3 loans and advances to customers; and • The credit risk disclosures incorporate multiple data inputs and management judgement impacting the completeness and accuracy of the disclosures.	Our audit effort included the following procedures in addressing the key audit matter: We obtained an understanding of management's process over credit origination, credit monitoring and credit remediation and tested the relevant controls identified within these processes.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matters	How the matter was addressed in the audit
Expected credit losses (ECL) on loans and advances to customers (Continued) In particular, the following areas require significant judgements and makes use of estimates:	
1. Modelled ECL impairment losses – Stage 1 and Stage 2 loans and advances to customers • A significant portion of ECL is calculated on a modelled basis which incorporates observable data, i.e., relevant inputs to the model, assumptions and estimations. The development and execution of these models requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters. • Significant increase in credit risk (SICR) is assessed based on the current risk of default of an account relative to its risk of default at origination. This assessment, and the determination of credit impaired loans and advances to customers, incorporates judgement and estimation by management.	**1. Modelled ECL impairment losses - Stage 1 and Stage 2 loans and advances to customers** • We have involved our quantitative specialists to assess the design and implementation of the ECL models, including assessing the significant assumptions applied with reference to the requirements of IFRS 9, Financial instruments, as well as post model adjustments and have tested the operating effectiveness of management's ECL modelling controls which support the assumptions used in determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) parameters included in the models. We have also tested the completeness and accuracy of data inputs into the models by tracing a sample of data inputs back to information sourced by management from internal systems and external data providers. • Our quantitative specialists have reperformed the model calculations using assumptions as per the model documentation, and independently recomputed the PD, EAD and LGD parameters, to test the accuracy of the ECL calculations. • We assessed the appropriateness of the bank's significant increase in credit risk (SICR) methodologies and have tested the stage allocations including the SICR triggers for a sample of portfolios and individual exposures. The reperformed ECL impairments were compared to the bank's ECL impairments per stage and per portfolio.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matters	How the matter was addressed in the audit
2. Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation - Stage 1 and Stage 2 loans and advances to customers The bank incorporates forward looking information through a scenario matrix which incorporates information available from the market through Credit Default Spread (CDS) premiums obtained from Bloomberg plus upside and downside scenarios designed to incorporate ongoing impacts of the COVID-19 pandemic. These require management judgement, given the uncertain macroeconomic environment and the complexity of incorporating these scenario forecasts and probability weightings into the estimation of ECL.	**2. Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation - Stage 1 and Stage 2 loans and advances to customers** • We tested the design and implementation and operating effectiveness of controls over the approval of updated forward-looking information used within the models. • We involved our quantitative specialists to assess the appropriateness of the incorporation of forward-looking information into the models. • We performed independent ECL quantification analyses which incorporated independently estimated forward-looking impacts, to assess the reasonability of the forward-looking management adjustments.
3. Reassessment of post-model management adjustments • Modelled ECL was adjusted for the impacts of COVID-19 by applying in model adjustments catering for increased risk of default with the adjustments reflecting increased risk of loss in those clients most impacted by the economic effects of COVID-19. • These adjustments are subject to a high degree of subjective management judgement and bias.	**3. Reassessment of post-model management adjustments** • We reperformed management adjustments to test the accuracy and assessed the appropriateness of the assumptions used. • We reassessed management's rationale for the post-model management adjustments and where there was a range of uncertain potential outcomes, we performed independent ECL quantifications to cater for the range of possible outcomes and compared these results against management's estimates. • We have assessed management's governance processes over the management adjustments.
4. Stage 3 ECL provisions assessed on an individual basis • A significant portion of loans and advances to customers are assessed for recoverability on an individual basis. Significant judgements, estimates and assumptions are applied by management to:	**4. Stage 3 ECL provisions assessed on an individual basis** • We assessed the reasonability of management judgements used to determine the completeness of credit impaired exposures. • Our procedures focused on assessing the reasonability of the estimate of the amount and timing of expected future cash flows used in measuring ECL. • We ensured that all credit impaired loans have been properly identified by management by:

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matters	How the matter was addressed in the audit
4. Stage 3 ECL provisions assessed on an individual basis (Continued) ○ Determine if the loans and advances are credit impaired; ○ Evaluate the valuation and recoverability of collateral; and ○ Estimate the timing of the future cash flows.	**4. Stage 3 ECL provisions assessed on an individual basis (Continued)** 1. Reviewing minutes of Board credit committee and the Impairment management committee 2. Obtaining and testing loan arrears reports and ensuring that all arrears exceeding 90 days are included in the Stage 3 impairment list of the ECL model 3. Identifying loan facilities meeting certain criteria such as financial difficulties of the borrower and restructured loans and ensuring these are included in the list of credit impaired facilities. 4. Where exposures are collateralised, we tested the bank's legal right to the collateral by inspecting legal agreements. We assessed the reasonability of the valuation of the collateral by evaluating key assumptions against available market and internal information and ensured that the realisable value is not beyond 2 years in line with the bank's policy. Where management has utilised specialists, we evaluated their competence and objectivity.
5. Disclosures related to credit risk • Credit risk disclosures are significant as they rely on material data inputs and explain the management judgement, estimates and assumptions used in determining the ECL, including management adjustments and sensitivity analyses. Due to the extensive nature of these disclosures which are non-routine and very specific to the economic conditions, it required significant audit effort to assess the reasonability thereof. The disclosure associated with ECL of loans and advances is set out in the financial statements in the following notes: ○ Note 38 - Credit risk ○ Note 16 - Loans and advances to customers ○ Note 8 - Net impairment loss on financial assets	**5. Disclosures related to credit risk** • We have focused on the disclosures in the financial statements to ensure the appropriateness and completeness of these disclosures with the assistance of our financial reporting specialists and using the IFRS Disclosure checklist. Specifically, we assessed the reasonability of the disclosures in light of the audit work performed and disclosures made elsewhere in the financial statements. • We have assessed management's credit disclosures including those related to the ECL impact of Covid-19 against IFRS 7: Financial Instruments: Disclosures requirements.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Other matter

The consolidated and separate financial statements of AfrAsia Bank Limited (the "bank") and its subsidiary (the "Group") for the year ended 30 June 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 17 September 2021.

Other Information

The directors are responsible for the other information. The other information comprises the Annual report other than the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Use of our report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRASIA BANK LIMITED

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the bank as far as it appears from our examination of those records.

Banking Act 2004

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

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

Financial Reporting Act 2004

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 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 Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

Andre Lai Wan Loong

ANDRE LAI WAN LOONG, F.C.A.
Licensed by FRC

Date: 31 October 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		THE GROUP			THE BANK		
		2022	2021	2020	**2022**	2021	2020
	Notes	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Continuing operations							
Interest income	4(a)	**2,009,725**	1,684,412	3,114,028	**2,009,725**	1,684,412	3,114,028
Interest expense	4(b)	**(515,805)**	(613,283)	(1,085,786)	**(517,607)**	(611,994)	(1,085,786)
Net interest income, calculated using EIR method		**1,493,920**	1,071,129	2,028,242	**1,492,118**	1,072,418	2,028,242
Fee and commission income	5(a)	**1,049,649**	877,757	786,703	**1,049,649**	877,870	787,478
Fee and commission expense	5(b)	**(347,114)**	(313,605)	(297,502)	**(347,113)**	(315,370)	(297,492)
Net fee and commission income		**702,535**	564,152	489,201	**702,536**	562,500	489,986
Net loss from derecognition of financial assets measured at amortised cost	6	**-**	-	(2,003)	**-**	-	(2,003)
Net trading income	7(a)	**1,168,066**	948,341	1,302,350	**1,166,494**	945,243	1,302,350
Other (losses)/gains	7(b)	**(1,191)**	1,696	(3,046)	**(1,191)**	1,696	(3,046)
Other operating income	7(c)	**-**	(1,843)	(5,372)	**-**	(106)	(375)
Total operating income		**3,363,330**	2,583,475	3,809,372	**3,359,957**	2,581,751	3,815,154
Net impairment loss on financial assets	8	**(65,818)**	(470,747)	(839,095)	**(65,818)**	(465,131)	(839,095)
Net operating income		**3,297,512**	2,112,728	2,970,277	**3,294,139**	2,116,620	2,976,059
Personnel expenses	9	**(801,729)**	(662,934)	(718,079)	**(801,729)**	(662,934)	(718,079)
Depreciation of property and equipment	19	**(40,062)**	(35,633)	(35,714)	**(40,062)**	(35,633)	(35,713)
Depreciation of right of use assets	21	**(31,669)**	(32,912)	(31,735)	**(31,669)**	(32,912)	(31,735)
Amortisation of intangible assets	20	**(52,236)**	(41,966)	(40,923)	**(52,236)**	(41,966)	(40,923)
Other operating expenses	10	**(677,129)**	(313,733)	(369,248)	**(676,229)**	(319,544)	(366,561)
Total operating expenses		**(1,602,825)**	(1,087,178)	(1,195,699)	**(1,601,925)**	(1,092,989)	(1,193,011)
Operating profit		**1,694,687**	1,025,550	1,774,578	**1,692,214**	1,023,631	1,783,048
Impairment credit/(loss) on receivable from subsidary	22	**-**	-	-	**9,824**	-	(33,057)
Gain on disposal of subsidiary		**-**	52,451	-	**-**	-	-
Profit before tax		**1,694,687**	1,078,001	1,774,578	**1,702,038**	1,023,631	1,749,991
Tax expense	11(b)	**(265,421)**	(148,405)	(228,436)	**(265,421)**	(148,405)	(228,436)
Profit for the year from continuing operations		**1,429,266**	929,596	1,546,142	**1,436,617**	875,226	1,521,555
Discontinued operations							
Loss for the year from discontinued operations	42	**-**	(13,540)	(3,146)	**-**	-	-
Profit for the year		**1,429,266**	916,056	1,542,996	**1,436,617**	875,226	1,521,555
Other comprehensive (loss)/income that may be subsequently reclassified to profit or loss:							
Movement in fair value reserve for debt instrument measured at fair value through other comprehensive income:							
- Losses arising during the year	17(b)	**-**	-	(2,880)	**-**	-	(2,880)
- Reclassification of gains included in profit or loss on derecognition	7(b)	**-**	-	3,046	**-**	-	3,046
- Expected credit losses	17(b)	**-**	-	(1,074)	**-**	-	(1,074)
		-	-	(908)	**-**	-	(908)
Other comprehensive income/(loss) that will not be reclassified to profit or loss:							
Remeasurement of retirement benefit obligations	31	**5,114**	41,444	(20,723)	**5,114**	41,444	(21,731)
Deferred tax on remeasurement of retirement benefit obligations	11(d)	**(305)**	(2,446)	1,268	**(305)**	(2,446)	1,318
Fair value gain/(loss) on equity instruments designated at fair value through other comprehensive income	17(d)	**2,381**	(26,740)	4,290	**2,381**	478	665
Revaluation (losses)/gain on equity instruments designated at fair value through other comprehensive income	17(d)	**(902)**	1,004	705	**(902)**	1,004	705
		6,288	13,262	(14,460)	**6,288**	40,480	(19,043)
Other comprehensive income/(loss) for the year		**6,288**	13,262	(15,368)	**6,288**	40,480	(19,951)
Total comprehensive income for the year attributable to equity holders of the parent		**1,435,554**	929,318	1,527,628	**1,442,905**	915,706	1,501,604

The notes on pages 174 to 298 form an integral part of these financial statements.
Auditor's report on pages 161 to 169.

STATEMENTS OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2022

		THE GROUP			THE BANK		
		2022	2021	2020	**2022**	2021	2020
			Restated	Restated		Restated	Restated
	Notes	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000
ASSETS							
Cash and balances with banks	13	**46,935,661**	54,501,687	29,665,426	**46,935,652**	54,501,675	29,660,700
Due from banks	14	**47,333,177**	61,282,514	50,504,287	**47,333,177**	61,282,514	50,504,287
Derivative financial instruments	15	**371,979**	407,880	321,961	**371,979**	407,880	321,961
Loans and advances to banks	16(a)	**11,990,476**	6,638,835	5,245,927	**11,990,476**	6,638,835	5,245,927
Loans and advances to customers	16(b)	**27,256,624**	18,749,929	23,043,922	**27,256,624**	18,749,929	23,043,922
Investment securities	17	**70,965,299**	45,410,195	48,696,565	**70,965,299**	45,410,195	48,664,900
Other assets	22	**3,423,651**	2,471,954	2,353,081	**3,423,651**	2,471,954	2,347,559
Asset held for distribution	18(b)	**-**	-	-	**-**	-	38,277
Property and equipment	19	**119,206**	137,437	171,195	**119,206**	137,437	170,977
Right of use assets	21	**101,088**	44,518	80,017	**101,088**	44,518	80,017
Intangible assets	20	**362,436**	288,679	269,990	**362,436**	288,679	269,914
Deferred tax assets	11(d)	**140,092**	149,593	124,506	**140,092**	149,593	124,388
TOTAL ASSETS		**208,999,689**	190,083,221	160,476,877	**208,999,680**	190,083,209	160,472,829
EQUITY AND LIABILITIES							
LIABILITIES							
Due to banks	23	**1,644**	1,000,122	13,252	**1,644**	1,000,122	13,252
Deposits from banks	24(a)	**369,587**	364,726	96,365	**369,587**	364,726	96,365
Deposits from customers	24(b)	**197,072,336**	178,832,286	150,826,106	**197,075,719**	178,846,558	150,850,619
Borrowings from financial institution	25	**140,547**	-	-	**140,547**	-	-
Derivative financial instruments	15	**166,845**	210,392	107,168	**166,845**	210,392	107,168
Financial liabilities measured at fair value through profit or loss	28	**-**	-	4,398	**-**	-	-
Current tax liabilities	11(a)	**182,700**	85,647	95,283	**182,700**	85,647	95,283
Lease liabilities	21	**100,378**	47,658	82,571	**100,378**	47,658	82,571
Other liabilities	27	**694,194**	412,507	497,135	**693,221**	407,993	486,396
Debts issued	26	**-**	-	1,083	**-**	-	-
Retirement benefit obligations	31	**79,240**	73,189	102,034	**79,240**	73,189	99,851
TOTAL LIABILITIES		**198,807,471**	181,026,527	151,825,395	**198,809,881**	181,036,285	151,831,505
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
Ordinary shares	29	**3,641,049**	3,641,049	3,641,049	**3,641,049**	3,641,049	3,641,049
Class A shares	30	**1,385,768**	1,385,768	1,399,768	**1,385,768**	1,385,768	1,385,768
Retained earnings	32	**3,568,710**	2,693,075	2,285,239	**3,547,780**	2,664,794	2,297,788
Other reserves	32	**1,596,691**	1,336,802	1,325,426	**1,615,202**	1,355,313	1,316,719
TOTAL EQUITY		**10,192,218**	9,056,694	8,651,482	**10,189,799**	9,046,924	8,641,324
TOTAL EQUITY AND LIABILITIES		**208,999,689**	190,083,221	160,476,877	**208,999,680**	190,083,209	160,472,829

The financial statements have been approved by the Board of Directors and authorised for issue on 31 October 2022.

JEAN-RAYMOND REY	**THIERRY VALLET**	**JOAN JILL WAN BOK NALE**
Interim Chairperson	Interim Chief Executive Officer	Audit Committee Chairperson

The presentation of the statement of financial position for prior years has been amended in line with the order of liquidity.

The notes on pages 174 to 298 form an integral part of these financial statements.
Auditor's report on pages 161 to 169.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

(a) THE GROUP

	Notes	Ordinary shares MUR'000	Class A shares MUR'000	Retained earnings MUR'000	Other reserves MUR'000	Total MUR'000
Attributable to owners of the Bank						
At 1 July 2019		3,641,049	1,399,768	1,801,294	858,427	7,700,538
Profit for the year		-	-	1,542,996	-	1,542,996
Other comprehensive (loss)/income		-	-	(19,455)	4,087	(15,368)
Total comprehensive income for the year		-	-	1,523,541	4,087	1,527,628
Additional provision in relation to Bank of Mauritius Guideline		-	-	(146,054)	146,054	-
Appropriation of reserves	32	-	-	(316,858)	316,858	-
Dividends	12	-	-	(576,684)	-	(576,684)
At 30 June 2020		3,641,049	1,399,768	2,285,239	1,325,426	8,651,482
At 1 July 2020		3,641,049	1,399,768	2,285,239	1,325,426	8,651,482
Profit for the year		-	-	916,056	-	916,056
Other comprehensive income/(loss)		-	-	38,998	(25,736)	13,262
Total comprehensive income/(loss) for the year		-	-	955,054	(25,736)	929,318
Reversal of provision in relation to Bank of Mauritius Guideline				146,054	(146,054)	-
Appropriation of reserves	32	-	-	(183,166)	183,166	-
Deconsolidation adjustment			(14,000)	-	-	(14,000)
Dividends	12	-	-	(510,106)	-	(510,106)
At 30 June 2021		3,641,049	1,385,768	2,693,075	1,336,802	9,056,694
At 1 July 2021		**3,641,049**	**1,385,768**	**2,693,075**	**1,336,802**	**9,056,694**
Profit for the year		**-**	**-**	**1,429,266**	**-**	**1,429,266**
Other comprehensive income		**-**	**-**	**4,809**	**1,479**	**6,288**
Total comprehensive income for the year		**-**	**-**	**1,434,075**	**1,479**	**1,435,554**
Appropriation of reserves	**32**	**-**	**-**	**(258,410)**	**258,410**	**-**
Dividends	**12**	**-**	**-**	**(300,030)**	**-**	**(300,030)**
At 30 June 2022		**3,641,049**	**1,385,768**	**3,568,710**	**1,596,691**	**10,192,218**

(b) THE BANK

	Notes	Ordinary shares MUR'000	Class A shares MUR'000	Retained earnings MUR'000	Other reserves MUR'000	Total MUR'000
At 1 July 2019		3,641,049	1,385,768	1,836,242	853,345	7,716,404
Profit for the year		-	-	1,521,555	-	1,521,555
Other comprehensive (loss)/income		-	-	(20,413)	462	(19,951)
Total comprehensive income for the year		-	-	1,501,142	462	1,501,604
Additional provision in relation to Bank of Mauritius Guideline		-	-	(146,054)	146,054	-
Appropriation of reserves	32	-	-	(316,858)	316,858	-
Dividends	12	-	-	(576,684)	-	(576,684)
At 30 June 2020		3,641,049	1,385,768	2,297,788	1,316,719	8,641,324
At 1 July 2020		3,641,049	1,385,768	2,297,788	1,316,719	8,641,324
Profit for the year		-	-	875,226	-	875,226
Other comprehensive income		-	-	38,998	1,482	40,480
Total comprehensive income for the year		-	-	914,224	1,482	915,706
Reversal of provision in relation to Bank of Mauritius Guideline		-	-	146,054	(146,054)	-
Appropriation of reserves	32	-	-	(183,166)	183,166	-
Dividends	12	-	-	(510,106)	-	(510,106)
At 30 June 2021		3,641,049	1,385,768	2,664,794	1,355,313	9,046,924
At 1 July 2021		**3,641,049**	**1,385,768**	**2,664,794**	**1,355,313**	**9,046,924**
Profit for the year		**-**	**-**	**1,436,617**	**-**	**1,436,617**
Other comprehensive income		**-**	**-**	**4,809**	**1,479**	**6,288**
Total comprehensive income for the year		**-**	**-**	**1,441,426**	**1,479**	**1,442,905**
Appropriation of reserves	**32**	**-**	**-**	**(258,410)**	**258,410**	**-**
Dividends	**12**	**-**	**-**	**(300,030)**	**-**	**(300,030)**
At 30 June 2022		**3,641,049**	**1,385,768**	**3,547,780**	**1,615,202**	**10,189,799**

The notes on pages 174 to 298 form an integral part of these financial statements.
Auditor's report on pages 161 to 169.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	THE GROUP 2022 MUR'000	THE GROUP 2021 Restated MUR'000	THE GROUP 2020 Restated MUR'000	THE BANK 2022 MUR'000	THE BANK 2021 Restated MUR'000	THE BANK 2020 Restated MUR'000
OPERATING ACTIVITIES							
Cash flows (used in)/generated from operating activities	34(b)	**(13,730,319)**	41,883,803	1,753,199	**(13,730,316)**	41,887,525	1,789,416
Payment of gratuity and pension	31	**(100)**	-	(1,485)	**(100)**	-	(1,485)
Tax paid	11	**(159,094)**	(185,651)	(328,641)	**(159,094)**	(185,651)	(328,641)
Net cash flows (used in)/generated from operating activities	**34(b)**	**(13,889,513)**	41,698,152	1,423,073	**(13,889,510)**	41,701,874	1,459,290
INVESTING ACTIVITIES							
Purchase of property and equipment	19	**(23,250)**	(7,635)	(23,859)	**(23,250)**	(7,635)	(23,859)
Purchase of intangible assets	20	**(115,049)**	(71,387)	(67,523)	**(115,049)**	(71,387)	(67,439)
Asset held for distribution		**-**	-	-	**-**	-	(38,277)
Proceeds from sale of property and equipment		**-**	1,169	4,145	**-**	1,169	3,040
Disposal of subsidiary		**-**	(992)	-	**-**	-	-
Net cash flows used in investing activities		**(138,299)**	(78,845)	(87,237)	**(138,299)**	(77,853)	(126,535)
FINANCING ACTIVITIES							
Repayment of subordinated debt	26	**-**	-	(170,556)	**-**	-	(170,556)
Repayment of principal portion of lease liabilities	21	**(35,309)**	(33,516)	(31,025)	**(35,309)**	(33,516)	(31,025)
Dividends paid		**(384,788)**	(387,071)	(576,684)	**(384,788)**	(387,071)	(576,684)
Net cash flows used in financing activities		**(420,097)**	(420,587)	(778,265)	**(420,097)**	(420,587)	(778,265)
Net cash flows for the year		**(14,447,909)**	41,198,720	557,571	**(14,447,906)**	41,203,434	554,490
Movement in Cash and cash equivalents							
Cash and cash equivalents at 1 July		**89,562,560**	48,363,840	47,806,269	**89,562,548**	48,359,114	47,804,624
Net (decrease)/increase in cash and cash equivalents		**(14,447,909)**	41,198,720	557,571	**(14,447,906)**	41,203,434	554,490
Cash and cash equivalents at 30 June	34(a)	**75,114,651**	89,562,560	48,363,840	**75,114,642**	89,562,548	48,359,114

The presentation of the cash flows from operating activities was amended for the current year and prior years and corresponding notes disclosed under Note 34.

The notes on pages 174 to 298 form an integral part of these financial statements.
Auditor's report on pages 161 to 169.

1 GENERAL INFORMATION

1A CORPORATE INFORMATION

AfrAsia Bank Limited ("the Bank") is a public company incorporated and domiciled in the Republic of Mauritius. The principal activity of the Bank and of its subsidiary (together referred to in this report as "the Group") is the provision of financial services in the Indian Ocean region. Its registered office is at 10, Dr Ferrière Street, Port Louis, Mauritius.

The Bank has one offshore representative office in Johannesburg. The relevant costs and income derived from this office have been included in these financial statements.

1B IMPACT OF COVID-19 OUTBREAK

During the initial weeks and months of the COVID-19 crisis, the Government of Mauritius provided unprecedented levels of emergency support to keep households and companies afloat, protect jobs and incomes and prevent the economy from collapsing. Following the acceleration of the vaccination campaign and the progress made towards reaching herd immunity and the aim to enable a prompt and safe restart of the Mauritius tourism industry, Mauritius reopened its borders in October 2021.

The Government of Mauritius has announced various measures to support businesses and households, like relief on housing loan interest and moratorium periods, which was extended up to 30 June 2022, and phased out on the aforementioned date. Facilities granted to companies in the tourism sector have been restructured to help the industry during the difficult period. Following the up-lifting of the sanitary measures and the re-opening of borders, the occupancy rate of the Hotels trending high and have started to be profitable.

Government support measures

As part of its ongoing assistance to Mauritian businesses across all economic sectors, households and individuals, the Bank of Mauritius (BOM) extended specific measures under its existing COVID-19 Support Programme, which is now phrased out as from 1st July 2022.

(a) The moratorium on loans granted to economic operators, SMEs, households and individuals impacted by COVID-19 was extended to 30 June 2022.

(b) The Special Relief Amount facility of Rs 5.0 Billion made available to banks by the Bank of Mauritius was extended to 30 June 2022. This amount aims at meeting cash flow and working capital requirements of economic operators directly impacted by COVID-19. Disbursement will continue to be effected through commercial banks and interest rate on these advances to impacted economic operators remains capped at the fixed rate of 1.5% per annum.

(c) The reduction of the Cash Reserve Ratio applicable to commercial banks from 9% to 8% was equally extended to 30 June 2022. This reduction will further support banks to assist businesses which are being directly impacted by COVID-19.

Key impacts on financial reporting

COVID-19 outbreak is expected to significantly disrupt the operating environment of financial institutions. Following are some of the key accounting and financial reporting considerations:

Loans and advances to banks and customers

Credit-risk forbearance policy
COVID-19 pandemic has necessitated the Bank to introduce stricter credit assessment measures to protect the financial stability of the Bank. In order to manage the credit risk properly, the Bank has in place a forbearance policy which defines the criteria that needs to be considered when assessing credit risk in the current economic situation.

Impact on Expected credit losses ("ECL")
Considering COVID-19, the Bank revisited its ECL framework to cater for the higher level of uncertainty in markets both locally and across borders. Moreover, management ensured that while doing so, the Bank remains in line with the statements released by local and international body with regards to IFRS 9 in a COVID-19 context, mainly the Bank of Mauritius and IASB – factoring in the government support measures being implemented.

1B IMPACT OF COVID-19 OUTBREAK (CONTINUED)

Key impacts on financial reporting (continued)

Impact on Expected credit losses ("ECL") (continued)
Key factors that were impacted by COVID-19 include the Probability of Default (PD), Loss Given Default (LGD), staging and bucketing parameters, forbearance measures, relief programmes, as well as forward-looking information and scenario-weights allocations.

The Bank has adopted a probabilistic approach based on forward looking scenarios given uncertainties prevailing across markets. As such, the Bank has defined 3 scenarios (upside, baseline/most likely and downside) and assigned weights suggesting the likelihood of such event occurring based on assessments of economic and market conditions in the context of COVID-19. The scenarios assumed were very bearish to properly reflect the current and projected global economic environment. The baseline scenario was derived through the CDS curves movement of different countries, and a more refined proxy has been derived for Segment A assets.

In spite of all the positive outlooks observed both from financial markets and revised predictions of the multilateral organisations, the Bank has maintained the high severity levels in its forward-looking scenarios matrix for June 2021, similar to last year at the peak of COVID-19 uncertainties.

The Bank also enhanced its Significant Increase in Credit Risk (SICR) assessment framework using more objective and subjective factors to adapt to this unprecedented situation. Further in-depth analysis was performed independently on the different portfolios at 3 levels i.e. Business, Credit and the Watchlist Monitoring Committee.

Tourism sector being directly impacted by COVID-19 benefited to some extent from prolonged repayment period as per the forbearance policy of the Bank and as such these exposures were not transferred to stage 2. The Bank has applied a post-model adjustment on the restructured accounts in tourism sector and the ECL impact on loans and advances in this sector were to the tune of MUR 200.9m for an outstanding amount of MUR 4.0bn categorised in stage 1 representing an ECL percentage of 5.01%.

Stage 3 assets have been reassessed considering COVID-19 impact and appropriate provisions has been made at 30 June 2021.

Investment securities
Following the changes in the interest rates and the depreciation of Mauritian rupee against other currencies, the fair value of bills, bonds and notes that are measured at fair value through profit or loss will tend to rise. Any adverse changes in market rates included interest rates and foreign currency exchange rates as well as changes in credit quality of the instruments will have an impact on the fair value.

Deposits
Our deposit base bore testimony of the continued confidence that our customers have in us. As at 30 June 2022, there was an important growth in major foreign currency-based deposits, moreover, this growth was further magnified by an increase in exchange rate, with the net impact being an inflated deposit base when retranslated into MUR equivalent.

Right of use assets
The Bank has leased building floors (expiry date: Oct 2023 with renewal option) together with parking slots which was recognized as right of use assets in its statement of financial position. These assets are not impacted by COVID-19 and hence not subject to impairment. No rent concessions were provided by landlords for these leases. The right of use assets are measured at its carrying amount (after accumulated depreciation).

Retirement benefits obligations
The significant economic uncertainty associated with the COVID-19 pandemic affects the measurement of retirement benefit obligations and plan assets, particularly when quoted prices in active markets for identical assets do not exist. The methodology used is to derive a yield curve based on available local government bonds with terms ranging from 0.25 to 20 years from which the discount rate commensurate with the duration of liabilities. The discount rate is one of the actuarial assumptions. Compared to prior year, the discount rate decreased from 5.10% to 4.90%.

1B IMPACT OF COVID-19 OUTBREAK (CONTINUED)

Key impacts on financial reporting (continued)

Taxes
The pandemic could affect future profits as a result of direct and indirect (effect on customers, suppliers, service providers) factors. Deferred tax assets are recognized for deductible temporary differences that exist at each reporting date. Based on the budget exercise for the next 12 months, despite the outbreak will have an impact on the Bank's operations, it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

Government support
The Bank monitored government actions and legislations to identify all assistance given amid COVID-19 outbreak that may meet the definition of a government grant. The Bank has not opted to receive any government grants that may have an impact on financial reporting.

Liquidity risk
The Bank's internal and regulatory liquidity ratios demonstrate a healthy liquidity position at 30 June 2022. The Bank's average Liquidity Coverage Ratio (LCR) was 244% which is well above the current regulatory minimum LCR requirement of 100%, demonstrating a robust liquidity position. The LCR is a stressed liquidity measure as it applies stressed outflow rates on depositor balances and haircuts on liquidation of High-Quality Liquid Assets (HQLAs) and cash inflows. As part of its stress testing framework, the bank applies low, moderate and severe stress scenarios on its LCR on a monthly basis.

Interest rate risk
As an emergency COVID-19 response in 2020, the Bank of Mauritius and United States Federal Reserve both cut their respective policy rates. The Bank's statement of financial position being predominantly USD and MUR based was adversely impacted as evidenced by the low Net Interest Income until March 2022 where Central Banks started to increase interest rates to tame inflation.

Capital adequacy ratio ("CAR")
The Bank remains well capitalised with all 3 regulatory ratios within the limit set by the Bank of Mauritius ("BOM") as set out in table below:

Components	Ratios	Regulatory Limits 2022
Common Equity Tier 1 Capital	12.65%	10.00%
Tier 1 Capital	14.75%	11.50%
Capital Adequacy Ratio	15.76%	13.50%

The Basel III reforms aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen banks' transparency and disclosures.

In May 2020, BOM had set a number of forbearance measures in order to mitigate the effects from the COVID-19 pandemic. The implementation of the last tranche of 0.625% of the capital conservation buffer ("CCB") in accordance with the "Guideline on Scope of Application of Basel III and Eligible Capital – Jun 14 (Revised Jun 21)" was delayed to April 2022 considering the prevailing economic uncertainty.

Effective 1st April 2022, ABL was required to maintain a CCB of 2.50% above the minimum regulatory limits.

Additionally, in compliance with the "Guideline for dealing with Domestic-Systemically Important Banks ("D-SIB")", the Bank is subject to an additional buffer of 1.00% for the calendar year 2022, following the yearly assessment carried out by BOM.

2A APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group and the Bank have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2020.

New and revised Standards that are effective for the current year

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

IFRS 7 Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases - Amendments to extend the exemption from assessing whether COVID-19 related rent concession is a lease modification

Interest Rate Benchmark Reform - Phase 2

In 2020, the International Accounting Standards Board (IASB) published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR reform Phase 2). IBOR reform Phase 2 provides temporary reliefs to address the accounting issues which arise upon the replacement of interbank offered rates (IBOR) with alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs).

During the current financial year, the Group and the Bank adopted the IBOR reform Phase 2 amendments and these enable the Group and the Bank to reflect the effects of transitioning from referencing IBOR to referencing alternative rates.

The changes in Interest Rate Benchmark Reform — Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

On 5 March 2021 the Financial Conduct Authority (FCA) announced the dates that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all Sterling, Euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- Immediately after 30 June 2023, in the case of the remaining US dollar settings.

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates (ARRs), the Group and the Bank have established a project to manage the transition for any of its contracts that could be affected.

The Group and the Bank kick started its LIBOR Transition journey in May 2021 and set up a governance structure which comprised of a project Steering Committee (SteerCo) and various internal working groups. During the course of the project, regular SteerCo meetings were held to take stock of progress made and sign-off on key milestones.

The Group and the Bank's approach were to split the transition into 3 main workstreams as follows:

1. Communication Workstream
   The Group and the Bank engaged extensively with its clients and partnered with subject matter experts to deliver informative webinars on LIBOR Transition as well as training to all staffs. A dedicated LIBOR Transition landing page was also set up on the Bank's website.

2A APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised Standards that are effective for the current year (continued)

Interest Rate Benchmark Reform - Phase 2 (continued)

2. Legal Remediation Workstream
   The effort here was centered around:

   a. Remediation of impacted LIBOR linked contracts by providing amendment agreements, referencing fallback rates against SOFR, ESTR and SONIA, to impacted clients.

   b. Revamping the Bank's facility offer letters to accommodate for new interest rate benchmark conventions.

   c. Adhering to ISDA Fallback protocols which ensured automatic fallback provisions for LIBOR linked derivatives & repo transactions.

   For the 31 December 2021 deadline, the Group and the Bank's effort were focused on the transition of EUR and GBP LIBOR linked contracts. Remediation of USD contracts is now in progress with a target completion date of 30 June 23.

3. Operational Readiness Workstream
   A key aspect of this transition was system remediation to cater for new interest rate computation conventions. The Group and the Bank successfully updated its core banking system by the December 21 deadline, which ensured a smooth transition in January 2022. The remediation of its Treasury booking system is however still in progress, but the Group and the Bank have put in place a fallback process. IT and Credit processes were the main impacted areas but adequate testing and documentation allowed for a seamless transition.

The transition has not resulted in a change of the Group and the Bank's risk management strategy. Similarly, risks arising from impacted financial instruments have not changed as a result of the shift to new interest rate benchmarks.

During the year, the Group and the Bank have successfully completed the transition of a significant portion of its IBOR exposure to RFRs and has in place detailed plans, processes and procedures to support the transition of the remainder. Following the progress made during the year, the Group and the Bank are confident that they have the operational capability to process the remaining transitions to RFRs for those interest rate benchmarks such as USD LIBOR that will cease to be available after 30 June 2023.

IBOR reform exposes the Group and the Bank to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform;
- Financial risk to the Group and the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Group's and the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available; and
- Accounting risk if the Group's and the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

Moving from LIBOR to ARRs is a massive undertaking across capital markets and includes several key elements:

- New benchmarks must be widely adopted by a variety of participants;
- Technology must be upgraded to process products linked to the new benchmark(s);
- Legal teams must amend trillions of dollars of existing contracts tied to LIBOR; and
- Financial markets must model structural adjustments to integrate the economics of the new rate.

As from 01 January 2022, all new contracts have been booked using the ARRs being SOFR, ESTR and SONIA.

2A APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised Standards that are effective for the current year (continued)

Interest Rate Benchmark Reform - Phase 2 (continued)

The tables below show the Bank's exposure to significant IBORs subject to reform that have yet to transition to RFRs as at the current year end and the prior year end, including those exposures which transitioned immediately after the current year end. The tables exclude exposures to IBOR that will expire before transition is required.

	Non-derivative financial assets	Derivatives
	Carrying amount (MUR'000)	Notional amount (MUR'000)
30 June 2022		
LIBOR USD (1 month)	3,130,548	-
LIBOR USD (3 months)	12,564,119	-
LIBOR USD (6 months)	3,350,610	-
LIBOR EUR (1 month)	262,121	-
LIBOR EUR (3 months)	143,149	-
LIBOR EUR (6 months)	-	-
LIBOR GBP (1 month)	13,189	-
LIBOR GBP (3 months)	-	-
LIBOR GBP (6 months)	-	-
Cross Currency Swap		
LIBOR USD (6 months)	-	940,800
	19,463,735	**940,800**

At 30 June 22, there was no non-derivative financial liabilities that were linked with LIBOR.

New and revised Standards in issue but not yet effective

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

IAS 1	Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements – Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2023)
IAS 1	Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
IAS 12	Income Taxes - Amendments regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
IAS 16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produces while the company is preparing the asset for its intended use (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IFRS 3	Business Combinations – Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 9	Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective date 1 January 2022)

2A APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

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

The directors anticipate that these Standards and Interpretations will be applied in the Group's and the Bank's financial statements at the above effective dates in future periods. The directors have not yet had the opportunity to consider the potential impact of the application of these amendments.

3A SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below.

(a) Basis of preparation

The consolidated and separate financial statements of the Group and the Bank have been prepared on a historical cost basis, except as modified by the fair valuation of certain financial instruments.

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

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, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

Statement of compliance

The consolidated and separate financial statements of the Group and 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 Mauritius Companies Act 2001, the Guidelines and Guidance Notes issued by the Bank of Mauritius, the Financial Reporting Act 2004 and the Banking Act 2004.

Presentation of financial statements

The financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest thousand except when otherwise indicated.

The Group and the Bank present their statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 38 (c).

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and entities controlled by the Bank (its subsidiary). Control is achieved when the Bank is exposed, 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.

Specifically, the Bank controls an investee if and only if the Bank has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual arrangements;
(iii) The Bank's voting rights and potential voting rights; and
(iv) A combination of (i) – (iii).

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies.

<u>Changes in the Group's ownership interests in existing subsidiary</u>

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ('MUR'). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date and all differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (continued)

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupees at the rate of exchange prevailing at the reporting date. The income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period. The exchange differences arising on translation for consolidation are recognised in 'Other comprehensive income'. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

(d) Recognition of income and expenses

(i) Net interest income

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

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

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

(ii) Net fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The Group and the Bank earn fee and commission income from a diverse range of services being provided to its customers. Fee income can be categorised as follows:

Fee income earned from services provided
These fees include commission income, asset management, custody and other management and advisory fees. The fees are recognised as the related services are provided. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income from providing transaction services
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the performance obligations.

Fee and commission expense
Fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Recognition of income and expenses (continued)

(iii) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held-for-trading.

(iv) Dividend income

Revenue is recognised when the Group's and the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(e) Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statement of financial position when the Group and the Bank become a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Regular way trades are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. These are recognised using settlement date accounting and are applied both for financial assets mandatorily measured at FVTPL and financial assets measured at amortised cost.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the entity will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

The Group and the Bank have not applied hedge accounting to its financial instruments during the years ended 30 June 2020, 2021 and 2022.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statements of financial position represent all amounts receivable including interest accruals. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Financial assets (continued)

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI); and
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the entity may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the entity may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The Group and the Bank have not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Debt instruments measured at amortised cost or at FVTOCI

The Group and the Bank assess the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated. Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The entity determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The entity's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group and the Bank have more than one business model for managing their financial instruments which reflect how they manage their financial assets in order to generate cash flows. The business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group and the Bank consider all relevant information available when making the business model assessment.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Debt instruments measured at amortised cost or at FVTOCI (continued)

However, this assessment is not performed on the basis of scenarios that the Group and the Bank do not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Group and the Bank take into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group and the Bank determine whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group and the Bank reassess their business models at each reporting period to determine whether the business models have changed since the preceding period. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets measured at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Equity instruments designated at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non–restricted current accounts with the Central Bank, cash held with other banks, net of outstanding bank overdrafts, and amounts due from banks on demand or with an original maturity of three months or less.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Reclassifications

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

Foreign exchange gains and losses

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

- for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss and other exchange differences are recognised in the OCI in fair value reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in the OCI in the fair value reserve.

Financial guarantees

In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letters of credit, bank guarantees and acceptances. Financial guarantee contracts issued by an entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the entity's revenue recognition policies.

Any increase in the liability relating to financial guarantees is recorded in the statements of profit or loss and other comprehensive income. The premium received is recognised in the statements of profit or loss and other comprehensive income in 'Fees and commission income' on a straight-line basis over the life of the guarantee.

Impairment of financial assets

The Group and the Bank recognise loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to banks and customers;
- due from banks;
- debt instruments at amortised cost;
- debt instruments at FVTOCI;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments designated at FVTOCI.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note 38 (b).

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Impairment of financial assets (continued)

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

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 entity if the holder of the commitment draws down the loan and the cash flows that the entity 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 entity expects to receive from the holder, the debtor or any other party.

The Group and the Bank measure ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in Note 38.

Credit impaired financial assets

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 occurred. Credit-impaired financial assets are referred to as Stage 3 assets. 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, 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 Group and the Bank assess whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group and the Bank consider 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. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Group and the Bank do not have purchased or originated credit impaired financial assets.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default 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 (see Note 38 (b)).

The Group and the Bank consider the following as constituting an event of default:

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

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Definition of default (continued)

This definition of default is used by the Group and the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Group and the Bank take into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group and the Bank use a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 38. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk (SICR)

The Group and the Bank monitor 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 Group and the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's and 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 Group and the Bank monitor 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 Group and the Bank compare the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of 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 Group and the Bank consider 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 Group's and the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's and the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Group and the Bank allocate their counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Significant increase in credit risk (SICR) (continued)

The PDs used are forward-looking and the Group and the Bank use the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group and the Bank still consider separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Group and the Bank consider that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group and the Bank renegotiate loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Bank has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group and the Bank assess whether this modification results in derecognition. In accordance with the Group's and the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Group and the Bank consider the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Modification and derecognition of financial assets (continued)

When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the entity considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation. In the case where the financial asset is derecognized, 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 Group and the Bank monitor credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the 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 (see above), the Group and the Bank perform 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. Where a modification does not lead to derecognition, the Group and the Bank calculate the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group and the Bank measure ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group and the Bank derecognise a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group and the Bank retain an option to repurchase part of a transferred asset), the Group and the Bank allocate the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Write-off

Loans and debt securities are written off when the Group and the Bank have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group and the Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's and the Bank's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECLs are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the entity cannot identify the ECL on the loan commitment component separately from those on the drawn component: the entity presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either the financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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 Group and the Bank or a contract that will or may be settled in the Group's and the Bank's own equity instruments and is a non-derivative contract for which the Group and the Bank are or may be obliged to deliver a variable number of their 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 Group's and the Bank's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's and the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Bank's own equity instruments. Ordinary shares are classified as equity.

The Bank's Class A shares are classified as equity as they are callable at the option of the Bank. These shares carry non-cumulative dividends which are payable at the discretion of the Board. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Financial liabilities

Financial liabilities include deposits from banks, deposits from customers, due to banks, debts issued and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. The Group has financial liabilities held for trading which are measured at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derecognition and modification of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the entity exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability 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 rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Group and the Bank recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Group and the Bank recognise any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Group and the Bank. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

(f) Derivative financial instruments

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

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

(g) Dividend payable

Dividends on ordinary shares and Class A shares are recognised as a liability and deducted from equity when they are approved by the Bank's directors and the Bank of Mauritius. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Equity reserves

The reserves recorded in equity on the statement of financial position include:

- 'Fair value reserve' relates to the gain or loss arising from changes in the fair value of equity and debt instruments measured at FVTOCI;
- 'Statutory reserve' which represents 15% of the net profit transferred in accordance with the Banking Act 2004 until the amount equals the stated capital of the Group and the Bank; and
- 'General banking reserve' which comprises amounts set aside for general banking risks including country risk.
- 'Foreign currency translation reserve' which arises on retranslation of foreign operations on consolidation.

(i) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

(j) Fair value measurement

The Group and the Bank measure financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 33 (b).

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Bank have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 33 (a).

(k) Investment in a subsidiary

Investment in a subsidiary is accounted at cost in the Bank's separate financial statements, less any accumulated impairment in value.

(l) Asset held for distribution

The Group classifies non-current assets and disposal groups as held for distribution if their carrying amounts will be recovered principally through a distribution of the shares held rather than through continuing use. Non-current assets classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for distribution classification is regarded as met only when the distribution is highly probable, and the asset or disposal group is available for immediate distribution in its present condition. Management must be committed to the plan to distribute the asset and the distribution is expected to be completed within one year from the date of classification.

(m) Property and equipment

Property and equipment are stated at cost excluding the costs of day-to-day servicing, less subsequent accumulated depreciation and subsequent accumulated impairment in value.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

	Rate
Improvement to buildings	10%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Motor vehicles	14.29% - 20%
Computer equipment	25% - 33.33%

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statements of profit or loss and other comprehensive income in the year the asset is derecognised.

Residual values and useful lives are reviewed at least at each financial year end. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets (excluding goodwill)

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group or the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statements of profit or loss and other comprehensive income. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

	Rate
Computer software	25%
Banking software	14.29%
Customer relation	13% - 20%
Other	33.33%

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statements of profit or loss and other comprehensive income when the asset is derecognised.

(o) Leases

The Group and the Bank as a lessee

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

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

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

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

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

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

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group and the Bank apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of 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 'Other operating expenses' 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 lease contracts do not have lease and non-lease components and hence the Group and the Bank have not used this practical expedient.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Bank estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(q) Provisions and other contingent liabilities

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Group and the Bank operate in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Group's and the Bank's business. When the Group and Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group and the Bank record a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group and the Bank are of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group and the Bank do not include detailed, case-specific disclosures in their financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group and the Bank take into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

(r) Pension benefits

(i) Defined contribution pension plan

The Group and the Bank operate a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to the Group and the Bank by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Pension benefits (continued)

(ii) Retirement and other benefit obligations

The present value of retirement gratuities under The Workers' Rights Act 2019 is recognised in the statement of financial position as a liability. Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Group and the Bank present the first two components of defined benefit costs in profit or loss in the line item personnel expenses. Curtailment gains and losses are accounted for as past service costs.

State plan

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

(s) Taxation

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends. The Bank is subject to the Advance Payment System (APS) whereby it pays income tax on a quarterly basis.

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 supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(ii) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences,

- except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxation (continued)

(ii) Deferred Tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Corporate Social Responsibility

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income of the preceding financial year under Segment A.

The required CSR fund for the year is recognised in tax expense in the statements of profit or loss and other comprehensive income. The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statements of financial position.

(iv) Special Levy

The Bank is liable to pay a special levy on its leviable income [Net interest income + other income from banking transactions with residents, before deduction of expenses] at the rate of 5.5% if the leviable income is less than MUR 1.2bn or at 4.5% if the leviable income exceeds MUR 1.2bn. The special levy expense for the year is recognised in tax expense in the statements of profit or loss and other comprehensive income.

(u) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

The Bank has prepared its separate financial statements in line with the requirements of the Bank of Mauritius Guideline on 'Segmental Reporting under a Single Banking Licence Regime' and Bank of Mauritius Guideline on 'Public Disclosure of Information' which require that segment information should be provided by Segment A and Segment B banking businesses.

Segment A

Segment A activity relates to all banking business other than Segment B activity. The financial services provided under Segment A may be funded and/or non-fund based. Segment A business will essentially consist of transactions with residents of Mauritius, both on the liability side and asset side.

3A SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment reporting (continued)

Segment B

Segment B activity essentially relates to the provision of international financial services that give rise to 'foreign source income'. Such services may be fund based and/or non-fund based. Segment B assets will generally consist of placements with and advances to foreign resident companies, institutions as well as individuals including stocks and debt instruments and claims on non-resident and/or entities holding Global Business Licence ('GBLs'). Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs.

(v) Comparatives

Where necessary, comparative figures are reclassified to conform to the current year's presentation.

3B SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and re based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements

<u>Going concern</u>

Directors have made an assessment of the Group's and the Bank's ability to continue as a going concern and are satisfied that the Group and the Bank have the resources to continue in business for the foreseeable future. Furthermore, directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

<u>Determination of functional currency</u>

The determination of the functional currency of the Group and the Bank is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Group and Bank as Mauritian Rupees (MUR).

<u>Deferred tax assets</u>

Recognition of deferred tax assets depends on management's intention of the Group and the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

3B SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

<u>Business model assessment</u>

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

<u>Calculation of ECL allowance</u>

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

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 3 for details of the characteristics considered in this judgement. The Group and the Bank monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.

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

<u>Determination of lease term</u>

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, there was no revision of lease terms.

Estimates and assumptions

<u>Fair value of financial instruments</u>

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

3B SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimates and assumptions (continued)

Useful lives of property and equipment and intangible assets

The Group and the Bank review the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors

Provision for retirement benefit

Retirement benefit obligation has been valued by Actuary on accounting estimates and as per provision of the Workers' Rights Act 2019. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may be different from their estimates.

Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Group and the Bank have met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

Impairment losses on financial assets

The Group's and the Bank's ECL calculation are output of complex models with underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- Forward looking information: When measuring ECL the Bank and Group use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 38 for more details.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical information, assumptions and expectations of future conditions. Refer to Note 38 for more details.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 38 for more details.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

The Group and the Bank also review their individually credit-impaired loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statements of profit or loss and other comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the borrower's financial situation and the net realisable value of collaterals. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

4 NET INTEREST INCOME

4(a) INTEREST INCOME

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Interest income on financial instruments measured at amortised cost:						
- Due from banks (includes cash and balances with banks)	**355,045**	334,618	823,913	**355,045**	334,618	823,913
- Loans and advances to banks	**203,365**	78,031	189,899	**203,365**	78,031	189,899
- Loans and advances to customers	**685,792**	601,650	919,697	**685,792**	601,650	919,697
- Investment securities	**765,523**	655,975	1,109,195	**765,523**	655,975	1,109,195
- Placements with the Central Bank	**-**	14,138	53,129	**-**	14,138	53,129
	2,009,725	1,684,412	3,095,833	**2,009,725**	1,684,412	3,095,833
Interest income on financial instruments measured at fair value through other comprehensive income:						
- Investment securities	**-**	-	18,195	**-**	-	18,195
Total interest income calculated using EIR	**2,009,725**	1,684,412	3,114,028	**2,009,725**	1,684,412	3,114,028

4(b) INTEREST EXPENSE

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Interest expense on financial instruments measured at amortised cost:						
- Due to banks	**119,123**	114,476	67,309	**120,925**	114,469	67,265
- Deposits from banks	**4,741**	1,721	603	**4,741**	1,721	603
- Deposits from customers	**389,203**	492,006	1,006,402	**389,203**	492,006	1,006,402
- Subordinated debts issued	**-**	-	6,671	**-**	-	6,671
- Lease liabilities	**2,738**	3,798	4,845	**2,738**	3,798	4,845
- Others	**-**	1,289	-	**-**	-	-
Total interest expense calculated using EIR	**515,805**	613,290	1,085,830	**517,607**	611,994	1,085,786
Analysed as follows:						
Continuing operations	**515,805**	613,283	1,085,786	**517,607**	611,994	1,085,786
Discontinued operations (Note 42)	**-**	7	44	**-**	-	-
	515,805	613,290	1,085,830	**517,607**	611,994	1,085,786
NET INTEREST INCOME	**1,493,920**	1,071,122	2,028,198	**1,492,118**	1,072,418	2,028,242
Analysed as follows:						
Continuing operations	**1,493,920**	1,071,129	2,028,242	**1,492,118**	1,072,418	2,028,242
Discontinued operations (Note 42)	**-**	(7)	(44)	**-**	-	-
	1,493,920	1,071,122	2,028,198	**1,492,118**	1,072,418	2,028,242

5 NET FEE AND COMMISSION INCOME

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
5(a) Fee and commission income						
Fee and commission income	**659,810**	554,228	496,528	**659,810**	554,228	496,528
Credit card income	**113,575**	83,965	93,214	**113,575**	83,965	93,214
Debit card income	**960**	-	-	**960**	-	-
Custody fees income	**181,839**	193,856	166,004	**181,839**	193,896	166,715
Other fees	**93,465**	45,708	30,957	**93,465**	45,781	31,021
Asset management fees	**-**	16,827	40,591	**-**	-	-
Total fee and commission income	**1,049,649**	894,584	827,294	**1,049,649**	877,870	787,478
Analysed as follows:						
Continuing operations	**1,049,649**	877,757	786,703	**1,049,649**	877,870	787,478
Discontinued operations (Note 42)	**-**	16,827	40,591	**-**	-	-
	1,049,649	894,584	827,294	**1,049,649**	877,870	787,478

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
5(a) Fee and commission expense						
Commission paid to other banks	**(157,356)**	(131,145)	(94,657)	**(157,356)**	(131,145)	(94,657)
Credit card expenses	**(98,854)**	(89,951)	(89,176)	**(98,854)**	(89,951)	(89,176)
Debit card expenses	**(90)**	-	-	**(90)**	-	-
Custody fees expense	**(67,334)**	(70,203)	(56,689)	**(67,333)**	(70,163)	(56,715)
Retrocession fees	**(21,834)**	(24,505)	(54,685)	**(21,834)**	(23,661)	(54,685)
Other fees paid	**(1,646)**	(450)	(4,697)	**(1,646)**	(450)	(2,259)
Total fee and commission expense	**(347,114)**	(316,254)	(299,904)	**(347,113)**	(315,370)	(297,492)
Analysed as follows:						
Continuing operations	**(347,114)**	(313,605)	(297,502)	**(347,113)**	(315,370)	(297,492)
Discontinued operations (Note 42)	**-**	(2,649)	(2,402)	**-**	-	-
	(347,114)	(316,254)	(299,904)	**(347,113)**	(315,370)	(297,492)
Net fee and commission income	**702,535**	578,330	527,390	**702,536**	562,500	489,986
Analysed as follows:						
Continuing operations	**702,535**	564,152	489,201	**702,536**	562,500	489,986
Discontinued operations (Note 42)	**-**	14,178	38,189	**-**	-	-
	702,535	578,330	527,390	**702,536**	562,500	489,986

All fees are recognised at a point in time.

6 NET LOSS FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Loans and advances to customers	**-**	-	19,846
Debt instruments measured at amortised cost	**-**	-	(21,849)
	-	-	(2,003)

The Bank sold some assets measured at amortised cost in 2020 as these assets were no longer in line with the Bank's policy due to risks associated with these assets.

7(a) NET TRADING INCOME

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Net gain on debt instruments measured at fair value through profit or loss	**187,776**	124,602	499,320	**187,776**	124,602	499,320
Gain on other derivatives held for trading	**109,806**	58,201	117,234	**109,806**	58,201	117,234
(Loss)/gain on foreign exchange derivatives	**(34,704)**	(71,391)	74,598	**(34,704)**	(71,391)	74,598
Gain on foreign exchange	**905,188**	836,929	611,198	**903,616**	833,831	611,198
	1,168,066	948,341	1,302,350	**1,166,494**	945,243	1,302,350

Net gain on debt instruments measured at fair value through profit or loss includes exchange gains of MUR 91.5m (2021: MUR 47.7m and 2020: MUR 161.3m) and interest income of MUR 67.7m (2021: MUR 53.1m and 2020: 212.2m).

7(b) OTHER(LOSSES)/GAINS

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Net loss arising from derecognition of debt instrument measured at fair value through other comprehensive income (Note 1)	**-**	-	(3,046)
Fair value (loss)/gain on equity Investment measured at fair value through profit or loss	**(1,191)**	1,696	-
	(1,191)	1,696	(3,046)

Note 1: The above relates to bonds disposed and redeemed on maturity during the year 2020.

7(c) OTHER OPERATING INCOME

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Profit on disposal of motor vehicle	-	-	769	-	-	402
Transaction and other related fees	-	(106)	6,168	-	(106)	(777)
Loss on foreign exchange	-	(1,492)	(10,001)	-	-	-
	-	(1,598)	(3,064)	-	(106)	(375)
Analysed as follows:						
Continuing operations	-	(1,843)	(5,372)	-	(106)	(375)
Discontinued operations (Note 42)	-	245	2,308	-	-	-
	-	(1,598)	(3,064)	-	(106)	(375)

8 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	THE GROUP			THE BANK		
	2022	2021	2020	2022	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks (Note 13)	(10)	4	6	(10)	3	6
Due from banks (Note 14)	1,838	(571)	(21,789)	1,838	(570)	(21,789)
Loans and advances to banks (Note 16(a))	3,062	17,811	(3,508)	3,062	17,811	(3,508)
Loans and advances to customers (Note 16(b))	135,801	420,594	977,437	135,801	420,594	977,437
Debt instruments measured at FVTOCI (Note 17(b))	-	-	(1,074)	-	-	(1,074)
Debt instruments measured at amortised cost (Note 17(c))	(22,117)	33,411	(586)	(22,117)	33,411	(586)
Financial guarantee contracts and loan commitments (Note 38(b))	(18,956)	22,215	(3,116)	(18,956)	22,215	(3,116)
Trade and other receivables	-	9,285	60	-	3,669	-
Net impairment losses	99,618	502,749	947,430	99,618	497,133	947,370
Bad debts recovered	(33,800)	(32,002)	(108,275)	(33,800)	(32,002)	(108,275)
	65,818	470,747	839,155	65,818	465,131	839,095
Analysed as follows:						
Continuing operations	65,818	470,747	839,095	65,818	465,131	839,095
Discontinued operations (Note 42)	-	-	60	-	-	-
	65,818	470,747	839,155	65,818	465,131	839,095

9 PERSONNEL EXPENSES

	THE GROUP			THE BANK		
	2022	2021	2020	2022	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Salaries	415,716	406,029	425,126	415,716	388,827	401,348
Staff benefits	341,291	236,560	275,923	341,291	236,121	268,263
Portable Retirement Gratuity Fund	100	-	-	100	-	-
Retirement benefit cost (Note 31)	11,165	14,782	15,489	11,165	14,782	14,953
Pension cost - defined contribution scheme	28,579	27,861	27,234	28,579	27,861	25,972
Training expenses	4,878	(4,724)	7,624	4,878	(4,657)	7,543
	801,729	680,508	751,396	801,729	662,934	718,079
Analysed as follows:						
Continuing operations	801,729	662,934	718,079	801,729	662,934	718,079
Discontinued operations (Note 42)	-	17,574	33,317	-	-	-
	801,729	680,508	751,396	801,729	662,934	718,079

10 OTHER OPERATING EXPENSES

	THE GROUP			THE BANK		
	2022	2021	2020	2022	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Advertising and marketing expenses	23,997	13,888	54,363	23,997	12,757	53,411
Administrative expenses	324,863	232,954	255,811	324,842	234,617	250,236
Equipment and intangibles written off	2,424	11,618	206	2,424	11,618	206
Professional fees	325,845	64,749	68,097	324,966	60,552	62,708
	677,129	323,209	378,477	676,229	319,544	366,561
Analysed as follows:						
Continuing operations	677,129	313,733	369,248	676,229	319,544	366,561
Discontinued operations (Note 42)	-	9,476	9,229	-	-	-
	677,129	323,209	378,477	676,229	319,544	366,561

Special levy was reclassified from other operating expenses to taxation - Refer to note 11 for more details.

11 TAXATION

Income tax is calculated on the profit for the year as adjusted for income tax for the Bank's purposes as follows:
- up to MUR 1.5bn - 5%
- over to MUR 1.5bn - 15%

However, taxable income above MUR 1.5bn was subjected to graduated tax rate for the years ended 30 June 2020 and 2021 provided as per table below:
- the taxable income of current year exceeds MUR 1.5bn;
- the taxable income of base year exceeds MUR 1.5bn;
- the current year's taxable income exceeds that of its base year; and
- the bank satisfies prescribed conditions.

Taxable income	Rate of income tax
Up to MUR 1.5bn	5%
Exceeding MUR 1.5bn up to amount equivalent to the taxable income of the base year	15%
Amount exceeding taxable income of base year	5%

As per Income tax Act, 'base year' refer to taxable profit of year of assessment 2017/18, that is, financial year ended 30 June 2017. For the year ended 30 June 2020, the Bank has complied with the prescribed conditions and has applied the graduated tax rate. While for the year ended 30 June 2021, the chargeable income of the Bank was below the threshold of MUR 1.5bn.

The prescribed conditions for FY 22 and onwards is yet to be provided by the MRA. As such, the chargeable income in excess of MUR 1.5bn is being taxed at 15%.

Income tax of the subsidiaries is calculated at the rate of 15% (2021 and 2020: 15%)

Corporate Social Responsibility fund

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income under Segment A ('Resident') of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.

Special levy

Special levy on banks was amended under the Finance Act 2018 and 2019 and is now governed under the VAT Act. Every bank shall in every year be liable to pay the taxation authorities a special levy calculated at 5.5% where leviable income is less than or equal to MUR 1.2bn or at 4.5% where leviable income is greater than MUR 1.2bn. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT act.

11(a) Statements of financial position

	THE GROUP			THE BANK		
	2022	2021	2020	2022	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Corporate tax liability:						
Provision for the year	162,004	74,247	139,890	162,004	74,247	139,890
Tax paid under advance payment scheme	(56,064)	(60,053)	(128,282)	(56,064)	(60,053)	(128,282)
	105,940	14,194	11,608	105,940	14,194	11,608
CSR liability	2,437	2,789	2,010	2,437	2,789	2,010
Special levy	74,323	68,664	81,665	74,323	68,664	81,665
Current tax liabilities	182,700	85,647	95,283	182,700	85,647	95,283

Total tax paid (including levy, APS, CSR and tax assessment review) during the year ended 30 June 2022 was MUR 159.1m (2021: MUR 185.7m and 2020: MUR 328.6m).

11 TAXATION (CONTINUED)

11(b) Statements of profit or loss and other comprehensive income

The components of income tax expense for the years ended 30 June 2022, 2021 and 2020 are as follows:

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Current income tax	**162,004**	74,247	139,890	**162,004**	74,247	139,890
Under provision in income tax in prior years	**505**	10,846	425	**505**	10,846	425
Amount paid under tax assessment review	**-**	-	10,176	**-**	-	10,176
Withholding tax	**-**	-	2,541	**-**	-	2,541
CSR expense	**19,393**	22,299	15,856	**19,393**	22,299	15,856
Special levy	**74,323**	68,664	81,665	**74,323**	68,664	81,665
Under/(over) provision in deferred tax in prior years	**5**	(44)	(394)	**5**	(44)	(393)
Deferred tax movement (Note 11(d))	**9,191**	(27,607)	(21,180)	**9,191**	(27,607)	(21,724)
Tax expense for the year	**265,421**	148,405	228,979	**265,421**	148,405	228,436
Analysed as follows:						
Continuing operations	**265,421**	148,405	228,436	**265,421**	148,405	228,436
Discontinued operations (Note 42)	**-**	-	543	**-**	-	-
	265,421	148,405	228,979	**265,421**	148,405	228,436

11(c) Reconciliation of the total tax expense

A reconciliation between the tax expense and the accounting profit multiplied by the tax rate for the years ended 30 June 2022, 2021 and 2020 is as follows:

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Accounting profit before tax:						
Continuing operations	**1,694,687**	1,078,001	1,774,578	**1,702,038**	1,023,631	1,749,991
Discontinued operations (Note 42)	**-**	-	(2,603)	**-**	-	-
	1,694,687	1,078,001	1,771,975	**1,702,038**	1,023,631	1,749,991
Taxed at 7%	**118,628**	75,460	124,038	**119,143**	71,654	122,499
Under/(over) provision in deferred tax in prior years	**5**	(44)	(394)	**5**	(44)	(393)
Under/(over) provision in income tax in prior years	**505**	10,846	425	**505**	10,846	425
Amount paid under tax assessment review	**-**	-	10,176	**-**	-	10,176
Non deductible expenses	**2,732**	(1,031)	7,710	**2,217**	2,775	5,863
Bad debt written off subject to tax	**39,990**	-	8,710	**39,990**	-	8,710
Non taxable income	**(2,283)**	(30)	(6,470)	**(2,283)**	(30)	(3,628)
Withholding tax	**-**	-	2,541	**-**	-	2,541
CSR adjustment	**335**	3,127	(6,414)	**335**	3,127	(6,437)
Tax rate differential	**31,186**	(8,587)	6,992	**31,186**	(8,587)	7,015
Special levy	**74,323**	68,664	81,665	**74,323**	68,664	81,665
Tax expense	**265,421**	148,405	228,979	**265,421**	148,405	228,436
Analysed as follows:						
Continuing operations	**265,421**	148,405	228,436	**265,421**	148,405	228,436
Discontinued operations (Note 42)	**-**	-	543	**-**	-	-
	265,421	148,405	228,436	**265,421**	148,405	228,436

The applicable tax rate used for the above is on the basis that the majority of taxable income is being taxed at income tax rate of 5%.

11(d) Deferred tax

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At 1 July	**(149,593)**	(124,506)	(101,664)	**(149,593)**	(124,388)	(100,953)
Disposal of subsidiary	**-**	118	-	**-**	-	-
Charge to profit or loss:						
Under/(over) provision in deferred tax in prior years (Note 11 (b))	**5**	(44)	(394)	**5**	(44)	(393)
Movement for the year	**9,191**	(27,607)	(21,180)	**9,191**	(27,607)	(21,724)
Charge to other comprehensive income:						
Movement for the year	**305**	2,446	(1,268)	**305**	2,446	(1,318)
At 30 June	**(140,092)**	(149,593)	(124,506)	**(140,092)**	(149,593)	(124,388)

11 TAXATION (CONTINUED)

11(d) Deferred tax (continued)

THE GROUP	At 1 July 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2020	Disposal of subsidiary	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2021	**Disposal of subsidiary**	**Charge/ (credit) to profit or loss**	**Charge/ (credit) to OCI**	**At 30 June 2022**
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Deferred tax assets												
Impairment losses on loans and advances to banks and customers	(106,262)	(24,834)	-	(131,096)	-	(22,247)	-	(153,343)	**-**	**18,407**	**-**	**(134,936)**
Other temporary differences	(538)	(31)	-	(569)	569	-	-	-	**-**	**-**	**-**	**-**
Impairment loss on bond and other financial assets	(5,990)	5,017	-	(973)	-	(2,260)	-	(3,233)	**-**	**2,823**	**-**	**(410)**
Retirement benefit obligations	(3,845)	(293)	(1,268)	(5,406)	(491)	(1,013)	2,446	(4,464)	**-**	**(538)**	**305**	**(4,697)**
Provision	-	-	-	-	-	-	-	-	**-**	**(13,246)**	**-**	**(13,246)**
	(116,635)	(20,141)	(1,268)	(138,044)	78	(25,520)	2,446	(161,040)	**-**	**7,446**	**305**	**(153,289)**
Deferred tax liability												
Accelerated capital allowances	14,971	(1,433)	-	13,538	40	(2,131)	-	11,447	**-**	**1,750**	**-**	**13,197**
Net deferred tax assets	(101,664)	(21,574)	(1,268)	(124,506)	118	(27,651)	2,446	(149,593)	**-**	**9,196**	**305**	**(140,092)**

THE BANK	At 1 July 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2020	Disposal of subsidiary	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	At 30 June 2021	**Disposal of subsidiary**	**Charge/ (credit) to profit or loss**	**Charge/ (credit) to OCI**	**At 30 June 2022**
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Deferred tax assets												
Impairment losses on loans and advances to banks and customers	(106,262)	(24,834)	-	(131,096)	-	(22,247)	-	(153,343)	**-**	**18,407**	**-**	**(134,936)**
Impairment loss on bond and other financial assets	(5,990)	5,017	-	(973)	-	(2,260)	-	(3,233)	**-**	**2,823**	**-**	**(410)**
Retirement benefit obligations	(3,712)	(867)	(1,318)	(5,897)	-	(1,013)	2,446	(4,464)	**-**	**(538)**	**305**	**(4,697)**
Provision	-	-	-	-	-	-	-	-	**-**	**(13,246)**	**-**	**(13,246)**
	(115,964)	(20,684)	(1,318)	(137,966)	-	(25,520)	2,446	(161,040)	**-**	**7,446**	**305**	**(153,289)**
Deferred tax liability												
Accelerated capital allowances	15,011	(1,433)	-	13,578	-	(2,131)	-	11,447	**-**	**1,750**	**-**	**13,197**
Net deferred tax assets	(100,953)	(22,117)	(1,318)	(124,388)	-	(27,651)	2,446	(149,593)	**-**	**9,196**	**305**	**(140,092)**

12 DIVIDENDS

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Dividends on Ordinary shares:			
Dividend paid and payable	**234,993**	338,932	429,313
Dividends on Class A shares - Series 1 & Series 2:			
Dividend paid and payable	**65,037**	132,897	147,371
Dividends in Specie			
Distribution of AfrAsia Capital Management Ltd (ACM) Shares	**-**	38,277	-
Total dividends	**300,030**	510,106	576,684

Ordinary Shares

During the year ended 30 June 2022, the directors proposed that a dividend of MUR 2.08 (2021: MUR 3, 2020: MUR 3.80) per share to be paid to the holders of Ordinary shares with respect to the year ended 30 June 2021. The Board of Directors approved the dividend on 10 November 2021 and it was paid in December 2021. Total dividend paid is MUR 235M (2021: MUR 339M, 2020: MUR 429M).

Class A Shares

In relation to the year ended 30 June 2021, the Board proposed a final dividend of MUR 18.24 per share to the holders of Class A shares Series 1 and MUR 3.57 per share to be paid to the holders of Class A shares Series 2. The Board of directors approved the dividends on 10 November 2021 and these were paid in December 2021. The total amount paid were MUR 65.0M.

The dividend paid in 2021 and 2020 were MUR 30.42 and MUR 38.53 per share to the holders of Class A Series 1 and MUR 9.01 and MUR 8.79 per share to the holders of Class A shares series 2 and amounted to MUR 132.9M and MUR 147.4M respectively.

Movement in Dividend payable

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Opening balance	**85,102**	344	344
Ordinary dividend payable	**-**	18,602	-
Class A dividend payable	**-**	66,156	-
Dividend paid	**(84,758)**	-	-
Closing balance	**344**	85,102	344

13 CASH AND BALANCES WITH BANKS

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Cash in hand	**25,911**	28,782	40,108	**25,911**	28,782	40,108
Unrestricted balances with the Central Bank (Note 1)	**24,238,165**	16,893,152	8,500,527	**24,238,165**	16,893,152	8,500,527
Current accounts with other banks	**22,671,601**	37,579,779	21,124,814	**22,671,592**	37,579,767	21,120,088
	46,935,677	54,501,713	29,665,449	**46,935,668**	54,501,701	29,660,723
Less: allowance for impairment losses	**(16)**	(26)	(23)	**(16)**	(26)	(23)
	46,935,661	54,501,687	29,665,426	**46,935,652**	54,501,675	29,660,700

Note 1: Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement.

During the year under review, there has been a change in the presentation of Cash and balances with banks. Refer to Note 43 for more details.

Allowance for impairment losses

The balances were classified in stage 1 and 12-month ECL was calculated hereon at 30 June 2022, 2021 and 2020.

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**26**	23	17
Movement in ECL during the year	**(10)**	3	6
Loss allowance as at 30 June	**16**	26	23

14 DUE FROM BANKS

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At amortised cost:			
Short term collateralised placements	**-**	16,378,549	3,023,747
Short term placements with other banks	**28,180,618**	35,060,944	18,705,267
Medium term collateralised placements	**8,992,114**	-	4,015,880
Medium term placements with the Central Bank	**-**	-	789,208
Medium term placements with other banks	**10,169,739**	9,850,477	23,978,211
	47,342,471	61,289,970	50,512,313
Less: allowance for impairment losses - Short term placement	**(2,229)**	(599)	(151)
Less: allowance for impairment losses - Others	**(7,065)**	(6,857)	(7,875)
	47,333,177	61,282,514	50,504,287

The collateralised placements relate to reverse repurchase agreement (Repo) with banks, with government securities held as collateral. The fair value of the collateral at 30 June 2022 was MUR 12.7 bn (2021: MUR 23.4bn, 2020: MUR 10.9bn).

During the year under review, there has been a change in the presentation of Due from banks. Refer to Note 43 for more details.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

The financial assets were classified in Stage 1 and 12 month ECL was calculated hereon at 30 June 2022, 2021 and 2020.

	THE GROUP AND THE BANK		
	2022	2021	2020
External rating grade	**MUR'000**	MUR'000	MUR'000
Performing:			
Credit rating AAA	**-**	-	789,208
Credit rating AA+ to AA-	**224,146**	11,844,264	15,662,466
Credit rating A+ to A-	**28,827,276**	22,705,276	11,788,479
Credit rating BBB+ to BBB-	**10,606,477**	13,687,360	6,063,304
Credit rating BB+ to BB-	**5,439,968**	10,919,150	15,406,325
Credit rating B+ to B-	**2,244,604**	2,133,920	802,531
Total gross carrying amount	**47,342,471**	61,289,970	50,512,313
Loss allowance	**(9,294)**	(7,456)	(8,026)
Carrying amount at 30 June	**47,333,177**	61,282,514	50,504,287

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	**61,289,970**	50,512,313	46,779,989
New assets originated or purchased	**38,793,297**	60,304,459	49,613,489
Payments and assets derecognised	**(52,740,796)**	(49,526,802)	(45,881,165)
Gross carrying amount at 30 June	**47,342,471**	61,289,970	50,512,313

Allowance for impairment losses

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**7,456**	8,026	29,815
New assets originated or purchased	**9,293**	7,442	8,026
Payments and assets derecognised	**(7,455)**	(8,012)	(29,815)
Loss allowance as at 30 June	**9,294**	7,456	8,026

Major repayment of assets in FY 22 and higher ECL percentage on new assets acquired in FY 22.

New assets acquired in FY 21 with lower ECL percentage.

15 DERIVATIVE FINANCIAL INSTRUMENTS

(a) THE GROUP

	Assets 2022 MUR'000	Liabilities 2022 MUR'000	Assets 2021 MUR'000	Liabilities 2021 MUR'000	Assets 2020 MUR'000	Liabilities 2020 MUR'000
Foreign exchange option contracts	**855**	**(1,125)**	2,050	(2,050)	2,062	(1,759)
Foreign exchange contracts	**17,164**	**(7,633)**	59,798	(13,701)	125,451	(7,706)
Cross currency interest rate swap	**195,873**	**-**	151,683	-	97,580	-
Interest rate swap	**10,040**	**(10,040)**	2,870	(3,162)	3,906	(4,741)
Options contracts (structured deposits)	**145,749**	**(145,749)**	191,479	(191,479)	92,962	(92,962)
Accumulators/Decumulators	**2,298**	**(2,298)**	-	-	-	-
	371,979	**(166,845)**	407,880	(210,392)	321,961	(107,168)

(b) THE BANK

	Assets 2022 MUR'000	Liabilities 2022 MUR'000	Assets 2021 MUR'000	Liabilities 2021 MUR'000	Assets 2020 MUR'000	Liabilities 2020 MUR'000
Foreign exchange option contracts	**855**	**(1,125)**	2,050	(2,050)	2,062	(1,759)
Foreign exchange contracts	**17,164**	**(7,633)**	59,798	(13,701)	125,451	(7,706)
Cross currency interest rate swap	**195,873**	**-**	151,683	-	97,580	-
Interest rate swaps	**10,040**	**(10,040)**	2,870	(3,162)	3,906	(4,741)
Options contracts (structured deposits)	**145,749**	**(145,749)**	191,479	(191,479)	92,962	(92,962)
Accumulators/Decumulators	**2,298**	**(2,298)**	-	-	-	-
	371,979	**(166,845)**	407,880	(210,392)	321,961	(107,168)

The Group and the Bank have positions in the following types of derivatives:

Forward contracts

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forward are customised contracts transacted in the over-the-counter market.

Spot position

The current balance on spot position account reflect the bought/sold amounts (FX deals) in original currencies and equivalent amounts corresponding to the prevaling FX spot 'Accounting' rate as of the settlement date.

Swaps

Swaps are derivatives in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved.

Option contracts

Option contracts give the buyer the right, but not the obligation, to buy (in the case of a call) or sell (in the case of a put) the underlying asset at a specific price on or before a certain date.

Structured deposit

A structured deposit combines a normal deposit with a derivative product. The return on those structured deposits depends on the performance of the derivative's underlying asset. These underlying assets may include market indices, shares, interest rates, bonds , foreign exchange rates, or a combination of these. The derivative portion of the investment may involve the purchase/sale of options from / to the Bank's clients immediately followed by the sale/purchase of the same options to/from the Bank's financial institutions counterparties. Since the derivative portion is fully back to back there are no options open position in the Bank's books.

Accumulators/Decumulators

It is a series of forward contract for clients to buy (sell*) the reference share at a pre-determined price in each Exchange Business Day during the life of contract. Pre-determined purchase (selling*) price (i.e. strike price) is usually at discount (premium*) to the initial fixing price for accumulator (decumulator*).

Standard contracts usually comes with Knock out, Leverage and Guaranteed number of shares feature as explained below:

- Knock Out feature (at day close) which may lead to termination of contract prior to maturity date.
- Leverage / Gearing feature is that if closing price of reference share is below (above*) the strike price, client has to buy (sell under decumulator*) more number of shares than in normal days which equals to the number of times of leverage.
- Guaranteed number of shares feature is that if the Knock Out event triggers within the guaranteed period, guaranteed number of shares (number of shares bought / sold* in normal days x no of days in the guaranteed period) will be delivered to client at strike price (settlement at Knock Out Date + 1 settlement cycle).

16(a) LOANS AND ADVANCES TO BANKS

	THE GROUP AND THE BANK 2022 MUR'000	2021 MUR'000	2020 MUR'000
Banks:			
Segment A	**894,252**	-	1,002,583
Segment B	**11,128,767**	6,668,316	4,255,014
Total gross carrying amount loans and advances to banks	**12,023,019**	6,668,316	5,257,597
Less: allowance for impairment losses	**(32,543)**	(29,481)	(11,670)
	11,990,476	6,638,835	5,245,927

All the loans and advances to banks are classified in stage 1 and 12 months ECL calculated thereon.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

External rating grade	THE GROUP AND THE BANK 2022 MUR'000	2021 MUR'000	2020 MUR'000
Performing:			
Credit rating A+ to A-	**2,548,586**	2,217,104	321,758
Credit rating BBB+ to BBB-	**4,926,146**	1,702,874	1,404,181
Credit rating BB+ to BB-	**2,295,062**	2,110,731	3,328,236
Credit rating B+ to B-	**2,253,225**	637,607	203,422
Total gross carrying amount	**12,023,019**	6,668,316	5,257,597
Loss allowance	**(32,543)**	(29,481)	(11,670)
Carrying amount at 30 June	**11,990,476**	6,638,835	5,245,927

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

Gross carrying amount	THE GROUP AND THE BANK 2022 MUR'000	2021 MUR'000	2020 MUR'000
Gross carrying amount at 1 July	**6,668,316**	5,257,597	6,034,226
New assets originated or purchased	**8,458,364**	6,349,599	2,459,535
Payments and assets derecognised	**(3,103,661)**	(4,938,880)	(3,236,164)
Gross carrying amount at 30 June	**12,023,019**	6,668,316	5,257,597

Allowance for impairment losses	THE GROUP AND THE BANK 2022 MUR'000	2021 MUR'000	2020 MUR'000
Loss allowance as at 1 July	**29,481**	11,670	15,178
New assets originated or purchased	**32,930**	27,796	6,512
Payments and assets derecognised	**(29,868)**	(9,985)	(10,020)
Loss allowance as at 30 June	**32,543**	29,481	11,670

16(b) LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP AND THE BANK 2022 MUR'000	2021 MUR'000	2020 MUR'000
Retail and personal	**3,165,635**	2,676,026	2,297,051
Business	**12,246,066**	8,923,753	10,173,536
Government and parastatal bodies	**185,349**	287,100	386,063
Entities outside Mauritius	**13,817,202**	9,437,082	12,501,873
Credit cards	**130,961**	108,836	75,282
Total gross carrying amount loans and advances to customers	**29,545,213**	21,432,797	25,433,805
Less: allowance for impairment losses	**(2,288,589)**	(2,682,868)	(2,389,883)
	27,256,624	18,749,929	23,043,922

16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	THE GROUP AND THE BANK			
	2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing:				
Credit rating AAA	**103,865**	**-**	**-**	**103,865**
Credit rating AA+ to AA-	**6,403,072**	**-**	**-**	**6,403,072**
Credit rating A+ to A-	**324,104**	**-**	**-**	**324,104**
Credit rating BBB+ to BBB-	**10,602,848**	**4,835,210**	**-**	**15,438,058**
Credit rating BB+ to BB-	**479,837**	**157,958**	**-**	**637,795**
Credit rating B+ to B-	**4,635,919**	**37,539**	**-**	**4,673,458**
Credit rating CCC+ to C	**14,984**	**-**	**-**	**14,984**
Non performing:				
Credit rating D	**-**	**-**	**1,949,877**	**1,949,877**
Total gross carrying amount	**22,564,629**	**5,030,707**	**1,949,877**	**29,545,213**
Loss allowance	**(109,443)**	**(430,847)**	**(1,748,299)**	**(2,288,589)**
Carrying amount at 30 June	**22,455,186**	**4,599,860**	**201,578**	**27,256,624**

Higher ECL in FY 22 due to rating downgrade on some specific accounts.

	THE GROUP AND THE BANK			
	2021			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	662,221	-	-	662,221
Credit rating AA+ to AA-	1,083,083	36,887	-	1,119,970
Credit rating A+ to A-	4,058,035	1,241,193	-	5,299,228
Credit rating BBB+ to BBB-	4,733,613	3,313,528	-	8,047,141
Credit rating BB+ to BB-	600,188	2,276,438	-	2,876,626
Credit rating B+ to B-	320,727	272,385	-	593,112
Credit rating CCC+ to C	-	17,401	-	17,401
Non performing:				
Credit rating D	-	-	2,817,098	2,817,098
Total gross carrying amount	11,457,867	7,157,832	2,817,098	21,432,797
Loss allowance	(97,929)	(298,653)	(2,286,286)	(2,682,868)
Carrying amount at 30 June	11,359,938	6,859,179	530,812	18,749,929

	THE GROUP AND THE BANK			
	2020			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	444,346	-	-	444,346
Credit rating AA+ to AA-	3,109,194	83,667	-	3,192,861
Credit rating A+ to A-	12,782,569	50,749	-	12,833,318
Credit rating BBB+ to BBB-	4,853,103	290,918	-	5,144,021
Credit rating BB+ to BB-	699,862	26,734	-	726,596
Credit rating B+ to B-	239,199	6,679	-	245,878
Credit rating CCC+ to C	-	17,457	-	17,457
Non performing:				
Credit rating D	-	-	2,829,328	2,829,328
Total gross carrying amount	22,128,273	476,204	2,829,328	25,433,805
Loss allowance	(151,766)	(15,745)	(2,222,372)	(2,389,883)
Carrying amount at 30 June	21,976,507	460,459	606,956	23,043,922

For more details on restatement, please refer to Note 43.

16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	THE GROUP AND THE BANK			
	2022			
Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount at 1 July	**11,457,867**	**7,157,832**	**2,817,098**	**21,432,797**
Changes in the gross carrying amount				
Transfer to stage 1	**1,485,142**	**(1,485,142)**	**-**	**-**
Transfer to stage 2	**(2,389,645)**	**2,397,244**	**(7,599)**	**-**
Transfer to stage 3	**(151,068)**	**(85)**	**151,153**	**-**
New assets originated or purchased	**42,744,142**	**-**	**-**	**42,744,142**
Payments and assets derecognised	**(30,581,809)**	**(3,039,142)**	**(360,280)**	**(33,981,231)**
Write-offs	**-**	**-**	**(650,495)**	**(650,495)**
Gross carrying amount at 30 June	**22,564,629**	**5,030,707**	**1,949,877**	**29,545,213**

	THE GROUP AND THE BANK			
	2021			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	22,128,273	476,204	2,829,328	25,433,805
Changes in the gross carrying amount				
Transfer to stage 1	402	(392)	(10)	-
Transfer to stage 2	(6,987,459)	6,987,459	-	-
Transfer to stage 3	(431,096)	(8,842)	439,938	-
New assets originated or purchased	21,628,246	-	-	21,628,246
Payments and assets derecognised	(24,880,499)	(296,597)	(143,498)	(25,320,594)
Write-offs	-	-	(308,660)	(308,660)
Gross carrying amount at 30 June	11,457,867	7,157,832	2,817,098	21,432,797

	THE GROUP AND THE BANK			
	2020			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	20,702,961	1,117,417	2,242,335	24,062,713
Changes in the gross carrying amount				
Transfer to stage 1	16,594	(6,417)	(10,177)	-
Transfer to stage 2	(495,082)	522,431	(27,349)	-
Transfer to stage 3	(1,028,409)	(418,293)	1,446,702	-
New assets originated or purchased	30,603,339	-	-	30,603,339
Payments and assets derecognised	(27,671,130)	(738,934)	(315,869)	(28,725,933)
Write-offs	-	-	(506,314)	(506,314)
Gross carrying amount at 30 June	22,128,273	476,204	2,829,328	25,433,805

For more details on restatement, please refer to Note 43.

16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	THE GROUP AND THE BANK			
	2022			
	Stage 1	Stage 2	Stage 3	
Allowance for impairment losses	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	97,929	298,653	2,286,286	2,682,868
Changes in the loss allowance				
Transfer to stage 1	10,350	(10,350)	-	-
Transfer to stage 2	(327,748)	329,307	(1,559)	-
Transfer to stage 3	(234,724)	(85)	234,809	-
Net remeasurement of loss allowance	24,720	(48,261)	399	(23,142)
New assets originated or purchased	649,062	-	-	649,062
Payments and assets derecognised	(110,146)	(138,417)	(121,142)	(369,705)
Write-offs	-	-	(650,494)	(650,494)
Loss allowance as at 30 June	109,443	430,847	1,748,299	2,288,589

	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	
Allowance for impairment losses	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	151,766	15,745	2,222,372	2,389,883
Changes in the loss allowance				
Transfer to stage 1	38	(37)	(1)	-
Transfer to stage 2	(292,584)	292,584	-	-
Transfer to stage 3	(396,391)	(1,744)	398,135	-
New assets originated or purchased	458,522	-	-	458,522
Payments and assets derecognised	(51,599)	(9,557)	(25,555)	(86,711)
Net remeasurement of loss allowance	228,177	1,662	(4)	229,835
Write-offs	-	-	(308,661)	(308,661)
Loss allowance as at 30 June	97,929	298,653	2,286,286	2,682,868

	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	
Allowance for impairment losses	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	120,351	226,360	1,565,806	1,912,517
Changes in the loss allowance				
Transfer to stage 1	63	(21)	(42)	-
Transfer to stage 2	(9,919)	14,269	(4,350)	-
Transfer to stage 3	(933,997)	(318,128)	1,252,125	-
New assets originated or purchased	461,507	-	-	461,507
Payments and assets derecognised	(130,746)	(148,384)	(83,820)	(362,950)
Net remeasurement of loss allowance	644,507	241,649	(1,033)	885,123
Write-offs	-	-	(506,314)	(506,314)
Loss allowance as at 30 June	151,766	15,745	2,222,372	2,389,883

For more details on restatement, please refer to Note 43.

Allowance for impairment losses include both capital and interest on non-performing loans. Interest provision amounts to MUR 274.2m at 30 June 2022 (2021: MUR 324m and 2020: MUR 250m) on non-performing loans which are in arrears for more than 90 days (included in stage 3).

The interest suspended for the year ended 30 June 2022 amounts to MUR 41.7m (2021: MUR 97.3m and 2020: MUR 67.7m).

Foreign exchange differences on ECL of MUR 44.2m (2021: MUR 83.7m and 2020: MUR 78.5m) have been accounted under ' Gain on foreign exchange'.

17 INVESTMENT SECURITIES

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Financial assets held for trading measured at fair value through profit or loss (Note 17(a))	**5,679,750**	5,534,813	2,046,878	**5,679,750**	5,534,813	2,042,480
Debt instruments measured at fair value through other comprehensive income (Note 17(b))	**-**	-	-	**-**	-	-
Debt instruments measured at amortised cost (Note 17(c))	**65,269,752**	39,859,873	46,612,747	**65,269,752**	39,859,873	46,612,747
Equity Investments designated at fair value through other comprehensive income (Note 17(d))	**15,283**	13,804	36,940	**15,283**	13,804	9,673
Equity Investment measured at fair value through profit or loss (Note 17(e))	**514**	1,705	-	**514**	1,705	-
	70,965,299	45,410,195	48,696,565	**70,965,299**	45,410,195	48,664,900

(a) FINANCIAL ASSETS HELD FOR TRADING MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Trading assets:						
Government of Mauritius debt securities	**611,184**	2,805,517	850,043	**611,184**	2,805,517	850,043
Bank of Mauritius bonds and notes	**3,038,348**	1,038,656	920,011	**3,038,348**	1,038,656	920,011
Local securities: corporate bonds and notes	**-**	150,253	-	**-**	150,253	-
Unquoted equity investments	**-**	-	4,398	**-**	-	-
Foreign securities: corporate bonds and notes	**2,030,218**	1,540,387	272,426	**2,030,218**	1,540,387	272,426
	5,679,750	5,534,813	2,046,878	**5,679,750**	5,534,813	2,042,480

(b) DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

An analysis of changes in the carrying amount and the corresponding ECLs is, as follows:

	THE GROUP AND THE BANK		
Gross carrying amount	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000
Carrying amount at 1 July	-	-	3,571,880
Financial assets that have been repaid	-	-	(3,569,000)
Fair value movement	-	-	(2,880)
Carrying amount at 30 June	-	-	-

	THE GROUP AND THE BANK		
Allowance for impairment loss	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	-	-	1,074
Financial assets that have been repaid	-	-	(1,074)
Loss allowance as at 30 June	-	-	-

17 INVESTMENT SECURITIES (CONTINUED)

(c) DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Government of Mauritius treasury bills and bonds	**11,073,356**	12,177,847	12,250,207
Bank of Mauritius bonds and notes	**5,749,250**	3,432,443	2,279,722
Local Securities: corporate bonds and notes	**1,950,499**	1,952,332	2,370,619
Foreign securities: corporate bonds and notes	**12,217,706**	5,119,520	7,499,416
Foreign securities: sovereign bills, bonds and notes	**34,298,028**	17,218,935	22,220,576
	65,288,839	39,901,077	46,620,540
Less: allowance for impairment losses	**(19,087)**	(41,204)	(7,793)
	65,269,752	39,859,873	46,612,747

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	THE GROUP AND THE BANK			
	2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing:				
Credit rating AAA	**52,421,570**	**-**	**-**	**52,421,570**
Credit rating AA+ to AA-	**2,077,569**	**-**	**-**	**2,077,569**
Credit rating A+ to A-	**6,711,987**	**-**	**-**	**6,711,987**
Credit rating BBB+ to BBB-	**1,145,181**	**-**	**-**	**1,145,181**
Credit rating BB+ to BB-	**2,625,105**	**-**	**-**	**2,625,105**
Credit rating B+ to B-	**-**	**307,427**	**-**	**307,427**
Total gross carrying amount	**64,981,412**	**307,427**	**-**	**65,288,839**
Loss allowance	**(8,253)**	**(10,834)**	**-**	**(19,087)**
Carrying amount at 30 June	**64,973,159**	**296,593**	**-**	**65,269,752**

Decrease in ECL due to haircut applied on forward looking information in FY 22.

	THE GROUP AND THE BANK			
	2021			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	32,851,988	-	-	32,851,988
Credit rating AA+ to AA-	1,391,701	-	-	1,391,701
Credit rating A+ to A-	3,293,560	-	-	3,293,560
Credit rating BBB+ to BBB-	411,496	-	-	411,496
Credit rating BB+ to BB-	1,519,097	-	-	1,519,097
Credit rating B+ to B-	100,074	333,161	-	433,235
Total gross carrying amount	39,567,916	333,161	-	39,901,077
Loss allowance	(17,121)	(24,083)	-	(41,204)
Carrying amount at 30 June	39,550,795	309,078	-	39,859,873

Increase in 2021 ECL due to overlays applied as a result of uncertainty.

	THE GROUP AND THE BANK			
	2020			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	37,518,101	-	-	37,518,101
Credit rating AA+ to AA-	3,152,204	-	-	3,152,204
Credit rating A+ to A-	3,579,616	-	-	3,579,616
Credit rating BBB+ to BBB-	100,025	-	-	100,025
Credit rating BB+ to BB-	2,270,594	-	-	2,270,594
Total gross carrying amount	46,620,540	-	-	46,620,540
Loss allowance	(7,793)	-	-	(7,793)
Carrying amount at 30 June	46,612,747	-	-	46,612,747

For more details on restatement, please refer to Note 43.

17 INVESTMENT SECURITIES (CONTINUED)

(c) DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

An analysis of changes in the gross carrying amount as follows:

	THE GROUP AND THE BANK			
	2022			
Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount at 1 July	**39,567,916**	**333,161**	**-**	**39,901,077**
New financial assets originated	**47,489,218**	**-**	**-**	**47,489,218**
Financial assets that have been repaid	**(22,075,722)**	**(25,734)**	**-**	**(22,101,456)**
Gross carrying amount at 30 June	**64,981,412**	**307,427**	**-**	**65,288,839**

	THE GROUP AND THE BANK			
	2021			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	46,620,540	-	-	46,620,540
Changes in the gross carrying amount				
Transfer to stage 2	(333,161)	333,161	-	-
New financial assets originated	26,293,424	-	-	26,293,424
Financial assets that have been repaid	(33,012,887)	-	-	(33,012,887)
Gross carrying amount at 30 June	39,567,916	333,161	-	39,901,077

	THE GROUP AND THE BANK			
	2020			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 1 July	36,892,522	-	-	36,892,522
New financial assets originated	37,055,376	-	-	37,055,376
Financial assets that have been repaid	(26,745,599)	-	-	(26,745,599)
Financial assets that have been derecognised	(581,759)	-	-	(581,759)
Gross carrying amount at 30 June	46,620,540	-	-	46,620,540

For more details on restatement, please refer to Note 43.

17 INVESTMENT SECURITIES (CONTINUED)

(c) DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

An analysis of changes in the ECLs is, as follows:

	THE GROUP AND THE BANK			
	2022			
	Stage 1	Stage 2	Stage 3	
Allowance for impairment losses	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**17,121**	**24,083**	**-**	**41,204**
New financial assets originated	**4,301**	**-**	**-**	**4,301**
Financial assets that have been repaid	**(13,169)**	**(13,249)**	**-**	**(26,418)**
Loss allowance as at 30 June	**8,253**	**10,834**	**-**	**19,087**

	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	
Allowance for impairment losses	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	7,793	-	-	7,793
Changes in the loss allowance				
Transfer to stage 2	(1,574)	1,574	-	-
New financial assets originated	12,846	-	-	12,846
Financial assets that have been repaid	(1,944)	-	-	(1,944)
Net remeasurement of loss allowance	-	22,509	-	22,509
Loss allowance as at 30 June	17,121	24,083	-	41,204

	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	
Allowance for impairment losses	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	8,379	-	-	8,379
New financial assets originated	3,675	-	-	3,675
Financial assets that have been repaid	(4,223)	-	-	(4,223)
Financial assets that have been derecognised	(38)	-	-	(38)
Loss allowance as at 30 June	7,793	-	-	7,793

For more details on restatement, please refer to Note 43.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17 INVESTMENT SECURITIES (CONTINUED)

(d) EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Equity securities:						
At 1 July	**13,804**	36,940	31,945	**13,804**	9,673	8,303
Additions	**-**	2,649	-	**-**	2,649	-
Disposal of subsidiary	**-**	(49)	-	**-**	-	-
Fair value movement	**2,381**	(26,740)	4,290	**2,381**	478	665
Exchange (losses)/gains	**(902)**	1,004	705	**(902)**	1,004	705
At 30 June	**15,283**	13,804	36,940	**15,283**	13,804	9,673

The investments are expected to be held for the long term for strategic purposes and have been designated at FVTOCI. There was no disposal during the year. No dividend income was recognised on these investments during the year under review (2021 and 2020: Nil).

(e) EQUITY INVESTMENT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At 1 July	**1,705**	-	-
Acquisition during the year	**-**	9,000	-
Fair Value Movement	**(1,191)**	1,696	-
At 30 June	**514**	1,705	-

18(a) INVESTMENT IN SUBSIDIARIES

	THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Cost			
At 1 July	-	-	-
Impairment loss recognised	-	-	-
Addition	-	-	38,277
Less Asset held for distribution (Note 18(b))	-	-	(38,277)
At 30 June	-	-	-

During FY 2020, all shares of EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd) held by AfrAsia Investments Limited ("AIL") were acquired by AfrAsia Bank Limited ("ABL") for a consideration of MUR 38.3m

The details of the direct and indirect subsidiaries are as follows:

	Country of Incorporation	Class of Shares	Effective % Holdings		
			2022	2021	2020
			%	%	%
Direct subsidiaries					
AfrAsia Investments Limited	Mauritius	Ordinary	**100**	100	100
EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd)	Mauritius	Ordinary	**-**	-	100
Indirect subsidiary					
EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd)	Mauritius	Ordinary	-	-	-

18(b) ASSET HELD FOR DISTRIBUTION

The asset held for distribution pertain to the distribution of the shares in EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd) as dividend in specie amounting to MUR 38.3m. The shares was distributed on 25 January 2021 and EKADA Capital Ltd was deconsolidated as subsidiary on that date (Refer to Note 42).

19 PROPERTY AND EQUIPMENT

(a) THE GROUP

	Improvement to buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Assets in progress	Total
COST	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2019	58,938	81,680	16,348	11,878	120,714	22,317	311,875
Reclassification of assets	-	-	(2)	-	2	-	-
Additions for the year	-	4,481	1,647	2,800	14,384	547	23,859
Capitalisation of assets in progress	527	683	141	-	8,923	(10,274)	-
Disposal for the year	-	-	-	(8,965)	-	-	(8,965)
Assets written off	-	-	(136)	-	(451)	-	(587)
At 30 June 2020	59,465	86,844	17,998	5,713	143,572	12,590	326,182
At 1 July 2020	59,465	86,844	17,998	5,713	143,572	12,590	326,182
Additions for the year	-	923	1,056	-	2,846	2,810	7,635
Capitalisation of assets in progress	-	-	5	-	579	(584)	-
Disposal for the year	149	(320)	190	-	(19)	-	-
Assets written off	-	(2,008)	(1,115)	(5,530)	(2,989)	-	(11,642)
Disposal of subsidiary	-	(1,868)	1,959	(59)	(1,843)	-	(1,811)
At 30 June 2021	59,614	83,571	20,093	124	142,146	14,816	320,364
At 1 July 2021	**59,614**	**83,571**	**20,093**	**124**	**142,146**	**14,816**	**320,364**
Reclassification of assets	**-**	**-**	**413**	**-**	**(413)**	**-**	**-**
Additions for the year	**-**	**112**	**840**	**-**	**12,337**	**9,961**	**23,250**
Capitalisation of assets in progress	**-**	**-**	**1,198**	**-**	**8,010**	**(9,208)**	**-**
Assets written off	**(922)**	**(264)**	**(677)**	**-**	**(3,036)**	**-**	**(4,899)**
At 30 June 2022	**58,692**	**83,419**	**21,867**	**124**	**159,044**	**15,569**	**338,715**
ACCUMULATED DEPRECIATION							
At 1 July 2019	20,022	29,944	10,494	6,602	57,742	-	124,804
Reclassification of assets	-	-	7	-	(7)	-	-
Charge for the year - Continuing operations	5,343	7,475	1,720	821	20,355	-	35,714
Charge for the year - Discontinued operations (Note 42)	-	11	428	-	-	-	439
Disposal for the year	-	-	-	(5,589)	-	-	(5,589)
Assets written off	-	-	(69)	-	(312)	-	(381)
At 30 June 2020	25,365	37,430	12,580	1,834	77,778	-	154,987
At 1 July 2020	25,365	37,430	12,580	1,834	77,778	-	154,987
Reclassification of assets	291	(383)	112	-	(20)	-	-
Charge for the year - Continuing operations	5,351	7,480	2,169	482	20,151	-	35,633
Charge for the year - Discontinued operations (Note 42)	-	3	150	-	-	-	153
Assets written off	-	(912)	(758)	(2,204)	(2,226)	-	(6,100)
Disposal of subsidiary	-	(670)	765	(6)	(1,835)	-	(1,746)
At 30 June 2021	31,007	42,948	15,018	106	93,848	-	182,927
At 1 July 2021	**31,007**	**42,948**	**15,018**	**106**	**93,848**	**-**	**182,927**
Reclassification of assets	**-**	**-**	**331**	**-**	**(331)**	**-**	**-**
Charge for the year - Continuing operations	**13,875**	**13,149**	**1,993**	**6**	**11,039**	**-**	**40,062**
Assets written off	**(415)**	**(159)**	**(527)**	**-**	**(2,379)**	**-**	**(3,480)**
At 30 June 2022	**44,467**	**55,938**	**16,815**	**112**	**102,177**	**-**	**219,509**
CARRYING AMOUNT							
At 30 June 2022	**14,225**	**27,481**	**5,052**	**12**	**56,867**	**15,569**	**119,206**
At 30 June 2021	28,607	40,623	5,075	18	48,298	14,816	137,437
At 30 June 2020	34,100	49,414	5,418	3,879	65,794	12,590	171,195

The directors have reviewed the carrying amount of the Group's property and equipment and are of the opinion that no impairment is required at the reporting date (2021 and 2020: Nil)

19 PROPERTY AND EQUIPMENT (CONTINUED)

(b) THE BANK

	Improvement to buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Assets in progress	Total
COST	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2019	59,087	79,652	18,307	8,129	118,840	22,317	306,332
Reclassification of assets	-	-	(2)	-	2	-	-
Additions for the year	-	4,481	1,647	2,800	14,384	547	23,859
Capitalisation of assets in progress	527	683	141	-	8,923	(10,274)	-
Disposal for the year	-	-	-	(5,275)	-	-	(5,275)
Assets written off	-	-	(136)	-	(451)	-	(587)
At 30 June 2020	59,614	84,816	19,957	5,654	141,698	12,590	324,329
At 1 July 2020	59,614	84,816	19,957	5,654	141,698	12,590	324,329
Additions for the year	-	923	1,056	-	2,846	2,810	7,635
Capitalisation of assets in progress	-	-	5	-	579	(584)	-
Disposal for the year	-	(171)	190	-	(19)	-	-
Assets written off	-	(2,008)	(1,115)	(5,530)	(2,989)	-	(11,642)
At 30 June 2021	59,614	83,560	20,093	124	142,115	14,816	320,322
At 1 July 2021	**59,614**	**83,560**	**20,093**	**124**	**142,115**	**14,816**	**320,322**
Reclassification of assets	**-**	**-**	**413**	**-**	**(413)**	**-**	**-**
Additions for the year	**-**	**112**	**840**	**-**	**12,337**	**9,961**	**23,250**
Capitalisation of assets in progress	**-**	**-**	**1,198**	**-**	**8,010**	**(9,208)**	**-**
Assets written off	**(922)**	**(264)**	**(677)**	**-**	**(3,036)**	**-**	**(4,899)**
At 30 June 2022	**58,692**	**83,408**	**21,867**	**124**	**159,013**	**15,569**	**338,673**
ACCUMULATED DEPRECIATION							
At 1 July 2019	20,313	28,987	11,409	3,644	56,304	-	120,657
Reclassification of assets	-	-	7	-	(7)	-	-
Charge for the year	5,343	7,474	2,148	821	19,927	-	35,713
Disposal for the year	-	-	-	(2,637)	-	-	(2,637)
Assets written off	-	-	(69)	-	(312)	-	(381)
At 30 June 2020	25,656	36,461	13,495	1,828	75,912	-	153,352
At 1 July 2020	25,656	36,461	13,495	1,828	75,912	-	153,352
Reclassification of assets	-	(93)	112	-	(19)	-	-
Charge for the year	5,351	7,480	2,169	482	20,151	-	35,633
Assets written off	-	(911)	(758)	(2,204)	(2,227)	-	(6,100)
At 30 June 2021	31,007	42,937	15,018	106	93,817	-	182,885
At 1 July 2021	**31,007**	**42,937**	**15,018**	**106**	**93,817**	**-**	**182,885**
Reclassification of assets	**-**	**-**	**331**	**-**	**(331)**	**-**	**-**
Charge for the year	**13,875**	**13,149**	**1,993**	**6**	**11,039**	**-**	**40,062**
Assets written off	**(415)**	**(159)**	**(527)**	**-**	**(2,379)**	**-**	**(3,480)**
At 30 June 2022	**44,467**	**55,927**	**16,815**	**112**	**102,146**	**-**	**219,467**
CARRYING AMOUNT							
At 30 June 2022	**14,225**	**27,481**	**5,052**	**12**	**56,867**	**15,569**	**119,206**
At 30 June 2021	28,607	40,623	5,075	18	48,298	14,816	137,437
At 30 June 2020	33,958	48,355	6,462	3,826	65,786	12,590	170,977
NET BOOK VALUE AT 30 JUNE 2022							
SEGMENT A	**6,614**	**12,778**	**2,349**	**6**	**26,442**	**7,239**	**55,428**
SEGMENT B	**7,611**	**14,703**	**2,703**	**6**	**30,425**	**8,330**	**63,778**
	14,225	**27,481**	**5,052**	**12**	**56,867**	**15,569**	**119,206**
NET BOOK VALUE AT 30 JUNE 2021							
SEGMENT A	15,760	22,380	2,796	10	26,608	8,162	75,716
SEGMENT B	12,847	18,243	2,279	8	21,690	6,654	61,721
	28,607	40,623	5,075	18	48,298	14,816	137,437
NET BOOK VALUE AT 30 JUNE 2020							
SEGMENT A	15,426	21,966	2,935	1,738	29,884	5,719	77,668
SEGMENT B	18,532	26,389	3,527	2,088	35,902	6,871	93,309
	33,958	48,355	6,462	3,826	65,786	12,590	170,977

The directors have reviewed the carrying amount of the Bank's property and equipment and are of the opinion that no impairment is required at the reporting date (2021 and 2020: Nil)

20 INTANGIBLE ASSETS

(a) THE GROUP

	Computer software MUR'000	Other MUR'000	Assets in progress MUR'000	Customer relations MUR'000	Total MUR'000
COST					
At 1 July 2019	318,997	9,631	38,085	124,609	491,322
Additions for the year	8,365	-	59,158	-	67,523
Capitalisation of assets in progress	11,291	-	(11,291)	-	-
At 30 June 2020	338,653	9,631	85,952	124,609	558,845
At 1 July 2020	338,653	9,631	85,952	124,609	558,845
Additions for the year	9,874	-	61,513	-	71,387
Capitalisation of assets in progress	9,028	-	(9,028)	-	-
Disposal of subsidiary	(678)	-	-	-	(678)
Disposal	-	-	(1,169)	-	(1,169)
Assets written off	(1,691)	(318)	(9,014)	(124,609)	(135,632)
At 30 June 2021	355,186	9,313	128,254	-	492,753
At 1 July 2021	**355,186**	**9,313**	**128,254**	**-**	**492,753**
Reclassification of assets	**(9,646)**	**9,646**	**-**	**-**	**-**
Additions for the year	**84,934**	**2,816**	**39,245**	**-**	**126,995**
Capitalisation of assets in progress	**105,258**	**543**	**(105,801)**	**-**	**-**
Assets written off	**(4,387)**	**-**	**-**	**-**	**(4,387)**
At 30 June 2022	**531,345**	**22,318**	**61,698**	**-**	**615,361**
ACCUMULATED AMORTISATION					
At 1 July 2019	115,631	7,681	-	124,609	247,921
Charge for the year - Continuing operations	39,824	1,099	-	-	40,923
Charge for the year - Discontinued operations (Note 42)	11	-	-	-	11
At 30 June 2020	155,466	8,780	-	124,609	288,855
At 1 July 2020	155,466	8,780	-	124,609	288,855
Charge for the year - Continuing operations	41,745	221	-	-	41,966
Charge for the year - Discontinued operations (Note 42)	53	-	-	-	53
Assets written off	(1,218)	(318)	-	(124,609)	(126,145)
Disposal of subsidiary	(655)	-	-	-	(655)
At 30 June 2021	195,391	8,683	-	-	204,074
At 1 July 2021	**195,391**	**8,683**	**-**	**-**	**204,074**
Reclassification of assets	**(5,148)**	**5,148**	**-**	**-**	**-**
Charge for the year - Continuing operations	**48,388**	**3,848**	**-**	**-**	**52,236**
Assets written off	**(3,385)**	**-**	**-**	**-**	**(3,385)**
At 30 June 2022	**235,246**	**17,679**	**-**	**-**	**252,925**
NET CARRYING AMOUNT					
At 30 June 2022	**296,099**	**4,639**	**61,698**	**-**	**362,436**
At 30 June 2021	159,795	630	128,254	-	288,679
At 30 June 2020	183,187	851	85,952	-	269,990

The directors have reviewed the carrying amount of the Group's intangible assets and are of the opinion that no impairment is required at the reporting date (2021 and 2020: Nil).

20 INTANGIBLE ASSETS (CONTINUED)

(b) THE BANK

	Computer software MUR'000	Other MUR'000	Assets in progress MUR'000	Total MUR'000
COST				
At 1 July 2019	318,406	9,628	38,085	366,119
Additions for the year	8,281	-	59,158	67,439
Capitalisation of assets in progress	11,291	-	(11,291)	-
At 30 June 2020	337,978	9,628	85,952	433,558
At 1 July 2020	337,978	9,628	85,952	433,558
Additions for the year	9,874	-	61,513	71,387
Capitalisation of assets in progress	9,028	-	(9,028)	-
Disposal	-	-	(1,169)	(1,169)
Assets written off	(1,691)	(318)	(9,014)	(11,023)
At 30 June 2021	355,189	9,310	128,254	492,753
At 1 July 2021	**355,189**	**9,310**	**128,254**	**492,753**
Reclassification of assets	**(9,646)**	**9,646**	**-**	**-**
Additions for the year	**84,934**	**2,816**	**39,245**	**126,995**
Capitalisation of assets in progress	**105,258**	**543**	**(105,801)**	**-**
Assets written off	**(4,387)**	**-**	**-**	**(4,387)**
At 30 June 2022	**531,348**	**22,315**	**61,698**	**615,361**
ACCUMULATED AMORTISATION				
At 1 July 2019	115,040	7,681	-	122,721
Charge for the year	39,824	1,099	-	40,923
At 30 June 2020	154,864	8,780	-	163,644
At 1 July 2020	154,864	8,780	-	163,644
Charge for the year	41,745	221	-	41,966
Assets written off	(1,218)	(318)	-	(1,536)
At 30 June 2021	195,391	8,683	-	204,074
At 1 July 2021	**195,391**	**8,683**	**-**	**204,074**
Reclassification of assets	**(5,148)**	**5,148**	**-**	**-**
Charge for the year	**48,388**	**3,848**	**-**	**52,236**
Assets written off	**(3,385)**	**-**	**-**	**(3,385)**
At 30 June 2022	**235,246**	**17,679**	**-**	**252,925**
CARRYING AMOUNT				
At 30 June 2022	296,102	4,636	61,698	362,436
At 30 June 2021	159,798	627	128,254	288,679
At 30 June 2020	183,114	848	85,952	269,914
NET BOOK VALUE AS AT 30 JUNE 2022				
SEGMENT A	**137,679**	**2,156**	**28,689**	**168,524**
SEGMENT B	**158,423**	**2,480**	**33,009**	**193,912**
	296,102	**4,636**	**61,698**	**362,436**
NET BOOK VALUE AS AT 30 JUNE 2021				
SEGMENT A	88,035	345	70,657	159,037
SEGMENT B	71,763	282	57,597	129,642
	159,798	627	128,254	288,679
NET BOOK VALUE AS AT 30 JUNE 2020				
SEGMENT A	83,182	385	39,044	122,611
SEGMENT B	99,932	463	46,908	147,303
	183,114	848	85,952	269,914

During the year ended 30 June 2021, intangibles assets in progress amounting to MUR 9.0m has been written off and MUR 1.2m has been disposed off since management decided not to proceed with the projects.

The directors have reviewed the carrying amount of the Bank's intangible assets and are of the opinion that no impairment is required at the reporting date (2021 and 2020: Nil).

21 LEASE

The Group and the Bank lease building and hardware and the average lease term is 3 years. The Group and the Bank do not have the option to purchase the leased assets at the end of the lease term. The Group and the Bank's obligations are secured by the lessor's title to the leased assets for such leases.

RIGHT OF USE ASSETS	THE GROUP AND THE BANK		
	2022	2021	2020
COST	**MUR'000**	MUR'000	MUR'000
At 1 July	**100,501**	113,596	92,766
Additions	**88,019**	72	20,830
Remeasurement of right of use assets	**220**	415	-
Lease terminated	**-**	(4,918)	-
Lease expired	**(46,244)**	(8,664)	-
At 30 June	**142,496**	100,501	113,596
ACCUMULATED DEPRECIATION			
At 1 July	**55,983**	33,579	-
Charge for the year	**31,669**	34,140	33,579
Lease terminated	**-**	(3,072)	-
Lease expired	**(46,244)**	(8,664)	-
At 30 June	**41,408**	55,983	33,579
CARRYING AMOUNT			
AT 30 June	**101,088**	44,518	80,017

One of the lease contracts for property was terminated and 2 lease contracts have expired during the last financial year. The additions to the lease contracts relate to the CPI adjustments to the rental payments for one property lease contract.

Depreciation charge for one lease has been presented under personal expenses in the statements of profit or loss and other comprehensive income as it relates to staff benefits. (2022: Nil, 2021: MUR 1.2m and 2020: MUR 1.8m).

There are no variable lease payments in the lease contracts of the Group and the Bank.

LEASE LIABILITIES

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Analysed as:			
Non-current	**65,304**	19,975	48,501
Current	**35,074**	27,683	34,070
	100,378	47,658	82,571
Disclosure required by IFRS 16			
Maturity analysis			
Year 1	**39,264**	29,621	37,526
Year 2	**25,622**	15,568	30,647
Year 3	**15,751**	5,189	15,568
Year 4	**15,889**	-	5,189
Year 5	**13,542**	-	-
	110,068	50,378	88,930
Less unearned interest	**(9,690)**	(2,720)	(6,359)
	100,378	47,658	82,571

The Group and the Bank do not face a significant liquidity risk with regard to its lease liabilities. The leases are denominated in MUR, USD and ZAR.

21 LEASE (CONTINUED)

LEASE LIABILITIES (CONTINUED)

RECONCILIATION OF FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At 1 July	**47,658**	82,571	-
Financing cash flows:			
Additions	**88,019**	72	20,830
Lease repayments	**(35,309)**	(33,516)	(31,025)
Non-Cash changes:			
Adoption of IFRS 16	**-**	-	92,766
Remeasurement of lease liabilities	**220**	415	-
Lease terminated	**-**	(1,822)	-
Revaluation	**(210)**	(62)	-
At 30 June	**100,378**	47,658	82,571

AMOUNTS RECOGNISED IN PROFIT OR LOSS	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Depreciation expense on right-of-use assets	**31,669**	32,912	31,735
Depreciation expense on right-of-use assets - staff benefits	**-**	1,228	1,844
Interest expense on lease liabilities (Note 4(b))	**2,739**	3,798	4,845
Interest expense accounted under staff costs	**-**	89	215
	34,408	38,027	38,639

22 OTHER ASSETS

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Mandatory balances with the Central Bank	**3,189,239**	2,276,930	2,174,086	**3,189,239**	2,276,930	2,174,086
Trade receivable (net)	**-**	-	874	**-**	-	-
Contract assets	**-**	-	9,110	**-**	-	-
Indirect and other taxes receivable	**115,505**	98,960	84,393	**115,505**	98,960	84,393
Due from credit card service provider	**-**	-	12,510	**-**	-	12,510
Prepaid expenses	**89,401**	56,732	43,331	**89,401**	56,732	42,936
Other receivables	**29,506**	39,332	28,777	**29,506**	39,332	32,712
Amount due from subsidiaries	**-**	-	-	**-**	-	922
	3,423,651	2,471,954	2,353,081	**3,423,651**	2,471,954	2,347,559

Mandatory balances with the Central bank are not available for use in the Bank's day-to-day operations. These balances are based on the last reported figure applied for the maintenance of minimum rupee and foreign currency balances as at 30 June 2022 while the balances as at 30 June 2021 and 2020 are based on the daily ratio applied for the maintenance of minimum rupee and foreign currency balances.

During the year ended 30 June 2020, an impairment review has been performed on the amount due from subsidiaries, as a result of a fall in its financial performance. The movement in impairment loss is as follows:

	THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	**50,816**	47,718	50,000
Impairment during the year	**-**	-	91,473
Financial assets that have been repaid	**(9,824)**	-	(58,416)
Write off	**(41,857)**	-	(44,000)
Other movement	**865**	3,098	8,661
Loss allowance as at 30 June	**-**	50,816	47,718

Receivable from subsidiary is nil (2021: nil and 2020: MUR 922m).

At 30 June 2021, there was a receivable from a director of MUR 3.7m which was fully provided as management has assessed the recoverability to be doubtful.

22 OTHER ASSETS (CONTINUED)

THE GROUP	< 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	789	-	80	5	874

The credit term is 30 days and the average credit period is 90 days.

Contract assets are initially recognised for revenue as per the agreement in place between the subsidiary and its customers. Upon invoicing of the fees, the amount recognised as contract assets are reclassified to trade receivables.

The ageing of trade receivables are as follows:

Movement in allowance for expected credit loss	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	-	96	36
Movement in ECL during the year (Note 8)	-	-	60
Disposal of subsidiary	-	(96)	-
Loss allowance as at 30 June	-	-	96

23 DUE TO BANKS

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At amortised cost:			
Borrowings from the Central Bank	-	-	6,376
Borrowings from other banks	-	1,000,025	-
Bank overdraft	**1,644**	97	6,876
	1,644	1,000,122	13,252

The borrowings from the Central Bank are secured by the Bank's cash balances held with the Central Bank. For 2020, the borrowings from Central Bank of MUR 6.4m are secured and long-term with tenor of 360 days attracting interest rate of 0.68%.
Short term interbank borrowing from local bank at 30 June 2021 was MUR 1.00 bn with an interest rate of 0.45% per annum with a remaining tenor of 2 days.

24(a) DEPOSITS FROM BANKS

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At amortised cost:						
- Current account	**16,101**	17,255	15,754	**16,101**	17,255	15,754
- Savings account	**353,486**	347,471	80,611	**353,486**	347,471	80,611
	369,587	364,726	96,365	**369,587**	364,726	96,365

24(b) DEPOSITS FROM CUSTOMERS

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At amortised cost:						
Personal						
- Current accounts	**26,066,123**	22,350,824	15,583,148	**26,066,123**	22,350,824	15,583,148
- Savings accounts	**4,728,640**	4,745,568	4,965,847	**4,728,640**	4,745,568	4,965,847
- Term deposits	**8,530,050**	8,803,199	11,265,782	**8,530,050**	8,803,199	11,265,782
Business						
- Current accounts	**132,618,517**	119,274,562	91,180,935	**132,621,900**	119,288,834	91,205,309
- Savings accounts	**707,396**	1,024,076	970,602	**707,396**	1,024,076	970,602
- Term deposits	**22,145,207**	20,747,512	25,418,203	**22,145,207**	20,747,512	25,418,203
Government institutions						
- Current accounts	**770,487**	1,592,014	717,204	**770,487**	1,592,014	717,204
- Savings accounts	**17,873**	17,749	22,604	**17,873**	17,749	22,604
- Term deposits	**1,488,043**	276,782	701,781	**1,488,043**	276,782	701,920
	197,072,336	178,832,286	150,826,106	**197,075,719**	178,846,558	150,850,619

Included in 'Deposits from customers' are deposits of MUR 1.8bn (2021: MUR 1.6bn and 2020: MUR 1.1bn) held as collateral against loans and advances to the respective customers.

25 BORROWINGS FROM FINANCIAL INSTITUTION

	THE GROUP AND THE BANK
	2022
	MUR'000
At amortised cost:	
Borrowings from the financial institution	**140,547**

Long term borrowing from financial institution as at 30 June 2022 was EUR 3m at floating interest rate of 6 months EURIBOR plus 0.55% margin per annum with a tenor of 13 years. The repayment frequency for the interest payable and the capital portion is semi annually. The first instalment for the capital portion shall be due and payable on 01 January 2024 until maturity.

26 DEBTS ISSUED

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Loan notes	-	-	1,083	-	-	-

Loan notes

The loan notes issued represent the discounted value of capital guaranteed to investors on the structured products issued by the subsidiary.

The notes are due as follows:	THE GROUP		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Within 1 year	-	-	1,083
	-	-	1,083

The loan notes were unsecured and interest free. The loan notes for 2020 were capital protected contracts and represented the discounted value of the capital of investors, subject to the credit risk of the issuer.

The table below details changes in the Group's and the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which flows were, or future cash flows will be, classified in the statement of cash flows from financing activities.

	THE GROUP		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At 1 July	-	1,083	320,662
Repayment of unsecured bonds	-	-	(170,556)
Cash movements	-	(1,083)	(135,374)
Non cash movements	-	-	(13,649)
At 30 June	-	-	1,083

	THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At 1 July	-	-	184,205
Repayment of unsecured bonds	-	-	(170,556)
Non cash movements	-	-	(13,649)
At 30 June	-	-	-

27 OTHER LIABILITIES

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Dividend payable	**344**	85,102	344	**344**	85,102	344
Advance commission	**272**	210	253	**272**	210	253
Other payables	**203,608**	148,514	277,599	**202,635**	144,000	266,860
Personnel expenses related accruals	**209,374**	144,105	211,578	**209,374**	144,105	211,578
Provisions	**280,596**	34,576	7,361	**280,596**	34,576	7,361
	694,194	412,507	497,135	**693,221**	407,993	486,396

Included in personnel expenses related accruals are staffs' bonus.

Included in other payables are accruals based on business operations.

The movement in provisions is as follows:

	THE GROUP AND THE BANK		
	Financial guarantee contracts and loan commitments	**Other**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
At 1 July 2019	10,476	-	10,476
New assets originated or purchased	6,842	-	6,842
Payments and assets derecognised	(10,007)	-	(10,007)
Net remeasurement of loss allowance	50	-	50
At 30 June 2020	7,361	-	7,361
At 1 July 2020	7,361	-	7,361
Arising during the year	-	5,000	5,000
New assets originated or purchased	25,952	-	25,952
Payments and assets derecognised	(3,737)	-	(3,737)
At 30 June 2021	29,576	5,000	34,576
At 1 July 2021	**29,576**	**5,000**	**34,576**
Arising during the year	**-**	**264,977**	**264,977**
New assets originated or purchased	**6,708**	**-**	**6,708**
Payments and assets derecognised	**(25,665)**	**-**	**(25,665)**
At 30 June 2022	**10,619**	**269,977**	**280,596**

Other provisions

Other provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties. The Group and the Bank is of the opinion that if disclosing these events on a case-by-case basis would prejudice their outcome, then such detailed disclosures have not been included in the Bank financial statements.

Other provisions have a maturity of more than one year.

28 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Held for trading:			
Equities	**-**	-	4,398

Financial liabilities measured at FVTPL are portfolio of funds that are managed on a fair value basis by the subsidiary. The corresponding financial asset measured at FVTPL are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

29 ORDINARY SHARES

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Ordinary shares of no par value			
Issued and fully paid	**3,641,049**	3,641,049	3,641,049

Analysed as follows:
Issued and fully paid

	THE GROUP AND THE BANK					
	2022		2021		2020	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
At 1 July and 30 June	**112,977,210**	**3,641,049**	112,977,210	3,641,049	112,977,210	3,641,049

30 CLASS A SHARES

THE GROUP
Issued and fully paid

	2022		2021		2020	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
USD 20,000,000 Class A Series 1 Shares	**2,000,000**	**604,580**	2,000,000	604,580	2,000,000	604,580
MUR 800,000,000 Class A Series 2 Shares	**8,000,000**	**800,000**	8,000,000	800,000	8,000,000	800,000
Transaction costs	**-**	**(18,812)**	-	(18,812)	-	(4,812)
	10,000,000	**1,385,768**	10,000,000	1,385,768	10,000,000	1,399,768

THE BANK
Issued and fully paid

	2022		2021		2020	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
USD 20,000,000 Class A Series 1 Shares	**2,000,000**	**604,580**	2,000,000	604,580	2,000,000	604,580
MUR 800,000,000 Class A Series 2 Shares	**8,000,000**	**800,000**	8,000,000	800,000	8,000,000	800,000
Transaction costs	**-**	**(18,812)**	-	(18,812)	-	(18,812)
	10,000,000	**1,385,768**	10,000,000	1,385,768	10,000,000	1,385,768

THE GROUP AND THE BANK
Analysed as follows:

	2022		2021		2020	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
USD 20,000,000 Class A Series 1 Shares						
At 30 June	**2,000,000**	**604,580**	2,000,000	604,580	2,000,000	604,580

	2022		2021		2020	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR'000		MUR'000		MUR'000
MUR 800,000,000 Class A Series 2 Shares						
At 30 June	**8,000,000**	**800,000**	8,000,000	800,000	8,000,000	800,000

The Class A shares do not carry any general voting right at any shareholders meeting of the Bank other than an irrevocable right to vote on any proposal to amend the Class A shares Terms and Conditions.

The shares are callable, at the option of the issuer, six years after the issue date (30 June 2014), with the prior approval of the Bank of Mauritius. The Bank has not exercised the option to redeem the shares as at 30 June 2022.

Dividends are payable at the discretion of the Board of Directors of AfrAsia Bank Limited and subject to the prior approval of Bank of Mauritius.

31 RETIREMENT BENEFIT OBLIGATIONS

The Group and the Bank have a defined contribution (DC) scheme which is a funded obligation administered by Swan Life Ltd.
The liability relates to retirement gratuities payable under The Workers' Right Act 2019 which is unfunded.
The actuarial valuation was carried out at 30 June 2022 by Swan Life Ltd.
The plan expose the Group and the Bank to normal risks associated with defined benefit pension plans such as interest risk and salary risk.
Interest risk: If the bond/bill yields decrease, the liabilities would be calculated using a lower discount rate, and would therefore increase.
Salary risk: If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Retirement gratuities

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Present value of obligations	**79,240**	73,189	102,034	**79,240**	73,189	99,851

Movement in liability recognised in statements of financial position:	**2022**	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Net liability at start of year	**73,189**	102,034	67,307	**73,189**	99,851	64,652
Disposal of subsidiary	**-**	(2,183)	-	**-**	-	-
Amount recognised in profit or loss	**11,265**	14,782	15,489	**11,265**	14,782	14,953
Amount recognised in other comprehensive income	**(5,114)**	(41,444)	20,723	**(5,114)**	(41,444)	21,731
Payment of gratuity and pension	**(100)**	-	(1,485)	**(100)**	-	(1,485)
Net liability at end of the year	**79,240**	73,189	102,034	**79,240**	73,189	99,851

Amounts recognised in statements of profit or loss and other comprehensive income	**2022**	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Current service cost	**7,532**	11,087	11,689	**7,532**	11,087	11,310
Net interest cost	**3,733**	3,695	3,800	**3,733**	3,695	3,643
Components of amount recognised in profit or loss	**11,265**	14,782	15,489	**11,265**	14,782	14,953
Remeasurement of defined benefit obligations:						
Liability experience (gain)/ loss	**(6,819)**	(22,891)	10,979	**(6,819)**	(22,891)	12,934
Liability (gain)/ loss due to change in financial assumptions	**1,705**	(18,553)	9,744	**1,705**	(18,553)	8,797
Components of amount recognised in other comprehensive income	**(5,114)**	(41,444)	20,723	**(5,114)**	(41,444)	21,731
	6,151	(26,662)	36,212	**6,151**	(26,662)	36,684

Changes in the present value of the defined benefit obligations:	**2022**	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
At 1 July	**73,189**	102,034	67,307	**73,189**	99,851	64,652
Disposal of subsidiary	**-**	(2,183)	-	**-**	-	-
Interest cost	**3,733**	3,695	3,800	**3,733**	3,695	3,643
Current service cost	**7,532**	11,087	11,689	**7,532**	11,087	11,310
Liability experience (gain)/loss	**(6,819)**	(22,891)	10,979	**(6,819)**	(22,891)	12,934
Liability (gain)/loss due to change in financial assumptions	**1,705**	(18,553)	9,744	**1,705**	(18,553)	8,797
Payment of gratuity and pension	**(100)**	-	(1,485)	**(100)**	-	(1,485)
At 30 June	**79,240**	73,189	102,034	**79,240**	73,189	99,851

Future cash flows:
The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.
The weighted average duration of the defined benefit obligation is 14 years.

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
Sensitivity analysis:	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Increase in defined benefit obligation due to 1% decrease in discount rate	**15,276**	21,331	18,932	**15,276**	14,544	18,318
Decrease in defined benefit obligation due to 1% increase in discount rate	**12,774**	17,634	15,675	**12,774**	12,116	15,185
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**15,339**	21,323	18,763	**15,339**	14,636	18,164
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	**13,046**	17,945	15,836	**13,046**	12,396	15,347

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
The principal actuarial assumptions used for accounting purposes are:	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Discount rate	**4.50%**	3.50%	3.7% - 3.8%	**4.50%**	5.10%	3.70%
Salary increases	**3.50%**	3.50%	3.5% - 5%	**3.50%**	3.50%	3.50%
Average retirement age	**60 years**	60 years	60 years	**60 years**	60 years	60 years

The rate per annum of withdrawal from service before retirement for the Bank is between 10% and 15% for age upto 30, reducing to 0% after 50 years.
The discount rate is determined by reference to the yield on government bonds of duration equivalent to the duration of liabilities.

32 RETAINED EARNINGS AND OTHER RESERVES

	THE GROUP							THE BANK						
	Retained Earnings	Acturial (Gain)/loss on RBO	Fair value reserve	Statutory reserve	General banking reserve	Provision reserve	Total	Retained Earnings	Acturial (Gain)/loss on RBO	Fair value reserve	Statutory reserve	General banking reserve	Provision reserve	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2019	1,821,839	(20,545)	7,111	692,398	158,918	-	858,427	1,855,922	(19,680)	2,029	692,398	158,918	-	853,345
Profit for the year	1,542,996	-	-	-	-	-	-	1,521,555	-	-	-	-	-	-
Remeasurement of retirement benefit obligations	-	(19,455)	-	-	-	-	-	-	(20,413)	-	-	-	-	-
Additional provision in relation to Bank of Mauritius Guideline	(146,054)	-	-	-	-	146,054	146,054	(146,054)	-	-	-	-	146,054	146,054
Appropriation of reserves	(316,858)	-	-	228,233	88,625	-	316,858	(316,858)	-	-	228,233	88,625	-	316,858
Dividends	(576,684)	-	-	-	-	-	-	(576,684)	-	-	-	-	-	-
Fair value losses arising during the year	-	-	(2,880)	-	-	-	(2,880)	-	-	(2,880)	-	-	-	(2,880)
Reclassification of gains included in profit or loss on derecognition	-	-	3,046	-	-	-	3,046	-	-	3,046	-	-	-	3,046
ECL for financial assets at FVTOCI	-	-	(1,074)	-	-	-	(1,074)	-	-	(1,074)	-	-	-	(1,074)
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	-	4,995	-	-	-	4,995	-	-	1,370	-	-	-	1,370
At 30 June 2020	2,325,239	(40,000)	11,198	920,631	247,543	146,054	1,325,426	2,337,881	(40,093)	2,491	920,631	247,543	146,054	1,316,719
At 1 July 2020	2,325,239	(40,000)	11,198	920,631	247,543	146,054	1,325,426	2,337,881	(40,093)	2,491	920,631	247,543	146,054	1,316,719
Profit for the year	916,056	-	-	-	-	-	-	875,226	-	-	-	-	-	-
Remeasurement of retirement benefit obligations	-	38,998	-	-	-	-	-	-	38,998	-	-	-	-	-
Additional provision in relation to Bank of Mauritius Guideline	146,054	-	-	-	-	(146,054)	(146,054)	146,054	-	-	-	-	(146,054)	(146,054)
Appropriation of reserves	(183,166)	-	-	131,284	51,882	-	183,166	(183,166)	-	-	131,284	51,882	-	183,166
Dividends	(510,106)	-	-	-	-	-	-	(510,106)	-	-	-	-	-	-
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	-	(25,736)	-	-	-	(25,736)	-	-	1,482	-	-	-	1,482
At 30 June 2021	2,694,077	(1,002)	(14,538)	1,051,915	299,425	-	1,336,802	2,665,889	(1,095)	3,973	1,051,915	299,425	-	1,355,313
At 1 July 2021	**2,694,077**	**(1,002)**	**(14,538)**	**1,051,915**	**299,425**	**-**	**1,336,802**	**2,665,889**	**(1,095)**	**3,973**	**1,051,915**	**299,425**	**-**	**1,355,313**
Profit for the year	**1,429,266**	**-**	**-**	**-**	**-**	**-**	**-**	**1,436,617**	**-**	**-**	**-**	**-**	**-**	**-**
Remeasurement of retirement benefit obligations	**-**	**4,809**	**-**	**-**	**-**	**-**	**-**	**-**	**4,809**	**-**	**-**	**-**	**-**	**-**
Appropriation of reserves	**(258,410)**	**-**	**-**	**215,492**	**42,918**	**-**	**258,410**	**(258,410)**	**-**	**-**	**215,492**	**42,918**	**-**	**258,410**
Dividends	**(300,030)**	**-**	**-**	**-**	**-**	**-**	**-**	**(300,030)**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value (loss)/gain on equity instruments designated at fair value through other comprehensive income	**-**	**-**	**1,479**	**-**	**-**	**-**	**1,479**	**-**	**-**	**1,479**	**-**	**-**	**-**	**1,479**
At 30 June 2022	**3,564,903**	**3,807**	**(13,059)**	**1,267,407**	**342,343**	**-**	**1,596,691**	**3,544,066**	**3,714**	**5,452**	**1,267,407**	**342,343**	**-**	**1,615,202**

FAIR VALUE RESERVE
This reserve includes movement in fair value in relation to financial assets measured at fair value through other comprehensive income.

STATUTORY RESERVE
This reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the Bank's profit for the year is transferred each year until the balance is equal to the amount paid as stated capital.

GENERAL BANKING RESERVE
This reserve comprises amounts set aside for general banking risks, including future losses and other unforeseen risks. It also includes provision made to meet other regulatory provision including country risk.

PROVISION RESERVE
The Bank had accounted with respect to 30 June 2020, for the incremental regulatory provision through a charge to the equity as allowed in Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and 'Additional Macroprudential Measures For the Banking Sector (January 2015)'. The incremental provision is recognised in provision reserve. In 2021 the provision reserve was reversed as the IFRS9 provision for stage 1 and stage 2 for loans and advances exceed the minimum portfolio provision. This reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.
The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

THE GROUP	2022				2021				2020			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments												
Foreign exchange option contracts	-	855	-	855	-	2,050	-	2,050	-	2,062	-	2,062
Forward foreign exchange contracts and swaps	-	17,164	-	17,164	-	59,798	-	59,798	-	125,451	-	125,451
Cross currency interest rate swap	-	195,873	-	195,873	-	151,683	-	151,683	-	97,580	-	97,580
Interest rate swaps	-	10,040	-	10,040	-	2,870	-	2,870	-	3,906	-	3,906
Options contracts	-	145,749	-	145,749	-	191,479	-	191,479	-	92,962	-	92,962
Accumulators/Decumulators	-	2,298	-	2,298	-	-	-	-	-	-	-	-
	-	371,979	-	371,979	-	407,880	-	407,880	-	321,961	-	321,961
Debt instruments mandatorily measured at fair value through profit or loss												
Government of Mauritius debts securities	-	611,184	-	611,184	-	2,805,517	-	2,805,517	-	850,043	-	850,043
Bank of Mauritius bonds and notes	-	3,038,348	-	3,038,348	-	1,038,656	-	1,038,656	-	920,011	-	920,011
Unquoted equity investments	-	-	-	-	-	-	-	-	-	4,398	-	4,398
Corporate bonds and notes	1,787,780	242,438	-	2,030,218	1,656,406	34,234	-	1,690,640	190,635	81,791	-	272,426
	1,787,780	3,891,970	-	5,679,750	1,656,406	3,878,407	-	5,534,813	190,635	1,856,243	-	2,046,878
Equity Investments designated at fair value through other comprehensive income *	-	-	15,283	15,283	-	-	13,804	13,804	-	-	36,940	36,940
Equity investments	-	-	15,283	15,283	-	-	13,804	13,804	-	-	36,940	36,940
Equity Investment measured at fair value through profit or loss												
Equity investment	514	-	-	514	1,705	-	-	1,705	-	-	-	-
	514	-	-	514	1,705	-	-	1,705	-	-	-	-
	1,788,294	4,263,949	15,283	6,067,526	1,658,111	4,286,287	13,804	5,958,202	190,635	2,178,204	36,940	2,405,779
Derivative financial instruments	-	1,125	-	1,125	-	2,050	-	2,050	-	1,759	-	1,759
Foreign exchange option contracts	-	7,633	-	7,633	-	13,701	-	13,701	-	7,706	-	7,706
Forward foreign exchange contracts and swaps	-	10,040	-	10,040	-	3,162	-	3,162	-	4,741	-	4,741
Interest rate swap	-	145,749	-	145,749	-	191,479	-	191,479	-	92,962	-	92,962
Options contracts	-	2,298	-	2,298	-	-	-	-	-	-	-	-
Accumulators/Decumulators	-	166,845	-	166,845	-	210,392	-	210,392	-	107,168	-	107,168
Financial liabilities measured at fair value through profit or loss												
Equities	-	-	-	-	-	-	-	-	-	4,398	-	4,398
	-	-	-	-	-	-	-	-	-	4,398	-	4,398

* An increase in Net Asset Value/share price will lead to an increase in fair value of investment and a decrease in NAV will lead to a decrease in fair value of investments.
The reconcilation for level 3 has been disclosed in note 17(d).

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (continued)

THE BANK	2022				2021				2020			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments												
Foreign exchange option contracts	-	855	-	855	-	2,050	-	2,050	-	2,062	-	2,062
Forward foreign exchange contracts and swaps	-	17,164	-	17,164	-	59,798	-	59,798	-	125,451	-	125,451
Cross currency interest rate swap	-	195,873	-	195,873	-	151,683	-	151,683	-	97,580	-	97,580
Interest rate swaps	-	10,040	-	10,040	-	2,870	-	2,870	-	3,906	-	3,906
Options contracts	-	145,749	-	145,749	-	191,479	-	191,479	-	92,962	-	92,962
Accumulators/Decumulators	-	2,298	-	2,298	-	-	-	-	-	-	-	-
	-	371,979	-	371,979	-	407,880	-	407,880	-	321,961	-	321,961
Debt instruments mandatorily measured at fair value through profit or loss												
Government of Mauritius debts securities	-	611,184	-	611,184	-	2,805,517	-	2,805,517	-	850,043	-	850,043
Bank of Mauritius bonds and notes	-	3,038,348	-	3,038,348	-	1,038,656	-	1,038,656	-	920,011	-	920,011
Corporate bonds and notes	1,787,780	242,438	-	2,030,218	1,656,406	34,234	-	1,690,640	190,635	81,791	-	272,426
	1,787,780	3,891,970	-	5,679,750	1,656,406	3,878,407	-	5,534,813	190,635	1,851,845	-	2,042,480
Equity Investments designated at fair value through other comprehensive income *	-	-	15,283	15,283	-	-	13,804	13,804	-	-	9,673	9,673
Equity investments	-	-	15,283	15,283	-	-	13,804	13,804	-	-	9,673	9,673
Equity Investment measured at fair value through profit or loss												
Equity investment	514	-	-	514	1,705	-	-	1,705	-	-	-	-
	514	-	-	514	1,705	-	-	1,705	-	-	-	-
	1,788,294	4,263,949	15,283	6,067,526	1,658,111	4,286,287	13,804	5,958,202	190,635	2,173,806	9,673	2,374,114
Derivative financial instruments	-	1,125	-	1,125	-	2,050	-	2,050	-	1,759	-	1,759
Foreign exchange option contracts	-	7,633	-	7,633	-	13,701	-	13,701	-	7,706	-	7,706
Forward foreign exchange contracts and swaps	-	10,040	-	10,040	-	3,162	-	3,162	-	4,741	-	4,741
Interest rate swap	-	145,749	-	145,749	-	191,479	-	191,479	-	92,962	-	92,962
Options contracts	-	2,298	-	2,298	-	-	-	-	-	-	-	-
Accumulators/Decumulators	-	166,845	-	166,845	-	210,392	-	210,392	-	107,168	-	107,1 68

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (continued)

The table below sets out information about valuation techniques and significant unobservable inputs used in measuring financial instruments categorised as Level 2 in the fair value hierarchy.

Description	Level	Valuation techniques	Significant observable inputs
Financial assets held for trading measured at fair value through profit or loss			
(i) Unquoted equity investments		Unquoted equity investments relate to investments in equity funds. The fair value of these investments has been based on their published share price used for trading.	Risk adjusted yield curves.
(ii) Government of Mauritius debts securities and Bank of Mauritius bonds and notes		Those investments are valued based on the weighted yield bond curve of similar instruments as made publicly available by the local regulator	Risk adjusted yield curves.
(iii) Corporate and Foreign Sovereign debt securities	2	Those investments are valued based on the weighted yield bond curve of similar instruments as made publicly available by the local regulator	Risk adjusted yield curves.
(iv) Derivative Financial Instruments		Derivative products valued using a valuation technique with market observable inputs include forward foreign exchange contracts and option contracts across several asset classes, including but not limited to Funds, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves, volatility curves and/or feeds from appointed valuation/calculation agents.	Interest rate curves, repurchase agreements, money market curves and/or volatility.

* An increase in Net Asset Value/share price will lead to an increase in fair value of investment and a decrease in NAV will lead to a decrease in fair value of investments.

The reconcilation for level 3 has been disclosed in note 17(d).

Transfers between hierarchy

There was no transfer between fair value hierarchy during the year under review.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial assets and liabilities not measured at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not measured at fair value in the financial statements:

Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than one year), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed and floating rate financial instruments

The fair value of fixed and floating rate financial assets and liabilities carried at amortised cost is estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed and floating interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining terms to maturity and credit spreads.

The fair value of the below financial assets and financial liabilities are classified in level 3 in the fair value hierarchy.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's and the Bank's financial instruments that are not carried at fair value in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

THE GROUP	**2022**		2021		2020	
	Carrying amount	**Total fair value**	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial assets	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	**46,935,661**	**46,935,661**	54,501,687	54,501,687	29,665,426	29,665,426
Due from banks	**47,333,177**	**47,333,177**	61,282,514	61,282,514	50,504,287	50,504,287
Loans and advances to banks	**11,990,476**	**11,990,476**	6,638,835	6,638,835	5,245,927	5,245,927
Loans and advances to customers	**27,256,624**	**27,250,251**	18,749,929	18,751,543	23,043,922	23,513,051
Debt instruments at amortised cost	**65,269,752**	**62,108,045**	39,859,873	45,869,154	46,612,747	48,583,089
Other assets (excluding prepayments, accrued income, inventory and taxes)	**3,213,671**	**3,213,671**	2,302,308	2,302,308	2,216,920	2,216,920
	201,999,361	**198,831,281**	183,335,146	189,346,041	157,289,229	159,728,700

	2022		2021		2020	
	Carrying amount	**Total fair value**	Carrying amount	Total fair value	Carrying amount	Total fair value
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Financial liabilities						
Due to banks	**1,644**	**1,644**	1,000,122	1,000,122	13,252	13,252
Deposits from banks	**369,587**	**369,587**	364,726	364,726	96,365	96,365
Deposits from customers	**197,072,336**	**196,865,522**	178,832,286	179,008,496	150,826,106	151,219,408
Borrowings from financial institution	**140,547**	**-**	-	-	-	-
Debts issued	**-**	**-**	-	-	1,083	1,083
Lease liabilities	**100,378**	**100,378**	47,658	47,658	82,571	82,571
Other liabilities (excluding advance commission and taxes)	**400,150**	**400,150**	353,621	353,621	484,907	484,907
	198,084,642	**197,737,281**	180,598,413	180,774,623	151,504,284	151,897,586

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial assets and liabilities not carried at fair value (continued)

THE BANK

	2022		2021		2020	
	Carrying amount	**Total fair value**	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial assets	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	**46,935,652**	**46,935,652**	54,501,675	54,501,675	29,660,700	29,660,700
Due from banks	**47,333,177**	**47,333,177**	61,282,514	61,282,514	50,504,287	50,504,287
Loans and advances to banks	**11,990,476**	**11,990,476**	6,638,835	6,638,835	5,245,927	5,245,927
Loans and advances to customers	**27,256,624**	**27,250,251**	18,749,929	18,751,543	23,043,922	23,513,051
Debt instruments at amortised cost	**65,269,752**	**62,108,045**	39,859,873	45,869,154	46,612,747	48,583,089
Other assets (excluding prepayments, accrued income,inventory and taxes)	**3,213,671**	**3,213,671**	2,302,308	2,302,308	2,211,795	2,211,795
	201,999,352	**198,831,272**	183,335,134	189,346,029	157,279,378	159,718,849

	2022		2021		2020	
	Carrying amount	**Total fair value**	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial liabilities	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Due to banks	**1,644**	**1,644**	1,000,122	1,000,122	13,252	13,252
Deposits from banks	**369,587**	**369,587**	364,726	364,726	96,365	96,365
Deposits from customers	**197,075,719**	**196,865,522**	178,846,558	179,022,768	150,850,619	151,243,920
Borrowings from financial institution	**140,547**	**-**	-	-	-	-
Lease liabilities	**100,378**	**100,378**	47,658	47,658	82,571	82,571
Other liabilities (excluding advance commission and taxes)	**399,177**	**399,177**	353,203	353,203	474,168	474,168
	198,087,052	**197,736,308**	180,612,267	180,788,477	151,516,975	151,910,276

34 ADDITIONAL CASH FLOW INFORMATION

			THE GROUP			THE BANK		
			2022	2021	2020	**2022**	2021	2020
				Restated	Restated		Restated	Restated
		Notes	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
(a)	**Cash and cash equivalents**							
	Cash in hand	13	**25,911**	28,782	40,108	**25,911**	28,782	40,108
	Unrestricted balances with the Central Bank	13	**24,238,165**	16,893,152	8,500,527	**24,238,165**	16,893,152	8,500,527
	Short term placements with other banks	14	**28,180,618**	35,060,944	18,705,267	**28,180,618**	35,060,944	18,705,267
	Current accounts with other banks	13	**22,671,601**	37,579,779	21,124,814	**22,671,592**	37,579,767	21,120,088
	Bank overdrafts	23	**(1,644)**	(97)	(6,876)	**(1,644)**	(97)	(6,876)
			75,114,651	89,562,560	48,363,840	**75,114,642**	89,562,548	48,359,114
(b)	**Operating activities**							
	Profit before tax:							
	Continuing operations		**1,694,687**	1,078,001	1,774,578	**1,702,038**	1,023,631	1,749,991
	Discontinued operations (Note 42)		**-**	(13,540)	(2,603)	**-**	-	-
			1,694,687	1,064,461	1,771,975	**1,702,038**	1,023,631	1,749,991
	Adjustments for:							
	Change in operating assets		**(33,325,940)**	11,144,102	(19,120,871)	**(33,325,940)**	11,142,460	(20,603,762)
	Change in operating liabilities		**17,715,339**	29,188,120	18,296,001	**17,707,991**	29,175,796	19,804,716
	Non-cash items included in profit before tax from continuing operations		**185,595**	486,914	805,415	**185,595**	545,638	838,471
	Non-cash items included in profit before tax from discontinued operations		**-**	206	679	**-**	-	-
	Net cash flows (used in)/generated from operating activities*		**(13,730,319)**	41,883,803	1,753,199	**(13,730,316)**	41,887,525	1,789,416
(c)	**Change in operating assets**							
	Net change in mandatory balances with the Central Bank		**(912,309)**	(102,844)	(308,251)	**(912,309)**	(102,844)	(308,251)
	Net change in placement with the Central Bank		**-**	789,208	727,436	**-**	789,208	727,436
	Net change in placement with the other banks		**7,067,173**	4,788,813	(16,643,001)	**7,067,173**	4,788,813	(16,643,001)
	Net change in derivative financial instruments		**77,578**	(31,810)	520,686	**77,578**	(31,810)	(131,496)
	Net change in loans and advances to banks		**(5,354,703)**	(1,410,719)	776,629	**(5,354,703)**	(1,410,719)	776,629
	Net change in loans and advances to customers		**(8,608,696)**	3,905,400	(1,762,888)	**(8,608,696)**	3,905,400	(1,762,888)
	Net change in investment securities		**(25,565,341)**	3,234,071	(2,426,269)	**(25,565,341)**	3,229,674	(3,294,006)
	Net change in other assets		**(29,642)**	(28,017)	(5,213)	**(29,642)**	(25,262)	31,815
			(33,325,940)	11,144,102	(19,120,871)	**(33,325,940)**	11,142,460	(20,603,762)
(d)	**Change in operating liabilities**							
	Net change in due to banks		**(1,000,025)**	993,648	(23,411)	**(1,000,025)**	993,648	(23,411)
	Net change in derivative financial instruments		**(43,547)**	103,224	(595,009)	**(43,547)**	103,224	57,173
	Net change in debts issued		**-**	(1,083)	(149,023)	**-**	-	(13,649)
	Net change in deposits from banks		**4,861**	268,361	82,259	**4,861**	268,361	82,259
	Net change in deposits from customers		**18,240,050**	28,006,179	19,807,608	**18,229,161**	27,995,939	19,656,360
	Net change in other liabilities		**373,453**	(177,811)	41,318	**376,994**	(185,376)	45,984
	Net change in borrowings from financial institutions		**140,547**	-	-	**140,547**	-	-
	Net change in Financial liabilities measured at fair value through profit or loss		**-**	(4,398)	(867,741)	**-**	-	-
			17,715,339	29,188,120	18,296,001	**17,707,991**	29,175,796	19,804,716

* The note has been re-presented to conform to current year presentation.

34 ADDITIONAL CASH FLOW INFORMATION (CONTINUED)

		Notes	THE GROUP 2022 MUR'000	THE GROUP 2021 Restated MUR'000	THE GROUP 2020 Restated MUR'000	THE BANK 2022 MUR'000	THE BANK 2021 Restated MUR'000	THE BANK 2020 Restated MUR'000
(e)	**Non-cash items included in profit before tax**							
	Continuing operations							
	Depreciation of property and equipment	**19**	**40,062**	35,633	35,714	**40,062**	35,633	35,713
	Depreciation of right of use assets	**21**	**31,669**	34,140	33,579	**31,669**	34,140	33,579
	Amortisation of intangible assets	**20**	**52,236**	41,966	40,923	**52,236**	41,966	40,923
	Profit on disposal of property and equipment		**-**	-	(402)	**-**	-	(402)
	Tangible and intangible assets written off	**19,20**	**2,424**	15,029	206	**2,424**	15,029	206
	Loss on termination of lease		**-**	24	-	**-**	24	-
	Revaluation on lease liabilities	**21**	**(210)**	(62)	-	**(210)**	(62)	-
	Retirement benefit obligation	**31**	**11,265**	14,782	14,953	**11,265**	14,782	14,953
	Impairment release on financial investments		**-**	-	(54,600)	**-**	-	(54,600)
	Net impairment loss on financial assets	**8**	**65,818**	470,747	839,095	**65,818**	465,131	839,095
	Impairment on receivable from subsidary	**22**	**(9,824)**	-	-	**(9,824)**	-	33,057
	Fair value movement on derivative financial instruments		**(41,677)**	(54,109)	(98,052)	**(41,677)**	(54,109)	(98,052)
	Fair value movement on investment securities (HFT)		**33,832**	(6,896)	(6,001)	**33,832**	(6,896)	(6,001)
	Disposal of subsidiary		**-**	(64,340)	-	**-**	-	-
			185,595	486,914	805,415	**185,595**	545,638	838,471
(f)	**Discountinued operations**							
	Non-cash items included in profit before tax from discountinued operations		**-**	206	679	**-**	-	-
	Depreciation of property and equipment		**-**	153	439	**-**	-	-
	Amortisation of intangible assets		**-**	53	11	**-**	-	-
	Profit on disposal of property and equipment		**-**	-	(367)	**-**	-	-
	Retirement benefit obligation		**-**	-	536	**-**	-	-
	Net impairment loss on financial assets		**-**	-	60	**-**	-	-
			-	206	679	**-**	-	-
			185,595	487,120	806,094	**185,595**	545,638	838,471
(g)	**Operational cash flows from interest**							
	Interest paid **		**(555,555)**	(676,084)	(1,411,256)	**(555,555)**	(676,084)	(1,051,970)
	Interest received		**2,108,902**	1,965,307	3,091,773	**2,108,902**	1,965,307	3,007,365

** Also include interest paid on lease.

35 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group and the Bank classify an asset or liability as current when:

- they expect to realise the asset/settle the liability within 12 months after the reporting period;
- they expect to settle the liability in its normal operating cycle;
- they hold the asset or liability primarily for the purpose of trading;
- they expect to realise the asset, or intend to sell or consume it, in its normal operating cycle;
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; or
- they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Bank classify all other assets and liabilities as current.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(a) THE GROUP

	2022			2021			2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
ASSETS	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	**46,935,661**	**-**	**46,935,661**	54,501,687	-	54,501,687	29,665,426	-	29,665,426
Due from banks	**40,593,783**	**6,739,394**	**47,333,177**	52,733,340	8,549,174	61,282,514	50,504,287	-	50,504,287
Derivative financial instruments	**335,243**	**36,736**	**371,979**	148,162	259,718	407,880	127,513	194,448	321,961
Loans and advances to banks	**4,066,415**	**7,924,061**	**11,990,476**	1,598,371	5,040,464	6,638,835	2,524,197	2,721,730	5,245,927
Loans and advances to customers	**12,002,366**	**15,254,258**	**27,256,624**	6,049,876	12,700,053	18,749,929	9,416,916	13,627,006	23,043,922
Investment securities	**41,675,862**	**29,289,437**	**70,965,299**	25,347,790	20,062,405	45,410,195	34,859,445	13,837,120	48,696,565
Property and equipment	**-**	**119,206**	**119,206**	-	137,437	137,437	-	171,195	171,195
Intangible assets	**-**	**362,436**	**362,436**	-	288,679	288,679	-	269,990	269,990
Right of use assets	**-**	**101,088**	**101,088**	-	44,518	44,518	-	80,017	80,017
Deferred tax assets	**-**	**140,092**	**140,092**	-	149,593	149,593	-	124,506	124,506
Other assets	**3,423,651**	**-**	**3,423,651**	2,471,954	-	2,471,954	2,353,081	-	2,353,081
TOTAL ASSETS	**149,032,981**	**59,966,708**	**208,999,689**	142,851,180	47,232,041	190,083,221	129,450,865	31,026,012	160,476,877
LIABILITIES									
Due to banks	**1,644**	**-**	**1,644**	1,000,122	-	1,000,122	13,252	-	13,252
Deposits from banks	**369,587**	**-**	**369,587**	364,726	-	364,726	96,365	-	96,365
Deposits from customers	**189,775,941**	**7,296,395**	**197,072,336**	173,996,258	4,836,028	178,832,286	143,336,876	7,489,230	150,826,106
Borrowings from financial institution	**-**	**140,547**	**140,547**	-	-	-	-	-	-
Derivative financial instruments	**139,370**	**27,475**	**166,845**	102,358	108,034	210,392	9,465	97,703	107,168
Debts issued	**-**	**-**	**-**	-	-	-	1,083	-	1,083
Financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	-	-	-	4,398	-	4,398
Retirement benefit obligations	**-**	**79,240**	**79,240**	-	73,189	73,189	-	102,034	102,034
Current tax liabilities	**182,700**	**-**	**182,700**	85,647	-	85,647	95,283	-	95,283
Lease liabilities	**35,074**	**65,304**	**100,378**	27,683	19,975	47,658	34,070	48,501	82,571
Other liabilities	**694,194**	**-**	**694,194**	412,507	-	412,507	497,135	-	497,135
TOTAL LIABILITIES	**191,198,510**	**7,608,961**	**198,807,471**	175,989,301	5,037,226	181,026,527	144,087,927	7,737,468	151,825,395

35 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

(b) THE BANK

	2022			2021			2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	46,935,652	-	46,935,652	54,501,675	-	54,501,675	29,660,700	-	29,660,700
Due from banks	40,593,783	6,739,394	47,333,177	52,733,340	8,549,174	61,282,514	50,504,287	-	50,504,287
Derivative financial instruments	335,243	36,736	371,979	148,162	259,718	407,880	127,513	194,448	321,961
Loans and advances to banks	4,066,415	7,924,061	11,990,476	1,598,371	5,040,464	6,638,835	2,524,197	2,721,730	5,245,927
Loans and advances to customers	12,002,366	15,254,258	27,256,624	6,049,876	12,700,053	18,749,929	9,416,916	13,627,006	23,043,922
Investment securities	41,675,862	29,289,437	70,965,299	25,347,790	20,062,405	45,410,195	34,827,829	13,837,071	48,664,900
Asset held for distribution	-	-	-	-	-	-	38,277	-	38,277
Property and equipment	-	119,206	119,206	-	137,437	137,437	-	170,977	170,977
Intangible assets	-	362,436	362,436	-	288,679	288,679	-	269,914	269,914
Right of use assets	-	101,088	101,088	-	44,518	44,518	-	80,017	80,017
Deferred tax assets	-	140,092	140,092	-	149,593	149,593	-	124,388	124,388
Other assets	3,423,651	-	3,423,651	2,471,954	-	2,471,954	2,347,559	-	2,347,559
TOTAL ASSETS	149,032,972	59,966,708	208,999,680	142,851,168	47,232,041	190,083,209	129,447,278	31,025,551	160,472,829
LIABILITIES									
Due to banks	1,644	-	1,644	1,000,122	-	1,000,122	13,252	-	13,252
Deposits from banks	369,587	-	369,587	364,726	-	364,726	96,365	-	96,365
Deposits from customers	189,779,324	7,296,395	197,075,719	174,010,530	4,836,028	178,846,558	143,361,389	7,489,230	150,850,619
Borrowings from financial institution	-	140,547	140,547	-	-	-	-	-	-
Derivative financial instruments	139,370	27,475	166,845	102,358	108,034	210,392	9,465	97,703	107,168
Retirement benefit obligations	-	79,240	79,240	-	73,189	73,189	-	99,851	99,851
Current tax liabilities	182,700	-	182,700	85,647	-	85,647	95,283	-	95,283
Lease liabilities	35,074	65,304	100,378	27,683	19,975	47,658	34,070	48,501	82,571
Other liabilities	693,221	-	693,221	407,993	-	407,993	486,396	-	486,396
TOTAL LIABILITIES	191,200,920	7,608,961	198,809,881	175,999,059	5,037,226	181,036,285	144,096,220	7,735,285	151,831,505

36 CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though the obligations may not be recognised on the statements of financial position they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

Contingent liabiliites

	THE SUBSIDIARY		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
At 1 July	-	5,052	3,814
Amounts received during the year from clients	-	-	1,238
Disposal of subsidiary	-	(5,052)	-
At 30 June	-	-	5,052

	THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Financial guarantees	**497,209**	296,899	281,866
Letters of credit	**248,571**	149,690	151,588
Bills for collection	**2,109,488**	1,266,173	825,895
	2,855,268	1,712,762	1,259,349
Commitments			
Undrawn commitments to lend	**5,063,990**	6,733,350	3,897,177
Total gross carrying amount	**7,919,258**	8,446,112	5,156,526
Less: allowance for impairment losses	**(280,596)**	(34,576)	(7,361)
	7,638,662	8,411,536	5,149,165

Refer to note 38 for disclosure on allowance for impairment losses.

Contingent liabilities

Financial guarantees and letters of credit (including standby letters of credit) commit the Group and the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods.

Undrawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Capital Commitment

The Group and the Bank

Authorised by the Board of Directors for the next 12 months but contracted for:

Commitments for the acquisition of plant and equipment amounts to MUR 747.0m and intangible assets to MUR 186.9m.

37 RELATED PARTY DISCLOSURES

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Compensation to key management personnel (Including executive director)						
Short-term employee benefits	**153,633**	146,420	153,694	**153,633**	138,570	142,602

Transactions with directors and key management personnel of the Group and the Bank

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year:

THE GROUP

	2022		2021		2020	
Directors and key management personnel of the Group:	**Balances as at 30 June 2022**	**Income from / (expense to)**	Balances as at 30 June 2021	Income from / (expense to)	Balances as at 30 June 2020	Income from / (expense to)
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances	**43,630**	**1,175**	45,016	1,737	49,496	2,093
Deposits from customers:						
- Term deposits	**34,358**	**(644)**	24,702	(963)	50,662	(1,286)
- Savings and current accounts	**119,515**	**(431)**	86,930	(463)	130,706	(2,352)
	153,873	**(1,075)**	111,632	(1,426)	181,368	(3,638)
Directors' fees	**495**	**(26,325)**	3,756	(19,690)	3,833	(10,381)
Other expense	**40,021**	**(7,661)**	39,136	(5,190)	43,188	(3,385)
	40,516	**(33,986)**	42,892	(24,880)	47,021	(13,766)
	194,389	**(35,061)**	154,524	(26,306)	228,389	(17,404)

THE BANK

	2022		2021		2020	
Directors and key management personnel of the Bank:	**Balances as at 30 June 2022**	**Income from / (expense to)**	Balances as at 30 June 2021	Income from / (expense to)	Balances as at 30 June 2020	Income from / (expense to)
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances	**35,060**	**954**	35,381	1,501	49,474	2,070
Deposits from customers:						
- Term deposits	**29,358**	**(589)**	24,702	(963)	50,100	(1,286)
- Savings and current accounts	**76,177**	**(222)**	42,497	(280)	75,646	(668)
	105,535	**(811)**	67,199	(1,243)	125,746	(1,954)
Directors' fees	**495**	**(26,325)**	3,756	(19,690)	3,273	(10,381)
Other expense	**40,021**	**(7,861)**	39,136	(3,319)	36,847	(314)
	40,516	**(34,186)**	42,892	(23,009)	40,120	(10,695)
	146,051	**(34,997)**	110,091	(24,252)	165,866	(12,649)

Other includes retirement benefit obligation for KMP.
The dividend paid to related parties on Class A Shares is MUR 2.3m (2021: MUR 2.7m, 2020: MUR 4.9m).
The dividend paid to related parties on Ordinary Shares is MUR 129.4m (2021: MUR 173.9m, 2020: MUR 231.7m).

37 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with other related parties

In addition to transactions with key management personnel, the Group and the Bank entered into transactions with entities having significant influence over the Group and the Bank. The following table shows the outstanding balance and the corresponding transaction during the year.

(a) THE GROUP

	Fees from related parties	Fees to related parties	Interest from related parties	Interest to related parties	Amount owed by related parties	Amount owed to related parties	Bank balances with related parties
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2022							
Entities with significant influence over the Group	**12,849**	**69,621**	**47,325**	**2,212**	**10,082,963**	**878,318**	**95,881**
2021							
Entities with significant influence over the Group	2,293	57,004	44,059	4,556	1,517,524	1,069,996	13,949,487
2020							
Entities with significant influence over the Group	12,139	69,794	145,041	11,375	2,265,234	288,638	86,230

(b) THE BANK

	Fees from related parties	Fees to related parties	Interest from related parties	Interest to related parties	Amount owed by related parties	Amount owed to related parties	Bank balances with related parties
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2022							
Entities with significant influence over the Bank	**12,684**	**61,778**	**46,123**	**2,209**	**10,057,708**	**774,732**	**95,881**
Subsidiary companies	**2**	**-**	**25**	**-**	**-**	**3,228**	**-**
	12,686	**61,778**	**46,148**	**2,209**	**10,057,708**	**777,960**	**95,881**
2021							
Entities with significant influence over the Bank	2,165	56,151	44,059	4,544	1,517,524	1,037,311	13,949,487
Subsidiary companies	852	533	-	-	-	14,111	-
	3,017	56,684	44,059	4,544	1,517,524	1,051,422	13,949,487
2020							
Entities with significant influence over the Bank	11,961	69,794	145,041	8,274	2,265,234	267,816	86,230
Subsidiary companies	1,704	2,995	-	1,502	39,198	32,307	-
	13,665	72,789	145,041	9,776	2,304,432	300,123	86,230

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose in the normal course of business. For the year ended 30 June 2022, the Group and the Bank have raised expected credit losses for doubtful debts relating to amounts owed by relating parties as per ECL model currently being applied on financial assets. At 30 June 2022, none of the facilities to related parties was non-performing (2021: nil, 2020: MUR Nil). In addition, for the year ended 30 June 2022 the Bank has not written off any amount owed by related party (2021: nil, 2020: MUR Nil).

The total on and off balance sheet exposure to the related parties amounted to MUR 1.63 bn (2021: MUR 1.98bn, 2020: MUR 1.7 bn) representing 3.91% (2021: 7.13%, 2020: 5.5%) of loan and advances exposure.

Amount due to/from related parties

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. The above balances were parlty secured and unsecured.

38 FINANCIAL RISK MANAGEMENT

Introduction

Risk is inherent in the Group's and the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's and the Bank's continuing profitability and each individual within the Group and the Bank is accountable for the risk exposures relating to his or her responsibilities. The Group and the Bank are exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors as well as the Group's and the Bank's senior management are responsible for understanding both the nature and level of risks taken by the institution and how the risks relate to adequate capital level. The Board is also responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk Committee

The Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Committee is responsible for managing risk decisions and monitoring risk levels.

Asset and Liability Management

The Bank's Asset and Liability Management is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Bank.

Internal Audit

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

(a) Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group and the Bank. These limits reflect the business strategy and market environment of the Group and the Bank as well as the level of risk that the Group and the Bank are willing to accept, with additional emphasis on selected industries. In addition, the Group's and the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the Risk Committee and the Head of each business division. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis.

Risk mitigation

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in foreign currencies.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Risk measurement and reporting systems (continued)

Excessive risk concentration

Concentrations of credit risk arise when several distinct counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, a number of controls and measures to minimise undue concentration of exposure in the Bank's portfolio have been implemented. The Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Any identified concentrations of credit risks are controlled and managed and in line with the Risk Appetite Framework.

(b) Credit risk

Credit risk is the risk of suffering financial loss should any customers or counterpart fail to fulfil their contractual obligations to the Bank. One of the key income generating activities of the bank is advancing credit to customers thereby making credit risk a principal risk factor whose effective management is of critical importance. Credit risk arises principally from direct lending, trade finance, participation in syndicated credit advances, trade finance, investment in debt securities but also from other products such non fund based facilities including but not limited to guarantees, derivatives and letters of credit. The Group and the Bank take a holistic approach with credit risk management by considering all elements of credit risk exposure such as counterparty default risk, geographical, political and industry risk, for an effective risk management approach. With Covid-19 pandemic, the bank has adopted a more stringent approach when assessing credit proposals. Besides with the Russo-Ukrainian war, due consideration is being given to impact of the conflict on all corporate files when conducting credit assessment.

Credit risk management

The Bank's approach to credit risk management comprises of three main pillars which includes i) Policies ii) Risk Methodologies iii) Processes, systems and reports. The systematically driven credit risk management framework involves maintaining a culture of responsible lending complemented by a well-defined credit risk appetite and internal policies duly supported by robust control systems. Independently of the business functions, it is ensured that there is expert scrutiny and approval of credit risk with ongoing monitoring of exposure relative to the set appetite, limits and quality of assets and counterparty. The Bank has set up a delegated authority whereby credit files are being approved at different approval authority level depending on the amount being requested. It is also ensured that there is independent oversight and reporting the governance committees in respect of breaches of limits, policies/procedures and compliance the approved risk appetite. The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL.

The Bank uses a combination of credit rating (internal and external) and statistical regression analysis to determine the probability of default. Internal credit ratings are mapped to S&P table on default rates to arrive at the Bank's PD for each customer. Statistical Regression is derived using an analysis of historical data, whereby the Bank has estimated relationships between macro-economic variables, credit risk and credit losses. Country rating is also factored in our ECL computation for non-resident counterparties.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Internal Credit Risk Ratings

All customers and counterparties of the Bank are assigned a credit rating by CRISIL system based on quantitative and qualitative information received and fed into the model thereby providing a Through The Cycle (TTC) ratings based on historical data. Ratings are revised based on updated information on a frequent basis.

As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Bank's exposures:
- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

Changes in credit worthiness/ratings: if the external/internal S&P rating on the borrower drops to below A- and has dropped by two or more notches.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The subsequent tables provide the transition matrix illustrating the SICR based on rating downgrade and a mapping of the Bank's internal credit risk grades to external ratings.

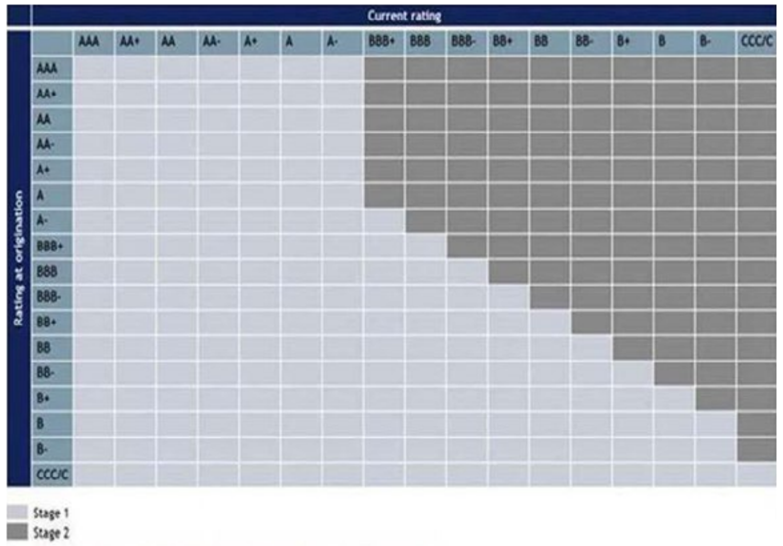

Figure 1: Transition matrix illustrating SICR based on rating downgrade

FY 2022

Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
	AAA	Prime	-
AAA	AA-	High Grade	0.03%-0.03%
AA+	A+	Upper Medium Grade	0.04%-0.05%
AA	A-		0.05%-0.05%
AA-	BBB	Lower Medium Grade	0.07%-0.14%
A+	BB+	Non-Investment Grade Speculative	0.23%-0.31%
A	BB		0.40%-0.46%
A-			
BBB+	BB-		0.50%-0.92%
BBB			
BBB-	B+	Highly Speculative	0.96%-1.94%
BB+	B		2.00%-2.99%
BB			
BB-	B-		3.00%-5.89%
B+			
B			
B-			
CCC/C	CCC/C	Highly Vulnerable	26.55%
D	D	In Default	100%

FY 2021

Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
-	AAA	Prime	0.04% - 0.04%
AAA	AA-	High Grade	
AA+	A+	Upper Medium Grade	0.06% - 0.06%
AA	A-		0.07% - 0.07%
AA-	BBB	Lower Medium Grade	0.18% - 0.18%
A+	BB+	Non-Investment Grade Speculative	0.38% - 0.38%
A	BB		0.48% - 1.02%
A-			
BBB+	BB-		1.15% - 1.92%
BBB			
BBB-	B+	Highly Speculative	1.98% - 4.21%
BB+	B		3.76% - 6.65%
BB			
BB-	B-		7.82% - 13.04%
B+			
B			
B-			
CCC/C	CCC/C	Highly Vulnerable	28.30%
D	D	In Default	100%

FY 2020

Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
AAA	AAA	Prime	0.04% - 0.04%
AA+	A+	Upper Medium Grade	0.06% - 0.06%
AA			
AA-	BBB	Lower Medium Grade	0.20% - 0.20%
A+	BB+	Non-Investment Grade Speculative	0.33% - 0.43%
A	BB		0.54% - 1.09%
A-			
BBB+	BB-		1.09% - 1.95%
BBB			
BBB-	B+	Highly Speculative	2.41% - 4.24%
BB+	B		3.91% - 6.85%
BB			
BB-	B-		7.79% - 13.88%
B+			
B			
B-			
CCC/C	CCC/C	Highly Vulnerable	27.08%
D	D	In Default	100.00%

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Significant Increase in Credit Risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a Significant Increase In Credit Risk (SICR) since initial recognition. The Bank recognises lifetime ECL on SICR assets.

At each reporting date, the Bank assesses whether the credit risk on financial instruments have increased significantly as follows:

- The assessment is based on the risk of default (as opposed to the overall expected loss).
- If an asset is considered "low risk" at the reporting date, the Bank may assume that it is not subject to SICR.
- Forward looking information is also used in the determination of SICR.
- A 30-days past due backstop criterion is also used for SICR identification.

In addition, the Bank has developed a number of objective and subjective factors to consider when evaluating whether an account exhibits SICR as follows:

- Negative market information
- Changes in credit worthiness/ratings
- Adverse changes in economic/business environment
- Modification to a borrower due to financial difficulty
- Financial difficulty
- Application of court order
- Significant country downgrade
- Decline in share price /profitability
- Significant country downgrade: if the external country rating on the borrower drops to below A- and has dropped by two or more notches.

Files where there has been downgrade in credit rating by 2 or more notches are identified as showing significant increase in credit risk and classified as Stage 2 assets.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

The Bank has put in place strong monitoring procedures to identify early warning signs and ensure that the qualitative and quantitative criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is in default or when the asset becomes 30 days past due.

SICR files are reviewed/assessed on a quarterly basis and are upgraded to Stage 1 post 6-month good behaviour period after ascertaining that SICR triggers have been addressed and resolved.

For accounts regularized under stage 3, a cooling period of 6 months in stage 3 will be applied. Account will then be classified as stage 2 for further 3 months under monitoring.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Incorporation of forward looking information

The Bank incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its intial recognition and its measurement of ECL.

The Bank asset book is split into two segments, namely Segment A for local exposures and Segment B for cross-border exposures.

The Segment A portfolio is further segregated into 2 distinct homogenous group namely Mid-Corporate and Large-Corporate, whereby clients fall into either one of the 15 sectors, based on a Bank of Mauritius classification criteria. Marginal PDs for each facility are generated through the respective PD function built upon the logistic regression equation of each sector/sub-sector. Via these econometric models, the relationships between movements in macroeconomic variables and default behaviours of our clients are investigated and where evidence could be found, relevant PDs are derived embedding forward looking information. A wide array of Macroeconomic variables have been considered in assessing for significant predictive power within the PD models; these include GDP, Inflation, PPI as well as key market indicators such as the SEMDEX and DEMEX. For clients belonging to sectors with no internal default experience, PDs are derived based on the internal rating models as assessments support that movements in the macroeconomic variables do not have a significant impact on default behaviours. The Segment B portfolio on the other hand is segregated by country of risk. The PD attached to each facility, derived from the Bank's rating based approach is subsequently adjusted to incorporate forward-looking information based on the movements of Sovereign Credit Default Swap (CDS) curves.

In light of COVID-19, ABL revised its ECL framework so as to cater for the higher level of uncertainty in markets, both local and across borders. The bank ensured that in doing so, it remains in line with the many guiding principles released by local and international body on IFRS9 in a COVID-19 context. Adjusting for forward looking information during this unprecedented event, the bank has adopted a probabilistic approach based on forward looking scenarios, as prescribed in the IFRS9 framework, given uncertainties prevailing across markets. As such, the bank has defined 3 scenarios (upside, baseline/most likely and downside) and assigned weights suggesting the likelihood of such event occurring based on economic and market conditions assessments in the context of COVID-19. The scenarios assumed are very bearish, so as to properly reflect the current and projected global economic environment. The baseline scenarios for both Segment A and B are determined by means of the CDS curves movement of the different countries, capturing the market information and investors sentiment arising from the crisis effect brought on by the pandemic; CDS Proxies have been derived and used on exposures residing in countries where no adequate CDS curves are available.

The Bank has also factored in post-model adjustments to take into account the unlikeliness to pay criteria on certain sectors impacted by COVID-19. The adjustment is based on borrowers' non-payment behaviors observed in the current economic environment which may result in an increasing amount of balances becoming past due and having a higher probability of default in the future. Such overlays include the "early recognition" of lifetime ECL on assets in highly impacted sectors, COVID-19 restructured facilities or clients with overdue ratings, without changes in stage classification.

ECL Measurement

The key inputs into the measurement of ECL are the following:
(i) probability of default (PD);
(ii) loss given default (LGD);
(iii) exposure at default (EAD).

These parameters are derived as detailed below and they are adjusted to reflect forward-looking information as described above.

The IFRS 9 ECL is calculated every quarter, or as frequently as required. Separate IFRS9 ECL calculation is done for Stage 1, Stage 2 and Stage 3 accounts.

The ECL for all accounts in Stage 1 is calculated by multiplying the PD, LGD and EAD. For Stage 2 accounts, lifetime ECL is calculated on the contractual maturity. Lastly, ECL for Stage 3 accounts is calculated simply by multiplying the EAD and LGD, given that the account is in default (i.e. the PD is 100%).

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

ECL Measurement (continued)

PD is an estimate of the likelihood of default over a given time horizon. PDs are estimated considering the contractual maturities of exposures and the estimation is based on current conditions, adjusted to take into account estimates of future conditions that will potentially impact PD.

The PD of the domestic accounts is derived either through the econometric models where available or alternatively, based on the Bank's internal rating models (as explained above). For international accounts, the PD is determined based on the external rating of the counterparty if available. Otherwise, the Bank uses the internal rating models, capped to the respective country rating. The PDs are thereafter duly adjusted to include any forward looking premium as required.

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.

LGD for performing accounts is dependent on the collateral held against the exposure. The Bank derives the LGD based on the type of collateral rather than the estimated collateral value, as prescribed by BASEL. The LGD for non-performing accounts is prudently calculated under the assumption that the Bank will take possession of the collateral and liquidate.

EAD represents the expected exposure that a bank may be exposed to in the event of default. The EAD of a financial asset is the amount of risk at the time the Bank expect the default to occur. For overdraft, credit card and financial guarantees, the EAD includes the current outstanding amount, as well as potential future amounts that may be drawn under the contract. The Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are canceled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- Instrument type
- Sector/sub-sector
- Geographic location

The groupings are review on a regular basis to ensure that each group is comprised of homogenous exposures.

Individually assessed allowances

The Group and the Bank determine the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Regulatory provision

Regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and 'Additional Macroprudential Measures For the Banking Sector (January 2015)' which require the Bank to take a minimum portfolio provision of 1% on standard credits and an additional portfolio provision as a macro prudential policy measure ranging between 0.5% to 1% depending on the sectors. The Bank has created a Portfolio Reserve Account during the year since the Regulatory Provision is higher than the Stage 1 and Stage 2 ECL together, as per IFRS-9 during FY 2020.

Credit-related commitments risks

The Bank make available for its customers guarantees which may require that the Bank make payments on their behalf and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control process and policies.

Country risk

Country risk is the uncertainty whether obligors will be able to fulfil financial obligations given political or economic conditions in the country in question. The Bank make a thorough evaluation of risks, which may be associated with their cross-border operations and which have the potential to adversely affect its risk profile. These risks can be elaborated below:

Transfer Risk - Where a country suffers economic, political or social problems, leading to a drainage in its foreign currency reserves, the borrowers in that country may not be able to convert their funds from local currency into foreign currency to repay their external obligations.

Sovereign Risk - This risk denotes a foreign government's capacity and willingness to repay its direct and indirect (i.e., guaranteed) foreign currency obligations. It arises as a result of a bank having any type of lending, extension of credit, or advance to a country's government.

Currency Risk - The risk that a borower's domectic currency holdings and cash flow become inadequate to service its foreign currency obligations because of devaluation.

Contagion Risk - The risk that adverse developments in one country may, for instance, lead to a downgrade of rating or credit squeeze not only for that country but also for other countries in the region, notwithstanding the fact that those countries may be more creditworthy and that the adverse developments do not apply.

Indirect Country Risk - The risk that the repayment ability of a domestic borrower is endangered owing to the deterioration of the economic, political or social conditions in a foreign country where the borrower has substantial business relationship or interest.

Macroeconomic Risk - The risk that the borrower in a country may, for example, suffer from the impact of high interest rates due to measures taken by the government of that country to defend its currency.

According to the Bank of Mauritius guideline on country risk management, the Bank is required to prudently make provisions on country risk. A provision of MUR 51.5M was raised for the year ended 30 June 2017. No incremental provisioning was required as at 30 June 2022. This is posted in the general banking reserve, which comprises amounts set aside for general banking risks, including future losses and other unforeseen risks. Country risk is also embeded in the IFRS 9 framework of the Bank.

Conferring to ABL's country risk policy, the Bank would set exposure limits for individual countries to manage and monitor Country risk. Country exposure limits should apply to all on and off balance sheet exposures to foreign borrowers. While it is the responsibility of the Board Risk Committee (BRC) to approve the proposed structure of limits, investment strategy and the related limits with regards to the Bank risk appetite , the Board of Directors is also repsonsible for setting the Bank's tolerance for country risks.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Group's and the Bank's concentrations of risk are managed by client/counterparty (excluding government), by geographical region and by industry sector. The maximum credit exposure to any client or counterparty as of 30 June 2022 was MUR 15.2bn (2021: MUR 13.9bn and 2020: MUR 17.6bn) before taking account of collateral or other credit enhancements.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by geography and by industry before the effect of mitigation through the use of master netting and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
Financial assets	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Cash and balances with banks	**46,935,677**	54,501,713	29,665,449	**46,935,668**	54,501,701	29,660,723
Due from banks	**47,342,471**	61,289,970	50,512,313	**47,342,471**	61,289,970	50,512,313
Derivative financial instruments	**371,979**	407,880	321,961	**371,979**	407,880	321,961
Loans and advances to banks	**12,023,019**	6,668,316	5,257,597	**12,023,019**	6,668,316	5,257,597
Loans and advances to customers	**29,545,213**	21,432,797	25,433,805	**29,545,213**	21,432,797	25,433,805
Investment securities	**70,984,386**	45,451,399	48,704,358	**70,984,386**	45,451,399	48,672,693
Other assets (excluding prepayments, accrued income, inventory and taxes)	**3,213,671**	2,302,308	2,216,920	**3,213,671**	2,302,308	2,211,795
	210,416,416	192,054,383	162,112,403	**210,416,407**	192,054,371	162,070,887

The Group's and the Bank's financial assets before taking into account any collateral held or other credit enhancements, can be analysed as follows by the following geographical regions:

	GROSS MAXIMUM EXPOSURE					
	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Africa						
Mauritius	**76,719,303**	74,699,028	58,739,539	**76,719,294**	74,699,016	58,704,122
Other African countries	**13,674,578**	8,676,615	12,332,502	**13,674,578**	8,676,615	12,332,502
North America	**63,026,805**	54,254,420	41,225,695	**63,026,805**	54,254,420	41,225,695
Europe	**15,633,737**	21,568,983	19,636,463	**15,633,737**	21,568,983	19,632,067
Asia	**40,626,973**	32,269,714	29,377,200	**40,626,973**	32,269,714	29,377,200
Others	**735,020**	585,623	801,004	**735,020**	585,623	799,301
	210,416,416	192,054,383	162,112,403	**210,416,407**	192,054,371	162,070,887

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

An industry analysis of the Group's and the Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

	GROSS MAXIMUM EXPOSURE					
	THE GROUP			THE BANK		
	2022	2021	2020	**2022**	2021	2020
	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Agriculture	**1,676,528**	979,158	1,278,888	**1,676,528**	979,158	1,278,888
Construction, infrastructure and real estate	**2,667,479**	1,849,854	1,980,120	**2,667,479**	1,849,854	1,980,120
Financial and business services	**129,870,708**	136,141,763	100,910,269	**129,870,699**	136,141,751	100,868,753
Government and parastatal bodies	**46,434,949**	32,201,281	35,021,623	**46,434,949**	32,201,281	35,021,623
Information, communication and technology	**2,657,904**	1,274,563	1,100,878	**2,657,904**	1,274,563	1,100,878
Manufacturing	**5,386,136**	3,934,486	5,867,227	**5,386,136**	3,934,486	5,867,227
Personal	**3,292,231**	2,785,392	2,373,536	**3,292,231**	2,785,392	2,373,536
Tourism	**4,274,417**	4,919,289	4,528,383	**4,274,417**	4,919,289	4,528,383
Traders	**8,563,746**	3,794,823	4,452,605	**8,563,746**	3,794,823	4,452,605
Others	**5,592,318**	4,173,774	4,598,874	**5,592,318**	4,173,774	4,598,874
	210,416,416	192,054,383	162,112,403	**210,416,407**	192,054,371	162,070,887

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- Floating charges for commercial lending;
- Fixed charges for retail lending and for commercial lending;
- Cash deposits held under lien; and
- Pledge of quoted shares.

The Group and the Bank also request for personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

The value of collaterized and other credit enhancements received on loans and advances as at 30 June 2022 is MUR 16.1bn (2021: MUR 17.4bn and 2020: MUR 18.4bn). All other financial assets are unsecured except for collateralised placements.

Analysis of loans and advances to banks and customers by past due status:

	THE GROUP AND THE BANK					
	30 JUNE 2022		30 JUNE 2021		30 JUNE 2020	
__Loans and advances to customers__	**Gross carrying amount**	**Loss allowance**	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
0-29 days	**27,592,292**	**553,456**	18,563,474	405,210	22,601,874	168,192
30-59 days	**31,068**	**3,607**	32,213	2,253	-	-
60-89 days	**3,838**	**510**	61,303	15,489	-	-
90-180 days	**5,600**	**661**	189,953	78,342	795,389	629,677
More than 181 days	**1,912,415**	**1,730,355**	2,585,854	2,181,574	2,036,542	1,592,014
Total	**29,545,213**	**2,288,589**	21,432,797	2,682,868	25,433,805	2,389,883

See Note 16 for more detailed information with respect to the allowance for impairment losses on loans and advances to customers.

The fair value of the collaterals that the Group and the Bank hold relating to loans that were past due but not impaired and loans individually determined to be impaired at 30 June 2022 amounts to MUR 214.8m (2021: MUR 307.7 and 2020: MUR 507m) and MUR 870m (2021: MUR 659.9m and 2020: MUR 810m) respectively.

Collateral repossessed

During the year, the Group and the Bank did not take possession of any collateral (2021 and 2020: Nil).

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Commitments and guarantees

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statements of financial position, they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

Financial guarantees and unutilised commitments are assessed and provision made in similar manner as for loans.

The table below shows the Group's and the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group and the Bank could have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	THE GROUP AND THE BANK		
	2022	2021	2020
	MUR'000	MUR'000	MUR'000
Financial guarantees	**497,209**	296,899	281,866
Letters of credit	**248,571**	149,690	151,588
Bills for collection	**2,109,488**	1,266,173	825,895
Undrawn commitments to lend	**5,063,990**	6,733,350	3,897,177
	7,919,258	8,446,112	5,156,526

__Financial guarantee contracts and loan commitments__

The allowance for impairment losses on off balance sheet items has been calculated on financial guarantees, letters of credit and undrawn commitments. The loss allowance has been classified under other liabilities.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	2022			
External rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing:				
Credit rating AAA	**5,653**	**-**	**-**	**5,653**
Credit rating AA+ to AA-	**71,868**	**-**	**-**	**71,868**
Credit rating A+ to A-	**1,214,631**	**-**	**-**	**1,214,631**
Credit rating BBB+ to BBB-	**1,163,511**	**-**	**-**	**1,163,511**
Credit rating BB+ to BB-	**1,178,457**	**-**	**-**	**1,178,457**
Credit rating B+ to B-	**2,055,418**	**119,146**	**-**	**2,174,564**
Non performing:				
Credit rating D	**-**	**-**	**1,086**	**1,086**
Total gross carrying amount	**5,689,538**	**119,146**	**1,086**	**5,809,770**
Loss allowance	**(9,600)**	**(669)**	**(350)**	**(10,619)**
Carrying amount	**5,679,938**	**118,477**	**736**	**5,799,151**

Several clients transferred to stage 2 and haircut applied on forward looking information in FY 22.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Financial guarantee contracts and loan commitments (continued)

External rating grade	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	136,132	-	-	136,132
Credit rating AA+ to AA-	144,749	-	-	144,749
Credit rating A+ to A-	375,696	4,519	-	380,215
Credit rating BBB+ to BBB-	590,590	6,785	-	597,375
Credit rating BB+ to BB-	4,907,306	9,667	-	4,916,973
Credit rating B+ to B-	997,960	5,799	-	1,003,759
Non performing:				
Credit rating D	-	-	736	736
Total gross carrying amount	7,152,433	26,770	736	7,179,939
Loss allowance	(28,666)	(910)	-	(29,576)
Carrying amount	7,123,767	25,860	736	7,150,363

For more details on restatement, please refere to Note 43.

External rating grade	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	139,426	-	-	139,426
Credit rating AA+ to AA-	2,202,413	-	-	2,202,413
Credit rating A+ to A-	1,156,176	-	-	1,156,176
Credit rating BBB+ to BBB-	641,455	-	-	641,455
Credit rating BB+ to BB-	80,906	-	-	80,906
Credit rating B+ to B-	109,469	-	-	109,469
Non performing:				
Credit rating D	-	-	786	786
Total gross carrying amount	4,329,845	-	786	4,330,631
Loss allowance	(7,311)	-	(50)	(7,361)
Carrying amount	4,322,534	-	736	4,323,270

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

Financial guarantee contracts and loan commitments	**2022**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount as at 1 July	**7,152,433**	**26,770**	**736**	**7,179,939**
Changes in the amount guaranteed:				
Transfer to stage 1	**36,951**	**(36,951)**	**-**	**-**
Transfer to stage 2	**(105,390)**	**105,390**	**-**	**-**
Transfer to stage 3	**(350)**	**-**	**350**	**-**
New financial assets originated	**3,502,922**	**-**	**-**	**3,502,922**
Financial assets that have been derecognised	**(4,897,028)**	**23,937**	**-**	**(4,873,091)**
Gross carrying amount at 30 June	**5,689,538**	**119,146**	**1,086**	**5,809,770**

Financial guarantee contracts and loan commitments	2021			
	Stage 1	Stage 2	Stage 3	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 1 July	4,329,845	-	786	4,330,631
Changes in the amount guaranteed:				
Transfer to stage 2	(26,770)	26,770	-	-
New financial assets originated	3,837,943	-	-	3,837,943
Financial assets that have been derecognised	(988,585)	-	(50)	(988,635)
Gross carrying amount at 30 June	7,152,433	26,770	736	7,179,939

For more details on restatement, please refere to Note 43.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Financial guarantee contracts and loan commitments (continued)

Financial guarantee contracts and loan commitments	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 1 July	556,332	4,615	796	561,743
Changes in the amount guaranteed:				
Transfer to stage 3	(50)	-	50	-
New financial assets originated	4,246,619	-	-	4,246,619
Payments and assets derecognised	(473,056)	(4,615)	(60)	(477,731)
Gross carrying amount at 30 June	4,329,845	-	786	4,330,631

Loss allowance - Financial guarantee contracts	**2022**			
	Stage 1	**Stage 2**	**Stage 3**	
	12-months ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Loss allowance as at 1 July	**28,666**	**910**	**-**	**29,576**
Changes in the loss allowance				
Transfer to stage 2	**(174)**	**174**	**-**	**-**
Transfer to stage 3	**(350)**	**-**	**350**	**-**
Net remeasurement of loss allowance	**(306)**	**-**	**-**	**(306)**
New financial assets originated	**6,708**	**-**	**-**	**6,708**
Payments and assets derecognised	**(24,944)**	**(415)**	**-**	**(25,359)**
Expected credit loss as at 30 June	**9,600**	**669**	**350**	**10,619**

Loss allowance - Financial guarantee contracts	2021			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	Restated			
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	7,311	-	50	7,361
Changes in the loss allowance				
Transfer to stage 2	(910)	910	-	-
Net remeasurement of loss allowance	(335)	-	-	(335)
New financial assets originated	25,952	-	-	25,952
Payments and assets derecognised	(3,352)	-	(50)	(3,402)
Expected credit loss as at 30 June	28,666	910	-	29,576

For more details on restatement, please refere to Note 43.

Loss allowance - Financial guarantee contracts	2020			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 1 July	10,411	65	-	10,476
Changes in the loss allowance				
Transfer to stage 3	(50)	-	50	-
New financial assets originated	6,842	-	-	6,842
Payments and assets derecognised	(9,942)	(65)	-	(10,007)
Net remeasurement of loss allowance	50	-	-	50
Expected credit loss as at 30 June	7,311	-	50	7,361

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management

Liquidity risk is the risk that the Group and the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Sources of liquidity risk include unforseen withdrawal of demand deposit, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset in a timely manner with minimum risk of capital loss, unpredicted non payment of a loan obligation and a sudden increased demand for loans.

The Bank's Asset and Liability Management Committee (ALCO) is responsible for managing the bank's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

The Group and the Bank maintain a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group and the Bank also have committed lines of credit that they can access to meet liquidity needs. In addition, the Group and the Bank maintain a statutory deposit with the Bank of Mauritius. The liquidity position is assessed and managed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and specifically to the Group and the Bank.

Analysis of financial assets and liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Bank's financial assets and liabilities based on undiscounted contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group and the Bank expect that many customers will not request repayment on the earliest date the Group and the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Group's and the Bank's deposit retention history.

Analysis of financial assets and liabilities by remaining contractual maturities

THE GROUP

	30 June 2022								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	46,935,661	-	-	-	46,935,661	-	-	-	46,935,661
Due from banks	-	39,234,757	673,104	685,922	40,593,783	6,739,394	-	6,739,394	47,333,177
Derivative financial instruments	-	310,793	10,301	14,149	335,243	19,322	17,414	36,736	371,979
Loans and advances to banks	-	2,429,462	671,897	965,056	4,066,415	7,924,061	-	7,924,061	11,990,476
Loans and advances to customers	1,517,134	6,206,479	2,819,661	1,459,092	12,002,366	8,752,372	6,501,886	15,254,258	27,256,624
Investment securities	-	33,341,770	2,471,730	5,862,362	41,675,862	22,825,006	6,464,431	29,289,437	70,965,299
Other assets (excluding prepayments, accrued income, inventory and taxes)	3,213,671	-	-	-	3,213,671	-	-	-	3,213,671
Total	51,666,466	81,523,261	6,646,693	8,986,581	148,823,001	46,260,155	12,983,731	59,243,886	208,066,887
Liabilities									
Due to banks	1,644	-	-	-	1,644	-	-	-	1,644
Deposits from banks:									
-Current account	16,101	-	-	-	16,101	-	-	-	16,101
-Savings account	353,486	-	-	-	353,486	-	-	-	353,486
	369,587	-	-	-	369,587	-	-	-	369,587
Deposits from customers:									
- Current account	159,455,127	-	-	-	159,455,127	-	-	-	159,455,127
- Savings account	5,453,909	-	-	-	5,453,909	-	-	-	5,453,909
- Term deposits	-	14,873,214	3,974,122	6,019,569	24,866,905	7,666,252	218,682	7,884,934	32,751,839
	164,909,036	14,873,214	3,974,122	6,019,569	189,775,941	7,666,252	218,682	7,884,934	197,660,875
Borrowings from financial institution	-	-	-	-	-	-	140,717	140,717	140,717
Derivative financial instruments	-	114,920	10,301	14,149	139,370	19,525	7,950	27,475	166,845
Lease liabilities	-	5,173	10,563	19,338	35,074	70,803	-	70,803	105,877
Other liabilities	100,889	1,297	-	297,964	400,150	-	-	-	400,150
Total	165,381,156	14,994,604	3,994,986	6,351,020	190,721,766	7,756,580	367,349	8,123,929	198,845,695
Net liquidity gap	(113,714,690)	66,528,657	2,651,707	2,635,561	(41,898,765)	38,503,575	12,616,382	51,119,957	9,221,192

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

THE GROUP

	30 June 2021								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	54,501,687	-	-	-	54,501,687	-	-	-	54,501,687
Due from banks	-	45,446,821	5,149,532	2,136,987	52,733,340	8,549,174	-	8,549,174	61,282,514
Derivative financial instruments	-	13,781	127,943	6,438	148,162	108,034	151,684	259,718	407,880
Loans and advances to banks	-	-	341,913	1,256,458	1,598,371	5,040,464	-	5,040,464	6,638,835
Loans and advances to customers	298,092	4,916,449	231,548	603,787	6,049,876	7,145,195	5,554,858	12,700,053	18,749,929
Investment securities	-	17,884,797	3,237,427	4,225,566	25,347,790	13,998,443	6,063,962	20,062,405	45,410,195
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,302,308	-	-	-	2,302,308	-	-	-	2,302,308
Total	57,102,087	68,261,848	9,088,363	8,229,236	142,681,534	34,841,310	11,770,504	46,611,814	189,293,348
Liabilities									
Due to banks	1,000,122	-	-	-	1,000,122	-	-	-	1,000,122
Deposits from banks:									
- Current account	17,255	-	-	-	17,255	-	-	-	17,255
- Savings account	347,471	-	-	-	347,471	-	-	-	347,471
	364,726	-	-	-	364,726	-	-	-	364,726
Deposits from customers:									
- Current account	143,217,400	-	-	-	143,217,400	-	-	-	143,217,400
- Savings account	5,787,393	-	-	-	5,787,393	-	-	-	5,787,393
- Term deposits	-	13,181,149	4,840,335	6,969,981	24,991,465	4,460,662	819,630	5,280,292	30,271,757
	149,004,793	13,181,149	4,840,335	6,969,981	173,996,258	4,460,662	819,630	5,280,292	179,276,550
Derivative financial instruments	-	12,119	89,188	1,051	102,358	108,034	-	108,034	210,392
Lease liabilities	-	7,654	7,481	12,548	27,683	20,758	-	20,758	48,441
Other liabilities	149,521	162	-	203,938	353,621	-	-	-	353,621
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Total	150,519,162	13,201,084	4,937,004	7,187,518	175,844,768	4,589,454	819,630	5,409,084	181,253,852
Net liquidity gap	(93,417,075)	55,060,764	4,151,359	1,041,718	(33,163,234)	30,251,856	10,950,874	41,202,730	8,039,496

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

THE GROUP

	30 June 2020								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	29,665,426	-	-	-	29,665,426	-	-	-	29,665,426
Due from banks	-	42,395,296	4,587,624	3,521,367	50,504,287	-	-	-	50,504,287
Derivative financial instruments	-	95,556	30,404	1,553	127,513	96,868	97,580	194,448	321,961
Loans and advances to banks	-	325,684	1,198,553	999,960	2,524,197	2,721,730	-	2,721,730	5,245,927
Loans and advances to customers	132,554	7,458,705	696,077	1,129,580	9,416,916	7,780,347	5,846,659	13,627,006	23,043,922
Investment securities	2	19,635,361	9,787,744	5,436,338	34,859,445	11,468,382	2,368,738	13,837,120	48,696,565
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,210,873	920	80	5,047	2,216,920	-	-	-	2,216,920
Total	32,008,855	69,911,522	16,300,482	11,093,845	129,314,704	22,067,327	8,312,977	30,380,304	159,695,008
Liabilities									
Due to banks	6,875	-	-	6,377	13,252	-	-	-	13,252
Derivative financial instruments	-	8,911	205	349	9,465	97,703	-	97,703	107,168
Deposits from banks:									
- Current account	15,754	-	-	-	15,754	-	-	-	15,754
- Savings account	80,611	-	-	-	80,611	-	-	-	80,611
	96,365	-	-	-	96,365	-	-	-	96,365
Deposits from customers:									
- Current account	107,482,370	-	(1,083)	-	107,481,287	-	-	-	107,481,287
- Savings account	5,959,053	-	-	-	5,959,053	-	-	-	5,959,053
- Term deposits	-	17,389,662	5,608,385	6,898,489	29,896,536	7,993,778	166,837	8,160,615	38,057,151
	113,441,423	17,389,662	5,607,302	6,898,489	143,336,876	7,993,778	166,837	8,160,615	151,497,491
Debts issued	-	-	1,083	-	1,083	-	-	-	1,083
Lease liabilities	-	8,203	8,342	17,525	34,070	50,160	-	50,160	84,230
Other liabilities	-	-	-	484,907	484,907	-	-	-	484,907
Financial liabilities measured at fair value through profit or loss	2	-	-	4,396	4,398	-	-	-	4,398
Total	113,544,665	17,406,776	5,616,932	7,412,043	143,980,416	8,141,641	166,837	8,308,478	152,288,894
Net liquidity gap	(81,535,810)	52,504,746	10,683,550	3,681,802	(14,665,712)	13,925,686	8,146,140	22,071,826	7,406,114

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

THE BANK

	2022								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	46,935,652	-	-	-	46,935,652	-	-	-	46,935,652
Due from banks	-	39,234,757	673,104	685,922	40,593,783	6,739,394	-	6,739,394	47,333,177
Derivative financial instruments	-	310,793	10,301	14,149	335,243	19,322	17,414	36,736	371,979
Loans and advances to banks	-	2,429,462	671,897	965,056	4,066,415	7,924,061	-	7,924,061	11,990,476
Loans and advances to customers	1,517,134	6,206,479	2,819,661	1,459,092	12,002,366	8,752,372	6,501,886	15,254,258	27,256,624
Investment securities	-	33,341,770	2,471,730	5,862,362	41,675,862	22,825,006	6,464,431	29,289,437	70,965,299
Other assets (excluding prepayments, accrued income, inventory and taxes)	3,213,671	-	-	-	3,213,671	-	-	-	3,213,671
Total	51,666,457	81,523,261	6,646,693	8,986,581	148,822,992	46,260,155	12,983,731	59,243,886	208,066,878
Liabilities									
Due to banks	1,644	-	-	-	1,644	-	-	-	1,644
Deposits from banks:									
- Current account	16,101	-	-	-	16,101	-	-	-	16,101
- Savings account	353,486	-	-	-	353,486	-	-	-	353,486
	369,587	-	-	-	369,587	-	-	-	369,587
Deposits from customers:									
- Current account	159,458,510	-	-	-	159,458,510	-	-	-	159,458,510
- Savings account	5,453,909	-	-	-	5,453,909	-	-	-	5,453,909
- Term deposits	-	14,873,214	3,974,122	6,019,569	24,866,905	7,666,252	218,682	7,884,934	32,751,839
	164,912,419	14,873,214	3,974,122	6,019,569	189,779,324	7,666,252	218,682	7,884,934	197,664,258
Borrowings from financial institution	-	-	-	-	-	-	140,717	140,717	140,717
Derivative financial instruments	-	114,920	10,301	14,149	139,370	19,525	7,950	27,475	166,845
Lease liabilities	-	5,173	10,563	19,338	35,074	70,803	-	70,803	105,877
Other liabilities	100,889	1,297	-	296,991	399,177	-	-	-	399,177
Total	165,384,539	14,994,604	3,994,986	6,350,047	190,724,176	7,756,580	367,349	8,123,929	198,848,105
Net liquidity gap	(113,718,082)	66,528,657	2,651,707	2,636,534	(41,901,184)	38,503,575	12,616,382	51,119,957	9,218,773

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

THE BANK

2021	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	54,501,675	-	-	-	54,501,675	-		-	54,501,675
Due from banks	-	45,446,821	5,149,532	2,136,987	52,733,340	8,549,174	-	8,549,174	61,282,514
Derivative financial instruments	-	13,781	127,943	6,438	148,162	108,034	151,684	259,718	407,880
Loans and advances to banks	-	-	341,913	1,256,458	1,598,371	5,040,464	-	5,040,464	6,638,835
Loans and advances to customers	298,092	4,916,449	231,548	603,787	6,049,876	7,145,195	5,554,858	12,700,053	18,749,929
Investment securities	-	17,884,797	3,237,427	4,225,566	25,347,790	13,998,443	6,063,962	20,062,405	45,410,195
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,302,308	-	-	-	2,302,308	-	-	-	2,302,308
Total	57,102,075	68,261,848	9,088,363	8,229,236	142,681,522	34,841,310	11,770,504	46,611,814	189,293,336
Liabilities									
Due to banks	1,000,122	-	-	-	1,000,122	-	-	-	1,000,122
Deposits from banks:									
- Current account	17,255	-	-	-	17,255	-	-	-	17,255
- Savings account	347,471	-	-	-	347,471	-	-	-	347,471
	364,726	-	-	-	364,726	-	-	-	364,726
Deposits from customers:									
- Current account	143,231,672	-	-	-	143,231,672	-	-	-	143,231,672
- Savings account	5,787,393	-	-	-	5,787,393	-	-	-	5,787,393
- Term deposits	-	13,181,149	4,840,335	6,969,981	24,991,465	4,460,662	819,630	5,280,292	30,271,757
	149,019,065	13,181,149	4,840,335	6,969,981	174,010,530	4,460,662	819,630	5,280,292	179,290,822
Derivative financial instruments	-	12,119	89,188	1,051	102,358	108,034	-	108,034	210,392
Lease liabilities	-	7,654	7,481	12,548	27,683	20,758	-	20,758	48,441
Other liabilities	149,521	162	-	203,520	353,203	-	-	-	353,203
Total	150,533,434	13,201,084	4,937,004	7,187,100	175,858,622	4,589,454	819,630	5,409,084	181,267,706
Net liquidity gap	(93,431,359)	55,060,764	4,151,359	1,042,136	(33,177,100)	30,251,856	10,950,874	41,202,730	8,025,630

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

THE BANK

2020	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	29,660,700		-	-	29,660,700	-	-	-	29,660,700
Due from banks	-	42,395,296	4,587,624	3,521,367	50,504,287	-	-	-	50,504,287
Derivative financial instruments	-	95,556	30,404	1,553	127,513	96,868	97,580	194,448	321,961
Loans and advances to banks	-	325,684	1,198,553	999,960	2,524,197	2,721,730	-	2,721,730	5,245,927
Loans and advances to customers	132,554	7,458,705	696,077	1,129,580	9,416,916	7,780,347	5,846,659	13,627,006	23,043,922
Investment securities	-	19,635,361	9,787,744	5,404,724	34,827,829	11,468,333	2,368,738	13,837,071	48,664,900
Other assets (excluding prepayments, accrued income, inventory and taxes)	2,210,873	69	853	-	2,211,795	-	-	-	2,211,795
Total	32,004,127	69,910,671	16,301,255	11,057,184	129,273,237	22,067,278	8,312,977	30,380,255	159,653,492
Liabilities									
Due to banks	6,875	-	-	6,377	13,252	-	-	-	13,252
Deposits from banks:									
- Current account	15,754	-	-	-	15,754	-	-	-	15,754
- Savings account	80,611	-	-	-	80,611	-	-	-	80,611
	96,365	-	-	-	96,365	-	-	-	96,365
Deposits from customers:									
- Current account	107,505,661		-	-	107,505,661	-	-	-	107,505,661
- Savings account	5,959,053	-	-	-	5,959,053	-	-	-	5,959,053
- Term deposits	-	17,389,662	5,608,385	6,898,628	29,896,675	7,993,778	166,837	8,160,615	38,057,290
	113,464,714	17,389,662	5,608,385	6,898,628	143,361,389	7,993,778	166,837	8,160,615	151,522,004
Derivative financial instruments	-	8,911	205	349	9,465	97,703	-	97,703	107,168
Debts issued	-	-	-	-	-	-	-	-	-
Lease liabilities	-	8,203	8,342	17,525	34,070	50,160	-	50,160	84,230
Other liabilities	-	-	-	474,168	474,168	-	-	-	474,168
Total	113,567,954	17,406,776	5,616,932	7,397,047	143,988,709	8,141,641	166,837	8,308,478	152,297,187
Net liquidity gap	(81,563,827)	52,503,895	10,684,323	3,660,137	(14,715,472)	13,925,637	8,146,140	22,071,777	7,356,305

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

The table below shows the contractual expiry by maturity of the Group's and the Bank's commitments.

THE GROUP AND THE BANK

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 Years	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
30 June 2022					
Contingent liabilities	**2,407,546**	**360,627**	**42,979**	**44,116**	**2,855,268**
Commitments	**2,076,924**	**1,631,247**	**882,312**	**473,507**	**5,063,990**
Total	**4,484,470**	**1,991,874**	**925,291**	**517,623**	**7,919,258**
30 June 2021					
Contingent liabilities	1,493,657	140,126	36,330	42,649	1,712,762
Commitments	1,150,181	599,137	4,865,252	118,780	6,733,350
Total	2,643,838	739,263	4,901,582	161,429	8,446,112
30 June 2020					
Contingent liabilities	1,004,239	203,854	11,599	39,657	1,259,349
Commitments	394,460	2,622,533	568,759	311,425	3,897,177
Total	1,398,699	2,826,387	580,358	351,082	5,156,526

The Group and the Bank do not expect all the contingent liabilities or commitments to be drawn before expiry of commitments.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Group and the Bank classify exposures to market risk into either trading or non trading portfolios and manage these portfolios separately. Except for the concentrations within foreign currency, the Group and the Bank have no significant concentration of market risk.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Management has established limits on the maximum adverse volatility on its future net interest income.

The Bank's main exposure to interest rate risk stems from a variety of sources: Yield curve risk, which refers to changes in the level, slope and shape of the yield curve; Repricing risk, which arises from timing differences in the maturity and repricing of balance-sheet items; Basis risk that is caused by imperfect correlation between different yield curves.

The following table demonstrates the sensitivity to a Day 1 100 basis points shock (2021: 100 basis points; 2020: 100 basis points) on the Bank's net interest income. The net interest income sensitivity is the effect of the assumed changes in interest rates, based on the financial assets and financial liabilities held at 30 June.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

THE GROUP	**2022**	2021	2020	**2022**	2021	2020
Currency	**Change in Basis points**	Change in Basis points	Change in Basis points	**Sensitivity of profit or loss**	Sensitivity of profit or loss	Sensitivity of profit or loss
				MUR'000	MUR'000	MUR'000
AUD	**+100**	+100	+100	**8,174**	7,180	6,973
	- 100	- 100	- 100	**(902)**	(433)	131
EUR	**+100**	+100	+100	**291,727**	263,425	200,671
	- 100	- 100	- 100	**(272,738)**	(264,443)	(203,178)
GBP	**+100**	+100	+100	**53,948**	60,888	51,342
	- 100	- 100	- 100	**(38,966)**	(14,755)	(15,126)
MUR	**+100**	+100	+100	**17,983**	(9,391)	(5,539)
	- 100	- 100	- 100	**(38,617)**	(26,913)	(33,041)
USD	**+100**	+100	+100	**816,238**	788,670	553,835
	- 100	- 100	- 100	**(692,377)**	(193,667)	(321,706)

THE BANK	**2022**	2021	2020	**2022**	2021	2020
Currency	**Change in Basis points**	Change in Basis points	Change in Basis points	**Sensitivity of profit or loss**	Sensitivity of profit or loss	Sensitivity of profit or loss
				MUR'000	MUR'000	MUR'000
AUD	**+100**	+100	+100	**8,174**	7,180	6,973
	- 100	- 100	- 100	**(902)**	(433)	131
EUR	**+100**	+100	+100	**291,727**	263,425	200,663
	- 100	- 100	- 100	**(272,738)**	(264,443)	(203,170)
GBP	**+100**	+100	+100	**53,948**	60,888	51,342
	- 100	- 100	- 100	**(38,966)**	(14,755)	(15,126)
MUR	**+100**	+100	+100	**17,983**	(9,391)	(5,574)
	- 100	- 100	- 100	**(38,617)**	(26,913)	(33,006)
USD	**+100**	+100	+100	**816,238**	788,670	553,831
	- 100	- 100	- 100	**(692,377)**	(193,667)	(321,702)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below analyses the Group's and the Bank's interest rate risk exposure on non–trading financial assets and liabilities. The Group's and the Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

THE GROUP

	2022							
	Carrying amount	**On demand**	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Assets								
Cash and balances with banks	**46,935,661**	**22,671,585**	**-**	**-**	**-**	**-**	**-**	**24,264,076**
Due from banks	**47,333,177**	**-**	**39,234,757**	**673,104**	**685,922**	**6,739,394**	**-**	**-**
Derivative financial instruments	**371,979**	**-**	**-**	**-**	**-**	**195,873**	**10,040**	**166,066**
Loans and advances to banks	**11,990,476**	**-**	**2,429,462**	**671,897**	**965,056**	**7,924,061**	**-**	**-**
Loans and advances to customers	**27,256,624**	**1,517,134**	**6,206,479**	**2,819,661**	**1,459,092**	**8,752,372**	**6,501,886**	**-**
Debt instruments measured at amortised cost	**65,269,752**	**-**	**30,118,716**	**1,502,115**	**4,885,247**	**22,315,041**	**6,448,633**	**-**
Other assets (excluding prepayments, accrued income and inventory)	**3,213,671**	**1,540,222**	**-**	**-**	**-**	**-**	**-**	**1,673,449**
Total assets	**202,371,340**	**25,728,941**	**77,989,414**	**5,666,777**	**7,995,317**	**45,926,741**	**12,960,559**	**26,103,591**
Liabilities								
Due to banks	**1,644**	**1,644**	**-**	**-**	**-**	**-**	**-**	**-**
Deposits from banks	**369,587**	**353,486**	**-**	**-**	**-**	**-**	**-**	**16,101**
Deposits from customers	**197,072,336**	**8,422,689**	**14,530,965**	**3,672,700**	**5,797,219**	**6,735,435**	**181,566**	**157,731,762**
Borrowings from financial institution	**140,547**	**-**	**-**	**-**	**-**	**-**	**140,547**	**-**
Derivative financial instruments	**166,845**	**-**	**-**	**-**	**-**	**-**	**10,040**	**156,805**
Lease liabilities	**100,378**	**-**	**5,173**	**10,563**	**19,338**	**65,304**	**-**	**-**
Other liabilities	**400,150**	**-**	**-**	**-**	**-**	**-**	**-**	**400,150**
Total liabilities	**197,584,114**	**8,777,819**	**14,530,965**	**3,672,700**	**5,797,219**	**6,735,435**	**322,113**	**157,747,863**
Total interest sensitivity gap	**4,787,226**	**16,951,122**	**63,458,449**	**1,994,077**	**2,198,098**	**39,191,306**	**12,638,446**	**(131,644,272)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

THE GROUP

	2021							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	54,501,687	37,579,753	-	-	-	-	-	16,921,934
Due from banks	61,282,514	-	45,446,821	5,149,532	2,136,987	8,549,174	-	-
Derivative financial instruments	407,880	-	-	-	-	2,870	151,683	253,327
Loans and advances to banks	6,638,835	-	-	341,913	1,256,458	5,040,464	-	-
Loans and advances to customers	18,749,929	298,092	4,916,449	231,548	603,787	7,145,195	5,554,858	-
Debt instruments measured at amortised cost	39,859,873	-	16,239,619	2,495,716	3,186,173	12,352,930	5,585,435	-
Other assets (excluding prepayments, accrued income and inventory)	2,302,308	1,047,901	-	-	-	-	-	1,254,407
Total assets	183,743,026	38,925,746	66,602,889	8,218,709	7,183,405	33,090,633	11,291,976	18,429,668
Liabilities								
Due to banks	1,000,122	1,000,122	-	-	-	-	-	-
Deposits from banks	364,726	347,471	-	-	-	-	-	17,255
Deposits from customers	178,832,286	7,842,860	12,945,890	4,601,245	6,731,422	3,680,709	726,356	142,303,804
Derivative financial instruments	210,392	-	-	-	-	3,162	-	207,230
Lease liabilities	47,658	-	7,654	7,481	12,548	19,975	-	-
Other liabilities	353,621	-	-	-	-	-	-	353,621
Total liabilities	180,808,805	9,190,453	12,953,544	4,608,726	6,743,970	3,703,846	726,356	142,881,910
Total interest sensitivity gap	2,934,221	29,735,293	53,649,345	3,609,983	439,435	29,386,787	10,565,620	(124,452,242)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

THE GROUP

	2020							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	29,665,426	21,124,791	-	-	-	-	-	8,540,635
Due from banks	50,504,287	-	42,395,296	4,587,624	3,521,367	-	-	-
Derivative financial instruments	321,961	-	-	-	-	3,906	97,580	220,475
Loans and advances to banks	5,245,927	-	325,684	1,198,553	999,960	2,721,730	-	-
Loans and advances to customers	23,043,922	132,554	7,458,705	696,077	1,129,580	7,780,347	5,846,659	-
Debt instruments measured at amortised cost	46,612,747	-	18,946,389	9,060,846	4,863,620	11,388,909	2,352,983	-
Equity Investment designated at fair value through other comprehensive income	-	-	-	-	-	-		-
Other assets (excluding prepayments, accrued income and inventory)	2,216,920	1,009,308	920	80	5,047	-	-	1,201,565
Total assets	157,611,190	22,266,653	69,126,994	15,543,180	10,519,574	21,894,892	8,297,222	9,962,675
Liabilities								
Due to banks	13,252	6,875	-	-	6,377	-	-	-
Deposits from banks	96,365	80,611	-	-	-	-	-	15,754
Deposits from customers	150,826,106	7,776,925	17,258,333	5,441,704	6,645,071	6,993,611	133,944	106,576,518
Debts issued	1,083	-	-	1,083	-	-	-	-
Derivative financial instruments	107,168	-	-	-	-	4,741	-	102,427
Lease liabilities	82,571	-	8,203	8,342	17,525	48,501	-	-
Other liabilities	484,907	-	-	-	-	-	-	484,907
Financial liabilities measured at fair value through profit or loss	4,398	2	-	-	4,396	-	-	-
Total liabilities	151,615,850	7,864,413	17,266,536	5,451,129	6,673,369	7,046,853	133,944	107,179,606
Total interest sensitivity gap	5,995,340	14,402,240	51,860,458	10,092,051	3,846,205	14,848,039	8,163,278	(97,216,931)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

THE BANK

	2022							
	Carrying amount	**On demand**	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Assets								
Cash and balances with banks	**46,935,652**	**22,671,576**	**-**	**-**	**-**	**-**	**-**	**24,264,076**
Due from banks	**47,333,177**	**-**	**39,234,757**	**673,104**	**685,922**	**6,739,394**	**-**	**-**
Derivative financial instruments	**371,979**	**-**	**-**	**-**	**-**	**195,873**	**10,040**	**166,066**
Loans and advances to banks	**11,990,476**	**-**	**2,429,462**	**671,897**	**965,056**	**7,924,061**	**-**	**-**
Loans and advances to customers	**27,256,624**	**1,517,134**	**6,206,479**	**2,819,661**	**1,459,092**	**8,752,372**	**6,501,886**	**-**
Debt instruments measured at amortised cost	**65,269,752**	**-**	**30,118,716**	**1,502,115**	**4,885,247**	**22,315,041**	**6,448,633**	**-**
Other assets (excluding prepayments, accrued income and inventory)	**3,213,671**	**1,540,222**	**-**	**-**	**-**	**-**	**-**	**1,673,449**
Total assets	**202,371,331**	**25,728,932**	**77,989,414**	**5,666,777**	**7,995,317**	**45,926,741**	**12,960,559**	**26,103,591**
Liabilities								
Due to banks	**1,644**	**1,644**	**-**	**-**	**-**	**-**	**-**	**-**
Deposits from banks	**369,587**	**353,486**	**-**	**-**	**-**	**-**	**-**	**16,101**
Deposits from customers	**197,075,719**	**8,426,072**	**14,530,965**	**3,672,700**	**5,797,219**	**6,735,435**	**181,566**	**157,731,762**
Borrowings from financial institution	**140,547**	**-**	**-**	**-**	**-**	**-**	**140,547**	**-**
Derivative financial instruments	**166,845**	**-**	**-**	**-**	**-**	**-**	**10,040**	**156,805**
Lease liabilities	**100,378**	**-**	**5,173**	**10,563**	**19,338**	**65,304**	**-**	**-**
Other liabilities	**399,177**	**-**	**-**	**-**	**-**	**-**	**-**	**399,177**
Total liabilities	**198,253,897**	**8,781,202**	**14,536,138**	**3,683,263**	**5,816,557**	**6,800,739**	**332,153**	**158,303,845**
Total interest sensitivity gap	**4,117,434**	**16,947,730**	**63,453,276**	**1,983,514**	**2,178,760**	**39,126,002**	**12,628,406**	**(132,200,254)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

THE BANK

2021	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	54,501,675	37,579,741	-	-	-	-	-	16,921,934
Due from banks	61,282,514	-	45,446,821	5,149,532	2,136,987	8,549,174	-	-
Derivative financial instruments	407,880	-	-	-	-	2,870	151,683	253,327
Loans and advances to banks	6,638,835	-	-	341,913	1,256,458	5,040,464	-	-
Loans and advances to customers	18,749,929	298,092	4,916,449	231,548	603,787	7,145,195	5,554,858	-
Debt instruments measured at amortised cost	39,859,873	-	16,239,619	2,495,716	3,186,173	12,352,930	5,585,435	-
Other assets (excluding prepayments, accrued income and inventory)	2,302,308	1,047,901	-	-	-	-	-	1,254,407
Total assets	183,743,014	38,925,734	66,602,889	8,218,709	7,183,405	33,090,633	11,291,976	18,429,668
Liabilities								
Due to banks	1,000,122	1,000,122	-	-	-	-	-	-
Deposits from banks	364,726	347,471	-	-	-	-	-	17,255
Deposits from customers	178,846,558	7,857,132	12,945,890	4,601,245	6,731,422	3,680,709	726,356	142,303,804
Derivative financial instruments	210,392	-	-	-	-	3,162	-	207,230
Lease liabilities	47,658	-	7,654	7,481	12,548	19,975	-	-
Other liabilities	353,203	-	-	-	-	-	-	353,203
Total liabilities	180,822,659	9,204,725	12,953,544	4,608,726	6,743,970	3,703,846	726,356	142,881,492
Total interest sensitivity gap	2,920,355	29,721,009	53,649,345	3,609,983	439,435	29,386,787	10,565,620	(124,451,824)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

THE BANK

2020	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	29,660,700	21,120,065	-	-	-	-	-	8,540,635
Due from banks	50,504,287	-	42,395,296	4,587,624	3,521,367	-	-	-
Derivative financial instruments	321,961	-	-	-	-	3,906	97,580	220,475
Loans and advances to banks	5,245,927	-	325,684	1,198,553	999,960	2,721,730	-	-
Loans and advances to customers	23,043,922	132,554	7,458,705	696,077	1,129,580	7,780,347	5,846,659	-
Debt instruments measured at amortised cost	46,612,747	-	18,946,389	9,060,846	4,863,620	11,388,909	2,352,983	-
Other assets (excluding prepayments, accrued income and inventory)	2,211,795	969,895	69	853	-	-	-	1,240,978
Total assets	157,601,339	22,222,514	69,126,143	15,543,953	10,514,527	21,894,892	8,297,222	10,002,088
Liabilities								
Due to banks	13,252	6,875	-	-	6,377	-	-	-
Deposits from banks	96,365	80,611	-	-	-	-	-	15,754
Deposits from customers	150,850,619	7,801,438	17,258,333	5,441,704	6,645,071	6,993,611	133,944	106,576,518
Derivative financial instruments	107,168	-	-	-	-	4,741	-	102,427
Lease liabilities	82,571	-	8,203	8,342	17,525	48,501	-	-
Other liabilities	474,168	-	-	-	-	-	-	474,168
Total liabilities	151,624,143	7,888,924	17,266,536	5,450,046	6,668,973	7,046,853	133,944	107,168,867
Total interest sensitivity gap	5,977,196	14,333,590	51,859,607	10,093,907	3,845,554	14,848,039	8,163,278	(97,166,779)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The table below indicates the currencies to which the Group and the Bank had significant exposure at 30 June on all its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the MUR, with all other variables held constant on the statements of profit or loss (due to the fair value of currency sensitive non trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in the statement of profit or loss, while a positive amount reflects a net potential increase.

THE GROUP

		2022		
		Effect of change in currency on		
Currency	**% Change in Currency rate**	**Assets**	**Liabilities**	**Sensitivity of profit or loss**
		MUR'000	**MUR'000**	**MUR'000**
AUD	**+5%**	**51,421**	**(51,336)**	**85**
	-5%	**(51,421)**	**51,336**	**(85)**
EUR	**+5%**	**1,752,881**	**(1,748,900)**	**3,981**
	-5%	**(1,752,881)**	**1,748,900**	**(3,981)**
GBP	**+5%**	**356,777**	**(356,266)**	**511**
	-5%	**(356,777)**	**356,266**	**(511)**
USD	**+5%**	**6,601,395**	**(6,616,707)**	**(15,312)**
	-5%	**(6,601,395)**	**6,616,707**	**15,312**

		2021		
		Effect of change in currency on		
Currency	% Change in Currency rate	Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	41,802	(41,822)	(20)
	-5%	(41,802)	41,822	20
EUR	+5%	1,535,645	(1,540,110)	(4,465)
	-5%	(1,535,645)	1,540,110	4,465
GBP	+5%	441,129	(441,960)	(831)
	-5%	(441,129)	441,960	831
USD	+5%	6,040,720	(6,036,803)	3,917
	-5%	(6,040,720)	6,036,803	(3,917)

		2020		
		Effect of change in currency on		
Currency	% Change in Currency rate	Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	48,574	(48,453)	121
	-5%	(48,574)	48,453	(121)
EUR	+5%	1,196,120	(1,193,653)	2,467
	-5%	(1,196,120)	1,193,653	(2,467)
GBP	+5%	353,734	(353,395)	339
	-5%	(353,734)	353,395	(339)
USD	+5%	5,028,718	(5,037,759)	(9,041)
	-5%	(5,028,718)	5,037,759	9,041

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(ii) Currency risk (continued)

THE BANK

		2022		
		Effect of change in currency on		
Currency	**% Change in Currency rate**	**Assets**	**Liabilities**	**Sensitivity of profit or loss**
		MUR'000	**MUR'000**	**MUR'000**
AUD	**+5%**	**51,421**	**(51,336)**	**85**
	-5%	**(51,421)**	**51,336**	**(85)**
EUR	**+5%**	**1,752,881**	**(1,748,900)**	**3,981**
	-5%	**(1,752,881)**	**1,748,900**	**(3,981)**
GBP	**+5%**	**356,777**	**(356,266)**	**511**
	-5%	**(356,777)**	**356,266**	**(511)**
USD	**+5%**	**6,601,395**	**(6,616,707)**	**(15,312)**
	-5%	**(6,601,395)**	**6,616,707**	**15,312**

		2021		
		Effect of change in currency on		
Currency	% Change in Currency rate	Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	41,802	(41,822)	(20)
	-5%	(41,802)	41,822	20
EUR	+5%	1,535,645	(1,540,110)	(4,465)
	-5%	(1,535,645)	1,540,110	4,465
GBP	+5%	441,129	(441,960)	(831)
	-5%	(441,129)	441,960	831
USD	+5%	6,040,720	(6,036,803)	3,917
	-5%	(6,040,720)	6,036,803	(3,917)

		2020		
		Effect of change in currency on		
Currency	% Change in Currency rate	Assets	Liabilities	Sensitivity of profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	48,574	(48,453)	121
	-5%	(48,574)	48,453	(121)
EUR	+5%	1,196,120	(1,193,433)	2,687
	-5%	(1,196,120)	1,193,433	(2,687)
GBP	+5%	353,734	(353,395)	339
	-5%	(353,734)	353,395	(339)
USD	+5%	5,028,718	(5,037,759)	(9,041)
	-5%	(5,028,718)	5,037,759	9,041

(e) Other price risk

Other price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices. The non-trading equity price risk exposure arises from debt instrument measured at fair value through other comprehensive income.

39 CAPITAL

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's and the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Mauritius in supervising the Group and the Bank. During the past year, the Group and the Bank have complied fully with all its externally imposed capital requirements.

Capital management

The primary objectives of the Group's and the Bank's capital management are to ensure that the Group and the Bank comply with externally imposed capital requirements and that the Group and the Bank maintain strong credit ratings and healthy capital ratios in order to support the business and to maximise shareholders' value.

The Group and the Bank manage their capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new capital securities.

ELIGIBLE RISK-WEIGHTED CAPITAL

	THE GROUP			THE BANK		
	Basel III 2022 MUR'000	Basel III 2021 MUR'000	Basel III 2020 MUR'000	**Basel III 2022 MUR'000**	Basel III 2021 MUR'000	Basel III 2020 MUR'000
Tier 1 capital	**9,618,788**	8,546,750	7,996,924	**9,616,371**	8,536,977	7,986,957
Tier 2 capital	**663,008**	555,833	399,896	**663,008**	555,833	399,896
Total capital	**10,281,796**	9,102,583	8,396,820	**10,279,379**	9,092,810	8,386,853
Risk-weighted assets	**65,237,534**	56,243,598	55,437,946	**65,217,648**	56,208,349	55,363,146
	%	%	%	**%**	%	%
Capital adequacy ratio	**15.76**	16.18	15.15	**15.76**	16.18	15.15

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings, foreign currency translation and other reserves. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Mauritius. The other component of regulatory capital is Tier 2 capital, which includes stage 1 and stage 2 provisions and country risk reserves.

40 EVENTS AFTER REPORTING DATE

On 28 October 2022, the Board of Directors declared and approved a dividend of MUR 76.3m on Class A Series 1 and 2 and MUR 482.4m on Ordinary Shares, subject to approval from the regulators.

IMPACT ASSESSMENT FOLLOWING DOWNGRADE OF MAURITIUS

As per the policy of the bank (IFRS-9), if not externally rated, the internal rating model-based is used where a counterpart cannot be rated higher than its country rating. Following the downgrade of the sovereign rating of Mauritius from BBB (Baa2) to BBB- (Baa3) by Moody's, in July 2022, an assessment has been done and it resulted that no corporate is rated above the sovereign rating of Mauritius.

IMPACT ASSESSMENT FOLLOWING DOWNGRADE OF GHANA

Nature of the event

Subsequent to 30 June 2022, S&P's has been downgraded Long-Term Local- and Foreign-Currency Issuer Default Ratings (IDRs) of Ghana to 'CCC+/C' from 'B-/B' on 5 August 2022. The downgrade mirrors an increased probability that Ghana will pursue a restructuring in its elevated debts given rising financing stress, with intensifying interest costs on domestic debt and a prolonged limited access to Eurobond & external capital markets. The IMF support programme currently being negotiated by Ghana shall be in the form of a debt exchange and will qualify as a distressed debt exchange under it's criteria. Nevertheless, in conclusion of it's visit to Ghana on 07 October 2022, IMF reaffirms it's commitment to support Ghana in these challenging times, consistent with the IMF's policies.

Financial impact

As at 30 June 2022, our major exposures in Ghana amounted to MUR 899M and carrying an ECL of MUR 16.7M. The Bank has estimated that, had the downgrade happened during the financial reporting period, an incremental ECL of MUR 132M. However, same would also be mitigated by an unconditional and irrevocable financial guarantee from an investment grade bank and the well ring-fenced financing structure of our exposures.

41 OFFSETTING FINANCIAL INSTRUMENTS

The Group and the Bank offsetting financial arrangement is summarised below.

Derivatives and loans and advances to banks

The Group and the Bank uses master netting agreements and holds cash collateral and marketable securities to mitigate the credit risk of derivatives, repurchase agreements and securities lending.

The Group and the Bank enters into derivatives with central counterparty clearing houses (CCPs) or bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Group and the Bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Group and the Bank and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of derivatives transacted on exchanges and with CCPs. The collateral posted with regards to open derivatives is cash or marketable securities.

The Group's and the Bank's repurchase, and reverse repurchase, transactions and securities borrowing and lending are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

THE GROUP

2022	**Effect of offsetting on statement of financial position**			**Related amounts not offset**	
	Gross amounts	**Amount offset**	**Net amount reported**	**Cash collateral**	**Net amount**
ASSETS	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Derivative financial instruments	**371,979**	**-**	**371,979**	**(206,921)**	**165,058**
Loans and advances to customers	**27,256,624**	**-**	**27,256,624**	**(1,807,460)**	**25,449,164**
	27,628,603	**-**	**27,628,603**	**(2,014,381)**	**25,614,222**
LIABILITIES					
Deposits from banks	**369,587**	**-**	**369,587**	**(206,921)**	**162,666**
Deposits from customers	**197,072,336**	**-**	**197,072,336**	**(1,807,460)**	**195,264,876**
	197,441,923	**-**	**197,441,923**	**(2,014,381)**	**195,427,542**

2021	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	407,880	-	407,880	(154,190)	253,690
Loans and advances to customers	18,749,929	-	18,749,929	(1,593,416)	17,156,513
	19,157,809	-	19,157,809	(1,747,606)	17,410,203
LIABILITIES					
Deposits from banks	364,726	-	364,726	(154,190)	210,536
Deposits from customers	178,832,286	-	178,832,286	(1,593,416)	177,238,870
	179,197,012	-	179,197,012	(1,747,606)	177,449,406

2020	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	321,961	-	321,961	(80,611)	241,350
Loans and advances to customers	23,043,922	-	23,043,922	(1,119,385)	21,924,537
	23,365,883	-	23,365,883	(1,199,996)	22,165,887
LIABILITIES					
Deposits from banks	96,365	-	96,365	(80,611)	15,754
Deposits from customers	150,826,106	-	150,826,106	(1,119,385)	149,706,721
	150,922,471	-	150,922,471	(1,199,996)	149,722,475

41 OFFSETTING FINANCIAL INSTRUMENTS (CONITNUED)

Derivatives and loans and advances to banks (continued)

THE BANK

2022	**Effect of offsetting on statement of financial position**			**Related amounts not offset**	
	Gross amounts	**Amount offset**	**Net amount reported**	**Cash collateral**	**Net amount**
ASSETS	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Derivative financial instruments	**371,979**	**-**	**371,979**	**(206,921)**	**165,058**
Loans and advances to customers	**27,256,624**	**-**	**27,256,624**	**(1,807,460)**	**25,449,164**
	27,628,603	**-**	**27,628,603**	**(2,014,381)**	**25,614,222**
LIABILITIES					
Deposits from banks	**369,587**	**-**	**369,587**	**(206,921)**	**162,666**
Deposits from customers	**197,075,719**	**-**	**197,075,719**	**(1,807,460)**	**195,268,259**
	197,445,306	**-**	**197,445,306**	**(2,014,381)**	**195,430,925**

2021	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	407,880	-	407,880	(154,190)	253,690
Loans and advances to customers	18,749,929	-	18,749,929	(1,593,416)	17,156,513
	19,157,809	-	19,157,809	(1,747,606)	17,410,203
LIABILITIES					
Deposits from banks	364,726	-	364,726	(154,190)	210,536
Deposits from customers	178,846,558	-	178,846,558	(1,593,416)	177,253,142
	179,211,284	-	179,211,284	(1,747,606)	177,463,678

2020	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments	321,961	-	321,961	(80,611)	241,350
Loans and advances to customers	23,043,922	-	23,043,922	(1,119,385)	21,924,537
	23,365,883	-	23,365,883	(1,199,996)	22,165,887
LIABILITIES					
Deposits from banks	96,365	-	96,365	(80,611)	15,754
Deposits from customers	150,850,619	-	150,850,619	(1,119,385)	149,731,234
	150,946,984	-	150,946,984	(1,199,996)	149,746,988

The Group and the Bank entered into various forward-geared contracts with Firstrand Bank. On maturity of these contracts, the Group and the Bank will be required to pay only the net amount. Hence the fair value of all the forward geared contracts has been offset in the financial statements.

The Group and the Bank receive cash collaterals as security on various loan arrangements. The Group and the Bank have a right to offset these cash collaterals against the loan amounts on default of the Group's and the Bank's clients. As at 30 June 2020 these amounts have been shown in "due to customers" and have not been offset against the loan balances.

42 DISCONTINUED OPERATIONS

In November 2019, the Board approved the distribution of the shares of EKADA Capital Ltd (formerly known AfrAsia Capital Management Ltd). Following the approval from the Financial Services Commission and the Bank of Mauritius respectively, the Board declared the dividend in Specie of the shares of EKADA Capital Ltd in November 2020 and the distribution was completed in January 2021. The subsidiary was consolidated for the period up to 25 January 2021.

The results of the discontinued operation, which have been included in the profit for the year, were as follows:

	THE GROUP	
	2021	2020
	MUR'000	MUR'000
Interest income	-	-
Interest expense	(7)	(44)
Net interest income, calculated using EIR method	(7)	(44)
Fees and commission income	16,827	40,591
Fees and commission expense	(2,649)	(2,402)
Net fees and commission income	14,178	38,189
Other operating income	245	2,308
Total operating income	14,416	40,453
Net impairment loss on financial assets	-	(60)
Net operating income	14,416	40,393
Personnel expenses	(17,574)	(33,317)
Depreciation of equipment	(153)	(439)
Depreciation of right of use assets	(700)	-
Amortization of intangible assets	(53)	(11)
Other operating expenses	(9,476)	(9,229)
Total operating expenses	(27,956)	(42,996)
Loss before tax	(13,540)	(2,603)
Income tax expense	-	(543)
(Loss)/profit for the year	(13,540)	(3,146)

The asset and liabilities at 25 January 2021, date of disposal, were as follows:

	THE GROUP
	2021
	MUR'000
ASSETS	
Cash and balances with banks	5,891
Property and equipment	769
Intangible assets	219
Right of use assets	10,203
Investment Securities	49
Deferred tax assets	118
Other assets	8,286
TOTAL ASSETS	25,535
LIABILITIES	
Retirement benefit obligations	2,183
Lease liabilities	10,203
Other liabilities	13,705
TOTAL LIABILITIES	26,091

43 RESTATEMENT AND RECLASSIFICATIONS

The Group and the Bank made the following correction of error and reclassifications as described below:

(a) Point 1: Medium term and long-term placements with banks having original maturities greater than three months were being wrongly classified under cash and cash equivalents instead of due from banks and were thus not in line with IAS 7 Statement of Cash Flows.

Classification of placement as 'cash and cash equivalents' was based on remaining term to maturity at the reporting date rather than on maturity at inception.

The above led to an overstatement of cash and cash equivalents and understatement of the due from banks. There is no impact on consolidated and separate statements of profit or loss and other comprehensive income.

Point 2: In addition, in pursuing a fairer presentation, the Group and the Bank changed the presentation of two items on its statement of financial position as follows:

- Cash and cash equivalents has been changed to Cash and balances with bank which entailed that short term placements are now excluded from cash and bank balances
- Due from banks now includes the short term placements

The impact on the line items presented in the statements of financial position and statements of cash flows are as follows:

Cash and balances with banks	THE GROUP		THE BANK	
	2021	2020	2021	2020
Statement of financial position	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents as previously reported	97,810,111	69,036,975	97,810,099	69,032,249
Correction of error (as described above)	(8,248,079)	(20,666,433)	(8,248,079)	(20,666,433)
Cash and cash equivalents, as restated, prior to change in presentation	89,562,032	48,370,542	89,562,020	48,365,816
Presentation change for short term placements now shown in Due from banks	(35,060,345)	(18,705,116)	(35,060,345)	(18,705,116)
Cash and balances with banks (Current presentation)	54,501,687	29,665,426	54,501,675	29,660,700

Due from banks	THE GROUP AND THE BANK	
	2021	2020
Statement of financial position	MUR'000	MUR'000
Due from banks as previously reported	17,974,090	11,132,738
Correction of error (as described above)	8,248,079	20,666,433
Due from banks, as restated, prior to change in presentation	26,222,169	31,799,171
Presentation change for short term placements previously shown in cash and cash equivalents	35,060,345	18,705,116
Due from banks (Current presentation)	61,282,514	50,504,287

	THE GROUP AND THE BANK	
Gross carrying amount	2021	2020
	MUR'000	MUR'000
Gross carrying amount at 01 July	11,137,615	12,971,815
New financial assets originated	17,977,444	11,137,615
Financial assets that have been repaid	(11,137,615)	(12,971,815)
Gross carrying amount at 30 June (as previously reported)	17,977,444	11,137,615
The restatement has resulted in the following reclassification:		
Changes in the gross carrying amount (Restated opening balance)	39,374,698	33,808,173
New assets originated or purchased	42,327,015	38,475,874
Payments and assets derecognised	(38,389,187)	(32,909,349)
Gross carrying amount at 30 June (as restated)	61,289,970	50,512,313

Allowance for impairment losses	THE GROUP AND THE BANK	
	2021	2020
	MUR'000	MUR'000
Loss allowance at 01 July	4,877	3,886
New financial assets originated	3,354	4,877
Financial assets that have been repaid	(4,877)	(3,886)
Loss allowance at 30 June (as previously reported)	3,354	4,877
The restatement has resulted in the following reclassification:		
Changes in loss allowance (Restated opening balance):	3,150	25,929
New assets originated or purchased	4,088	3,149
Payments and assets derecognised	(3,136)	(25,929)
Loss allowance at 30 June (as restated)	7,456	8,026

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Cash flow information

The classification of short-term placements were based on remaining term to maturity instead of contractual maturity

	THE GROUP		THE BANK	
	2021	2020	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents, as previously reported (net of overdraft)	97,810,014	69,030,099	97,810,002	69,025,373
Correction of error (as described above)	(8,248,079)	(20,666,433)	(8,248,079)	(20,666,433)
Cash and cash equivalents, as restated (net of overdraft)	89,561,935	48,363,666	89,561,923	48,358,940

In line with the requirements of IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors, the Directors have adjusted the prior year figures. There is no impact on the statements of profit or loss and other comprehensive income for the years ended 30 June 2021 and 30 June 2020.

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

(b) A reclassification has been made to certain accounts as of 30 June 2021 which in our view showed signs of Significant increase in credit risk (SICR) at that time, in order to reflect their appropriate staging, that is Stage 2. The change in staging did not impact on the level of ECL provision associated with these accounts as the level of provision is considered to be adequate. This has resulted in a movement of MUR 6bn in the gross carrying amount and MUR 254m in the ECL. In addition, this reclassification had no impact on either the statements of profit or loss and other comprehensive income, the statements of financial position or the statements of cash flows.

Loans and advances to banks

All the loans and advances to banks are classified in stage 1 and 12 months ECL calculated thereon.

Gross carrying amount	THE GROUP AND THE BANK	
	2021	2020
	MUR'000	MUR'000
Gross carrying amount at 01 July	5,257,597	6,034,226
New financial assets originated	6,348,107	2,130,461
Financial assets that have been repaid	(4,957,998)	(2,918,440)
Other movements	20,610	11,350
Gross carrying amount at 01 July (as previously reported)	6,668,316	5,257,597
The restatement has resulted in the following reclassification:		
Changes in the gross carrying amount		
New assets originated or purchased	1,491	329,073
Payments and assets derecognised	19,119	(317,723)
Other movements	(20,610)	(11,350)
Gross carrying amount at 30 June (as restated)	6,668,316	5,257,597

Allowance for impairment losses	THE GROUP AND THE BANK	
	2021	2020
	MUR'000	MUR'000
Loss allowance at 01 July	11,670	15,178
New financial assets originated	27,796	5,333
Financial assets that have been repaid	(8,484)	(9,585)
Other movements	(1,501)	744
Loss allowance at 01 July (as previously reported)	29,481	11,670
The restatement has resulted in the following reclassification:		
Changes in loss allowance		
New assets originated or purchased	-	1,179
Payments and assets derecognised	(1,501)	(435)
Other movements	1,501	(744)
Loss allowance at 30 June (as restated)	29,481	11,670

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Loans and advances to customers

Gross carrying amount	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 01 July	22,128,273	476,204	2,829,328	25,433,805
New financial assets originated	5,483,720	125,391	442	5,609,553
Changes in the gross carrying amount				
Transfer to stage 1	837	(832)	(5)	-
Transfer to stage 2	(1,117,142)	1,117,142	-	-
Transfer to stage 3	(211,323)	(8,632)	219,955	-
Financial assets that have been repaid	(8,164,898)	(260,469)	(133,176)	(8,558,543)
Write-offs	-	-	(308,660)	(308,660)
Other movements	(988,523)	35,951	209,214	(743,358)
Gross carrying amount at 01 July (as previously reported)	17,130,944	1,484,755	2,817,098	21,432,797
The restatement has resulted in the following reclassification:				
Changes in the gross carrying amount				
Transfer to stage 1	(435)	441	(6)	-
Transfer to stage 2	(5,870,317)	5,870,317	-	-
Transfer to stage 3	(219,773)	(210)	219,983	-
New assets originated or purchased	16,144,526	(125,391)	(442)	16,018,693
Payments and assets derecognised	(16,715,600)	(36,129)	(10,322)	(16,762,051)
Other movements	988,522	(35,951)	(209,213)	743,358
Gross carrying amount at 30 June (as restated)	11,457,867	7,157,832	2,817,098	21,432,797

Allowance for impairment losses	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance at 01 July	151,766	15,745	2,222,372	2,389,883
New financial assets originated	88,702	11,183	440	100,325
Changes in loss allowance				-
Transfer to stage 1	30	(25)	(5)	-
Transfer to stage 2	(31,814)	31,814	-	-
Transfer to stage 3	(573)	(93)	666	-
Net remeasurement of loss allowance	(3)	8,589	73,268	81,854
Financial assets that have been repaid	(18,634)	(8,956)	(7,810)	(35,400)
Write-offs	-	-	(308,660)	(308,660)
Other movements	137,950	10,901	306,015	454,866
Loss allowance at 30 June (as previously reported)	327,424	69,158	2,286,286	2,682,868
Changes in loss allowance				
Transfer to stage 1	8	(12)	4	-
Transfer to stage 2	(260,770)	260,770	-	-
Transfer to stage 3	(395,817)	(1,651)	397,468	-
New assets originated or purchased	369,819	(11,183)	(440)	358,196
Net remeasurement of loss allowance	228,179	(6,927)	(73,272)	147,980
Payments and assets derecognised	(32,965)	(601)	(17,745)	(51,311)
Other movements	(137,949)	(10,901)	(306,015)	(454,865)
Loss allowance at 30 June (as restated)	97,929	298,653	2,286,286	2,682,868

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Loans and advances to customers (continued)

Gross carrying amount	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 01 July	20,702,962	1,117,415	2,242,336	24,062,713
New financial assets originated	9,413,781	218,772	59,100	9,691,653
Changes in the gross carrying amount				-
Transfer to stage 1	20,382	(8,280)	(12,102)	-
Transfer to stage 2	(268,182)	300,663	(32,481)	-
Transfer to stage 3	(766,067)	(357,015)	1,123,082	-
Financial assets that have been repaid	(7,305,655)	(28,030)	(271,977)	(7,605,662)
Financial assets that have been derecognised	-	(708,726)	-	(708,726)
Write-offs	-	-	(506,314)	(506,314)
Other movements	331,052	(58,595)	227,684	500,141
Gross carrying amount at 01 July (as previously reported)	22,128,273	476,204	2,829,328	25,433,805
The restatement has resulted in the following reclassification:				
Changes in the gross carrying amount				
Transfer to stage 1	(3,788)	1,864	1,924	-
Transfer to stage 2	(226,900)	221,768	5,132	-
Transfer to stage 3	(262,342)	(61,279)	323,621	-
New assets originated or purchased	21,189,558	(218,772)	(59,100)	20,911,686
Payments and assets derecognised	(20,365,476)	(2,178)	(43,892)	(20,411,546)
Other movements	(331,052)	58,597	(227,685)	(500,140)
Gross carrying amount at 30 June (as restated)	22,128,273	476,204	2,829,328	25,433,805

Allowance for impairment losses	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance at 01 July	120,351	226,360	1,565,806	1,912,517
New financial assets originated	38,284	2,976	44,003	85,263
Changes in loss allowance				-
Transfer to stage 1	4,028	(440)	(3,588)	-
Transfer to stage 2	(2,115)	3,952	(1,837)	-
Transfer to stage 3	(702)	(76,060)	76,762	-
Net remeasurement of loss allowance	(3,965)	2,909	888,644	887,588
Financial assets that have been repaid	(38,741)	(392)	(78,051)	(117,184)
Financial assets that have been derecognised	-	(139,932)	-	(139,932)
Write-offs	-	-	(506,314)	(506,314)
Other movements	34,626	(3,628)	236,947	267,945
Loss allowance at 30 June (as previously reported)	151,766	15,745	2,222,372	2,389,883
Changes in loss allowance				
Transfer to stage 1	(3,965)	419	3,546	-
Transfer to stage 2	(7,803)	10,317	(2,514)	-
Transfer to stage 3	(933,295)	(242,068)	1,175,363	-
New assets originated or purchased	423,223	(2,976)	(44,003)	376,244
Net remeasurement of loss allowance	648,471	238,740	(889,676)	(2,465)
Payments and assets derecognised	(92,005)	(8,060)	(5,769)	(105,834)
Other movements	(34,626)	3,628	(236,947)	(267,945)
Loss allowance at 30 June (as restated)	151,766	15,745	2,222,372	2,389,883

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Debt instruments measured at amortised cost

Gross carrying amount	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 01 July	46,620,540	-	-	46,620,540
New financial assets originated	26,062,877	-	-	26,062,877
Financial assets that have been repaid	(32,994,190)	-	-	(32,994,190)
Other movements	211,850	-	-	211,850
Gross carrying amount at 30 June (as previously reported)	39,901,077	-	-	39,901,077
The restatement has resulted in the following reclassification:				
Changes in the gross carrying amount				
New assets originated or purchased	230,546	-	-	230,546
Payments and assets derecognised	(18,696)	-	-	(18,696)
Transfer to stage 2	(333,161)	333,161	-	-
Other movements	(211,850)	-	-	(211,850)
Gross carrying amount at 30 June (as restated)	39,567,916	333,161	-	39,901,077

Allowance for impairment losses	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance at 01 July	7,793	-	-	7,793
New financial assets originated	1,343	-	-	1,343
Financial assets that have been repaid	(1,748)	-	-	(1,748)
Other movements	33,816	-	-	33,816
Loss allowance at 30 June (as previously reported)	41,204	-	-	41,204
The restatement has resulted in the following reclassification:				
Changes in loss allowance				
New assets originated or purchased	11,502	-	-	11,502
Payments and assets derecognised	(196)	-	-	(196)
Transfer to stage 2	(1,574)	1,574	-	-
Net remeasurement of loss allowance	-	22,509	-	22,509
Other movements	(33,815)	-	-	(33,815)
Loss allowance at 30 June (as restated)	17,121	24,083	-	41,204

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Debt instruments measured at amortised cost (continued)

Gross carrying amount	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 01 July	36,892,522	-	-	36,892,522
New financial assets originated	36,825,566	-	-	36,825,566
Financial assets that have been repaid	(26,742,405)	-	-	(26,742,405)
Financial assets that have been derecognised	(595,253)	-	-	(595,253)
Other movements	240,110	-	-	240,110
Gross carrying amount at 30 June (as previously reported)	46,620,540	-	-	46,620,540
The restatement has resulted in the following reclassification:				
Changes in the gross carrying amount				
New assets originated or purchased	229,810	-	-	229,810
Payments and assets derecognised	10,300	-	-	10,300
Other movements	(240,110)	-	-	(240,110)
Gross carrying amount at 30 June (as restated)	46,620,540	-	-	46,620,540

Allowance for impairment losses	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance at 01 July	8,379	-	-	8,379
New financial assets originated	3,403	-	-	3,403
Financial assets that have been repaid	(3,135)	-	-	(3,135)
Financial assets that have been derecognised	-	-	-	-
Other movements	(854)	-	-	(854)
Loss allowance at 30 June (as previously reported)	7,793	-	-	7,793
The restatement has resulted in the following reclassification:				
Changes in loss allowance				
New assets originated or purchased	272	-	-	272
Payments and assets derecognised	(1,126)	-	-	(1,126)
Other movements	854	-	-	854
Loss allowance at 30 June (as restated)	7,793	-	-	7,793

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Contingent liabilities

Gross carrying amount	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 01 July	4,329,845	-	786	4,330,631
Changes in the amount guaranteed:				
Transfer to stage 2	(20,792)	20,792	-	-
New financial assets originated	2,054,124	6,796	-	2,060,920
Financial assets that have been derecognised	(740,780)	-	(50)	(740,830)
Other movements	1,537,194	(7,976)	-	1,529,218
Gross carrying amount at 30 June (as previously reported)	7,159,591	19,612	736	7,179,939
The restatement has resulted in the following reclassification:				
Changes in the amount guaranteed:				
New assets originated or purchased	1,783,820	(6,796)	-	1,777,024
Payments and assets derecognised	(247,806)	-	-	(247,806)
Transfer to stage 2	(5,978)	5,978	-	-
Other movements	(1,537,194)	7,976	-	(1,529,218)
Gross carrying amount at 30 June (as restated)	7,152,433	26,770	736	7,179,939

Allowance for impairment losses	THE GROUP AND THE BANK			
	2021			
	Stage 1	Stage 2	Stage 3	
	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 01 July	7,311	-	50	7,361
Changes in the amount guaranteed:				
Transfer to stage 2	(833)	833	-	-
New financial assets originated	7,833	-	-	7,833
Financial assets that have been derecognised	(2,600)	-	(50)	(2,650)
Other movements	17,032	-	-	17,032
Expected credit loss as at 30 June (as previously reported)	28,743	833	-	29,576
The restatement has resulted in the following reclassification:				
Changes in loss allowance:				
New assets originated or purchased	18,120	-	-	18,120
Transfer to stage 2	(77)	77	-	-
Net remeasurement of loss allowance	(335)	-	-	(335)
Payments and assets derecognised	(752)	-	-	(752)
Other movements	(17,033)	-	-	(17,033)
Loss allowance at 30 June (as restated)	28,666	910	-	29,576

43 RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)

Contingent liabilities (continued)

Gross carrying amount	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount at 01 July 2019	556,332	4,615	796	561,743
Changes in the amount guaranteed:				-
Transfer to stage 3	(50)	-	50	-
New financial assets originated	4,246,485	-	-	4,246,485
Financial assets that have been derecognised	(416,950)	(4,615)	(20)	(421,585)
Other movements	(55,972)	-	(40)	(56,012)
Gross carrying amount at 30 June (as previously reported)	4,329,845	-	786	4,330,631
The restatement has resulted in the following reclassification:				
Changes in the gross carrying amount				
New assets originated or purchased	134	-	-	134
Payments and assets derecognised	(56,106)	-	(40)	(56,146)
Other movements	55,972	-	40	56,012
Gross carrying amount at 30 June (as restated)	4,329,845	-	786	4,330,631

Allowance for impairment losses	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loss allowance as at 01 July	10,411	65	-	10,476
Changes in the amount guaranteed:				-
Transfer to stage 3	(1)	-	1	-
New financial assets originated	6,824	-	-	6,824
Financial assets that have been derecognised	(7,641)	(65)	-	(7,706)
Other movements	(2,282)	-	49	(2,233)
Expected credit loss as at 30 June (as previously reported)	7,311	-	50	7,361
The restatement has resulted in the following reclassification:				
Changes in the amount guaranteed:				
Transfer to stage 3	(49)	-	49	-
Net remeasurement of loss allowance	49	-	-	49
New assets originated or purchased	18	-	-	18
Payments and assets derecognised	(2,301)	-	-	(2,301)
Other movements	2,283	-	(49)	2,234
Loss allowance at 30 June (as restated)	7,311	-	50	7,361

44 SEGMENTAL REPORTING

The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments.

		Year ended 30 June 2022			Year ended 30 June 2021			Year ended 30 June 2020		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income	I	1,075,901	933,824	2,009,725	1,084,806	599,606	1,684,412	1,313,453	1,800,575	3,114,028
Interest expense	I	(336,318)	(181,289)	(517,607)	(308,830)	(303,164)	(611,994)	(500,810)	(584,976)	(1,085,786)
Net interest income, calculated using EIR method		739,583	752,535	1,492,118	775,976	296,442	1,072,418	812,643	1,215,599	2,028,242
Fee and commission income	II	254,097	795,552	1,049,649	179,280	698,590	877,870	181,027	606,451	787,478
Fee and commission expense	II	(89,348)	(257,765)	(347,113)	(103,540)	(211,830)	(315,370)	(81,719)	(215,773)	(297,492)
Net fee and commission income		164,749	537,787	702,536	75,740	486,760	562,500	99,308	390,678	489,986
Net loss from derecognition of financial assets measured at amortised cost	III	-	-	-	-	-	-	-	(2,003)	(2,003)
Net trading income	IV (a)	657,951	508,543	1,166,494	570,712	374,531	945,243	821,492	480,858	1,302,350
Other (losses)/gains	IV (b)	-	(1,191)	(1,191)	-	1,696	1,696	-	(3,046)	(3,046)
Other operating income	IV (c)	-	-	-	(106)	-	(106)	(375)	-	(375)
Total operating income		1,562,283	1,797,674	3,359,957	1,422,322	1,159,429	2,581,751	1,733,068	2,082,086	3,815,154
Net impairment loss on financial assets	V	(19,156)	(46,662)	(65,818)	(271,587)	(193,544)	(465,131)	(161,472)	(677,623)	(839,095)
Net operating income		1,543,127	1,751,012	3,294,139	1,150,735	965,885	2,116,620	1,571,596	1,404,463	2,976,059
Personnel expenses		(363,630)	(438,099)	(801,729)	(355,386)	(307,548)	(662,934)	(318,885)	(399,194)	(718,079)
Depreciation of property and equipment		(18,628)	(21,434)	(40,062)	(19,631)	(16,002)	(35,633)	(16,223)	(19,490)	(35,713)
Depreciation on right of use assets		(14,725)	(16,944)	(31,669)	(18,132)	(14,780)	(32,912)	(14,416)	(17,319)	(31,735)
Amortisation of intangible assets		(24,288)	(27,948)	(52,236)	(23,120)	(18,846)	(41,966)	(18,590)	(22,333)	(40,923)
Other operating expenses		(200,509)	(475,720)	(676,229)	(176,041)	(143,503)	(319,544)	(166,515)	(200,046)	(366,561)
Total operating expenses		(621,780)	(980,145)	(1,601,925)	(592,310)	(500,679)	(1,092,989)	(534,629)	(658,382)	(1,193,011)
Operating profit		921,347	770,867	1,692,214	558,425	465,206	1,023,631	1,036,967	746,081	1,783,048
Impairment on receivable from subsidary		9,824	-	9,824	-	-	-	(33,057)	-	(33,057)
Profit before tax		931,171	770,867	1,702,038	558,425	465,206	1,023,631	1,003,910	746,081	1,749,991
Tax expense		(166,722)	(98,699)	(265,421)	(115,198)	(33,207)	(148,405)	(168,468)	(59,968)	(228,436)
Profit for the year		764,449	672,168	1,436,617	443,227	431,999	875,226	835,442	686,113	1,521,555
Other comprehensive income/(loss) that may be subsequently reclassified to profit or loss:										
Movement in fair value reserve for debt instrument measured at fair value through other comprehensive income:										
- Losses arising during the year		-	-	-	-	-	-	-	(2,880)	(2,880)
- Reclassification of gains included in profit or loss on derecognition		-	-	-	-	-	-	-	3,046	3,046
- Expected credit losses		-	-	-	-	-	-	-	(1,074)	(1,074)
		-	-	-	-	-	-	-	(908)	(908)
Other comprehensive income/(loss) that will not be reclassified to profit or loss:										
Remeasurement of retirement benefit obligations		2,378	2,736	5,114	22,832	18,612	41,444	(9,872)	(11,859)	(21,731)
Deferred tax on remeasurement of retirement benefit obligations		(173)	(132)	(305)	(1,310)	(1,136)	(2,446)	810	508	1,318
Gain on equity instruments designated at fair value through other comprehensive income		209	2,172	2,381	(101)	579	478	(46)	711	665
Revaluation (losses)/gain on equity instruments designated at fair value through other comprehensive income		-	(902)	(902)	-	1,004	1,004	-	705	705
		2,414	3,874	6,288	21,421	19,059	40,480	(9,108)	(9,935)	(19,043)
Other comprehensive gain/(loss) for the year		2,414	3,874	6,288	21,421	19,059	40,480	(9,108)	(10,843)	(19,951)
Total comprehensive income for the year attributable to equity holders of the parent		766,863	676,042	1,442,905	464,648	451,058	915,706	826,334	675,270	1,501,604

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

		2022			2021			2020		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
					Restated	Restated	Restated	Restated	Restated	Restated
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ASSETS										
Cash and balances with banks	VI	24,278,280	22,657,372	46,935,652	16,940,277	37,561,398	54,501,675	8,550,449	21,110,251	29,660,700
Due from banks	VII	8,992,114	38,341,063	47,333,177	20,127,740	41,154,774	61,282,514	13,189,525	37,314,762	50,504,287
Derivative financial instruments	VIII	223,204	148,775	371,979	227,587	180,293	407,880	221,553	100,408	321,961
Loans and advances to banks	X(a)	893,141	11,097,335	11,990,476	-	6,638,835	6,638,835	1,000,889	4,245,038	5,245,927
Loans and advances to customers	X(b)	14,249,145	13,007,479	27,256,624	10,753,505	7,996,424	18,749,929	11,770,371	11,273,551	23,043,922
Investment securities	IX	22,410,548	48,554,751	70,965,299	21,519,704	23,890,491	45,410,195	18,666,736	29,998,164	48,664,900
Asset held for distribution	XI	-	-	-	-	-	-	38,277	-	38,277
Property and equipment		55,428	63,778	119,206	75,716	61,721	137,437	77,668	93,309	170,977
Right of use assets		47,003	54,085	101,088	24,526	19,992	44,518	36,348	43,669	80,017
Intangible assets		168,524	193,912	362,436	159,037	129,642	288,679	122,611	147,303	269,914
Deferred tax assets		56,566	83,526	140,092	55,247	94,346	149,593	33,777	90,611	124,388
Other assets	XII	3,374,197	49,454	3,423,651	2,430,493	41,461	2,471,954	2,320,065	27,494	2,347,559
TOTAL ASSETS		74,748,150	134,251,530	208,999,680	72,313,832	117,769,377	190,083,209	56,028,269	104,444,560	160,472,829
EQUITY AND LIABILITIES										
LIABILITIES										
Due to banks	XIII	-	1,644	1,644	1,000,025	97	1,000,122	6,376	6,876	13,252
Deposits from banks	XIV(a)	206,933	162,654	369,587	154,202	210,524	364,726	80,627	15,738	96,365
Deposits from customers	XIV(b)	44,156,916	152,918,803	197,075,719	39,039,475	139,807,083	178,846,558	37,674,940	113,175,679	150,850,619
Borrowings from financial institution		-	140,547	140,547	-	-	-	-	-	-
Derivative financial instruments	VIII	154,686	12,159	166,845	126,376	84,016	210,392	53,634	53,534	107,168
Current tax liabilities		124,911	57,789	182,700	80,616	5,031	85,647	89,211	6,072	95,283
Lease liabilities		46,673	53,705	100,378	26,255	21,403	47,658	37,509	45,062	82,571
Other liabilities	XV	216,276	476,945	693,221	299,008	108,985	407,993	325,066	161,330	486,396
Retirement benefits obligations		36,844	42,396	79,240	40,321	32,868	73,189	45,358	54,493	99,851
TOTAL LIABILITIES		44,943,239	153,866,642	198,809,881	40,766,278	140,270,007	181,036,285	38,312,721	113,518,784	151,831,505
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										
Ordinary Shares				3,641,049			3,641,049			3,641,049
Class A shares				1,385,768			1,385,768			1,385,768
Retained earnings				3,547,780			2,664,794			2,297,788
Other reserves				1,615,202			1,355,313			1,316,719
TOTAL EQUITY				10,189,799			9,046,924			8,641,324
TOTAL LIABILITIES AND EQUITY				208,999,680			190,083,209			160,472,829

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

		2022			2021			2020		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
					Restated	Restated	Restated	Restated	Restated	Restated
I	**INTEREST INCOME**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Interest income on financial instruments measured at amortised cost:									
	- Due from banks	151,751	203,294	355,045	200,219	134,399	334,618	206,060	617,853	823,913
	- Loans and advances to banks	12,934	190,431	203,365	7,236	70,795	78,031	14,985	174,914	189,899
	- Loans and advances to customers	377,860	307,932	685,792	352,949	248,701	601,650	468,684	451,013	919,697
	- Investment securities	533,356	232,167	765,523	510,264	145,711	655,975	570,595	538,600	1,109,195
	- Placements with the Central Bank	-	-	-	14,138	-	14,138	53,129	-	53,129
		1,075,901	933,824	2,009,725	1,084,806	599,606	1,684,412	1,313,453	1,782,380	3,095,833
	Interest income on financial instruments measured at fair value through other comprehensive income:									
	- Investment securities	-	-	-	-	-	-	-	18,195	18,195
	Total interest income calculated using EIR	1,075,901	933,824	2,009,725	1,084,806	599,606	1,684,412	1,313,453	1,800,575	3,114,028
I	**INTEREST EXPENSE**									
	Interest expense on financial instruments measured at amortised cost:									
	- Due to banks	62,413	58,512	120,925	36,300	78,169	114,469	20,462	46,803	67,265
	- Deposits from banks	3,404	1,337	4,741	1,684	37	1,721	603	-	603
	- Deposits from customers	269,035	120,168	389,203	268,400	223,606	492,006	468,229	538,173	1,006,402
	- Subordinated debts issued	-	-	-	-	-	-	6,671	-	6,671
	- Lease liability	1,466	1,272	2,738	2,446	1,352	3,798	4,845	-	4,845
	Total interest expense	336,318	181,289	517,607	308,830	303,164	611,994	500,810	584,976	1,085,786
	NET INTEREST INCOME	739,583	752,535	1,492,118	775,976	296,442	1,072,418	812,643	1,215,599	2,028,242
II	**NET FEE AND COMMISSION INCOME**									
	Fee and commission income									
	Commission and fee income	89,796	570,014	659,810	68,247	485,981	554,228	70,882	425,646	496,528
	Credit card income	61,955	51,620	113,575	41,817	42,148	83,965	48,734	44,480	93,214
	Debit card income	529	431	960	-	-	-	-	-	-
	Custody fees income	47,339	134,500	181,839	50,424	143,472	193,896	41,110	125,605	166,715
	Other fees received	54,478	38,987	93,465	18,792	26,989	45,781	20,301	10,720	31,021
	Total fee and commission income	254,097	795,552	1,049,649	179,280	698,590	877,870	181,027	606,451	787,478
	Fee and commission expense									
	Commission to other banks	(15,416)	(141,940)	(157,356)	(13,306)	(117,839)	(131,145)	(9,706)	(84,951)	(94,657)
	Credit card expenses	(38,646)	(60,208)	(98,854)	(44,058)	(45,893)	(89,951)	(31,151)	(58,025)	(89,176)
	Debit card expenses	(35)	(55)	(90)	-	-	-	-	-	-
	Custody fees expense	(26,323)	(41,010)	(67,333)	(34,367)	(35,796)	(70,163)	(19,812)	(36,903)	(56,715)
	Retrocession fees	(8,536)	(13,298)	(21,834)	(11,589)	(12,072)	(23,661)	(19,103)	(35,582)	(54,685)
	Other fees paid	(392)	(1,254)	(1,646)	(220)	(230)	(450)	(1,947)	(312)	(2,259)
	Total fee and commission expense	(89,348)	(257,765)	(347,113)	(103,540)	(211,830)	(315,370)	(81,719)	(215,773)	(297,492)
	Net fee and commission income	164,749	537,787	702,536	75,740	486,760	562,500	99,308	390,678	489,986

All fees are recognised at a point in time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

	2022			2021			2020		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
III NET LOSS FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST									
Loans and advances to customers	-	-	-	-	-	-	-	19,846	19,846
Debt instruments measured at amortised cost	-	-	-	-	-	-	-	(21,849)	(21,849)
	-	-	-	-	-	-	-	(2,003)	(2,003)
IV (a) NET TRADING INCOME									
Net gain on debt instruments measured at fair value through profit or loss	139,273	48,503	187,776	113,325	11,277	124,602	382,790	116,530	499,320
Gain/(loss) on other derivatives held for trading	109,806	-	109,806	58,563	(362)	58,201	122,673	(5,439)	117,234
(Loss)/Gain on foreign exchange derivatives	(16,330)	(18,374)	(34,704)	(37,344)	(34,047)	(71,391)	43,776	30,822	74,598
Gain on foreign exchange	425,202	478,414	903,616	436,168	397,663	833,831	272,253	338,945	611,198
	657,951	508,543	1,166,494	570,712	374,531	945,243	821,492	480,858	1,302,350
IV (b) OTHER GAINS/(LOSSES)									
Net loss arising from derecognition of debt instrument measured at fair value through other comprehensive income (Note 1)	-	-	-	-	-	-	-	(3,046)	(3,046)
Fair value (loss)/gain on equity Investment measured at fair value through profit or loss	-	(1,191)	(1,191)	-	1,696	1,696	-	-	-
	-	(1,191)	(1,191)	-	1,696	1,696	-	(3,046)	(3,046)
IV (c) OTHER OPERATING INCOME									
Other operating income:									
- Profit on disposal of motor vehicle	-	-	-	-	-	-	402	-	402
- Transaction and other related fees	-	-	-	(106)	-	(106)	(777)	-	(777)
	-	-	-	(106)	-	(106)	(375)	-	(375)
V NET IMPAIRMENT LOSS ON FINANCIAL ASSETS									
LOSS ALLOWANCE ON FINANCIAL ASSETS									
Cash and balances with banks	-	(10)	(10)	-	3	3	(2)	8	6
Due from banks	(509)	2,347	1,838	(2,490)	1,920	(570)	(2,142)	(19,647)	(21,789)
Loans and advances to banks	1,111	1,951	3,062	(1,694)	19,505	17,811	1,694	(5,202)	(3,508)
Loan and advances to customers	93,830	41,971	135,801	252,840	167,754	420,594	177,583	799,854	977,437
Debt instruments measured at FVTOCI	-	-	-	-	-	-	-	(1,074)	(1,074)
Debt instruments measured at amortised cost	(25,046)	2,929	(22,117)	33,376	35	33,411	1,023	(1,609)	(586)
Financial guarantee contracts and loan commitments (Note 38)	(17,497)	(1,459)	(18,956)	16,997	5,218	22,215	(5,320)	2,204	(3,116)
Trade and other receivables	-	-	-	3,669	-	3,669	-	-	-
Total credit loss expense under IFRS 9	51,889	47,729	99,618	302,698	194,435	497,133	172,836	774,534	947,370
Bad debts recovered	(32,733)	(1,067)	(33,800)	(31,111)	(891)	(32,002)	(11,364)	(96,911)	(108,275)
	19,156	46,662	65,818	271,587	193,544	465,131	161,472	677,623	839,095

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

	2022			2021			2020		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
VI CASH AND BALANCES WITH BANKS									
Cash in hand	25,911	-	25,911	28,782	-	28,782	40,108	-	40,108
Unrestricted balances with the Central Bank	24,238,165	-	24,238,165	16,893,152	-	16,893,152	8,500,527	-	8,500,527
Current accounts with other banks	14,204	22,657,388	22,671,592	18,343	37,561,424	37,579,767	9,814	21,110,274	21,120,088
	24,278,280	22,657,388	46,935,668	16,940,277	37,561,424	54,501,701	8,550,449	21,110,274	29,660,723
Less: allowance for impairment losses	-	(16)	(16)	-	(26)	(26)	-	(23)	(23)
	24,278,280	22,657,372	46,935,652	16,940,277	37,561,398	54,501,675	8,550,449	21,110,251	29,660,700
VII DUE FROM BANKS									
At amortised cost:									
Short term collateralized placements	-	-	-	16,378,549	-	16,378,549	3,023,747	-	3,023,747
Short term placements with other banks	-	28,180,618	28,180,618	-	35,060,944	35,060,944	-	18,705,267	18,705,267
Medium term collateralized placements	8,992,114	-	8,992,114	-	-	-	4,015,880	-	4,015,880
Medium term placements with the Central Bank	-	-	-	-	-	-	789,208	-	789,208
Medium term placements with other banks	-	10,169,739	10,169,739	3,749,700	6,100,777	9,850,477	5,363,689	18,614,522	23,978,211
	8,992,114	38,350,357	47,342,471	20,128,249	41,161,721	61,289,970	13,192,524	37,319,789	50,512,313
Less: allowance for impairment losses - Short term placement	-	(2,229)	(2,229)	-	(599)	(599)	-	(151)	(151)
Less: allowance for impairment losses - Others	-	(7,065)	(7,065)	(509)	(6,348)	(6,857)	(2,999)	(4,876)	(7,875)
	8,992,114	38,341,063	47,333,177	20,127,740	41,154,774	61,282,514	13,189,525	37,314,762	50,504,287
VIII DERIVATIVE FINANCIAL INSTRUMENTS									
ASSETS									
Derivative Financial Instruments									
Foreign exchange option contracts	127	728	855	530	1,520	2,050	173	1,889	2,062
Foreign exchange contracts and swaps	17,164	-	17,164	59,798	-	59,798	115,467	9,984	125,451
Cross currency interest rate swap	195,873	-	195,873	151,683	-	151,683	97,580	-	97,580
Interest rate swaps	10,040	-	10,040	2,870	-	2,870	3,906	-	3,906
Options contracts (structured deposits)	-	145,749	145,749	12,706	178,773	191,479	4,427	88,535	92,962
Accumulators/Decumulators	-	2,298	2,298	-	-	-	-	-	-
	223,204	148,775	371,979	227,587	180,293	407,880	221,553	100,408	321,961
LIABILITIES									
Derivative Financial Instruments									
Foreign exchange option contracts	(50)	(1,075)	(1,125)	-	(2,050)	(2,050)	-	(1,759)	(1,759)
Forward foreign exchange contracts and swaps	(7,633)	-	(7,633)	(13,701)	-	(13,701)	(4,245)	(3,461)	(7,706)
Interest rate swaps	(10,040)	-	(10,040)	-	(3,162)	(3,162)	-	(4,741)	(4,741)
Options contracts (structured deposits)	(136,963)	(8,786)	(145,749)	(112,675)	(78,804)	(191,479)	(49,389)	(43,573)	(92,962)
Accumulators/Decumulators	-	(2,298)	(2,298)	-	-	-	-	-	-
	(154,686)	(12,159)	(166,845)	(126,376)	(84,016)	(210,392)	(53,634)	(53,534)	(107,168)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

	2022			2021			2020		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
IX INVESTMENT SECURITIES									
Financial assets mandatorily measured at fair value through profit or loss (a)	3,649,532	2,030,218	5,679,750	3,994,426	1,540,387	5,534,813	1,770,054	272,426	2,042,480
Debt instruments measured at amortised cost (b)	18,758,682	46,511,070	65,269,752	17,523,153	22,336,720	39,859,873	16,894,456	29,718,291	46,612,747
Equity investment designated at fair value through other comprehensive income (c)	2,334	12,949	15,283	2,125	11,679	13,804	2,226	7,447	9,673
Equity investment measured at fair value through profit or loss (d)	-	514	514	-	1,705	1,705	-	-	-
	22,410,548	48,554,751	70,965,299	21,519,704	23,890,491	45,410,195	18,666,736	29,998,164	48,664,900
(a) FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS									
Government of Mauritius debt securities	611,184	-	611,184	2,805,517	-	2,805,517	850,043	-	850,043
Bank of Mauritius bonds and notes	3,038,348	-	3,038,348	1,038,656	-	1,038,656	920,011	-	920,011
Local Securities: corporate bonds and notes	-	-	-	150,253	-	150,253	-	-	-
Foreign securities: corporate bonds and notes	-	2,030,218	2,030,218	-	1,540,387	1,540,387	-	272,426	272,426
	3,649,532	2,030,218	5,679,750	3,994,426	1,540,387	5,534,813	1,770,054	272,426	2,042,480
(b) DEBT INSTRUMENTS MEASURED AT AMORTISED COST									
Government of Mauritius debt securities	11,073,356	-	11,073,356	12,177,847	-	12,177,847	12,250,207	-	12,250,207
Bank of Mauritius bonds and notes	5,749,250	-	5,749,250	3,432,443	-	3,432,443	2,279,722	-	2,279,722
Local Securities: corporate bonds and notes	1,950,499	-	1,950,499	1,952,332	-	1,952,332	2,370,619	-	2,370,619
Foreign securities: corporate bonds and notes	-	12,217,706	12,217,706	-	5,119,520	5,119,520	-	7,499,416	7,499,416
Foreign securities: sovereign bills, bonds and notes	-	34,298,028	34,298,028	-	17,218,935	17,218,935	-	22,220,576	22,220,576
	18,773,105	46,515,734	65,288,839	17,562,622	22,338,455	39,901,077	16,900,548	29,719,992	46,620,540
Less: Allowance for impairment losses	(14,423)	(4,664)	(19,087)	(39,469)	(1,735)	(41,204)	(6,092)	(1,701)	(7,793)
	18,758,682	46,511,070	65,269,752	17,523,153	22,336,720	39,859,873	16,894,456	29,718,291	46,612,747
(c) EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME									
Equities securities:									
At 1 July	2,125	11,679	13,804	2,226	7,447	9,673	2,272	6,031	8,303
Acquisition of shares	-	-	-	-	2,649	2,649	-	-	-
Fair value movement	209	2,172	2,381	(101)	579	478	(46)	711	665
Revaluation	-	(902)	(902)	-	1,004	1,004	-	705	705
At 30 June	2,334	12,949	15,283	2,125	11,679	13,804	2,226	7,447	9,673
(d) EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS									
At 1 July	-	1,705	1,705	-	-	-	-	-	-
Acquisition during the year	-	-	-	-	9	9	-	-	-
Fair value movement	-	(1,191)	(1,191)	-	1,696	1,696	-	-	-
At 30 June	-	514	514	-	1,705	1,705	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

	2022			2021			2020		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
X(a) LOANS AND ADVANCES TO BANKS									
(a) Remaining term to maturity									
Within 3 months	-	2,434,017	2,434,017	-	-	-	-	326,087	326,087
Over 3 to 6 months	-	672,276	672,276	-	341,954	341,954	-	1,201,411	1,201,411
Over 6 to 12 months	-	966,352	966,352	-	1,277,517	1,277,517	-	1,002,266	1,002,266
Over 1 to 5 years	894,252	7,056,122	7,950,374	-	5,048,845	5,048,845	1,002,583	1,725,250	2,727,833
Gross loans and advances to banks	894,252	11,128,767	12,023,019	-	6,668,316	6,668,316	1,002,583	4,255,014	5,257,597
Less: Allowances for impairment losses	(1,111)	(31,432)	(32,543)	-	(29,481)	(29,481)	(1,694)	(9,976)	(11,670)
Net loans and advances to banks	893,141	11,097,335	11,990,476	-	6,638,835	6,638,835	1,000,889	4,245,038	5,245,927

	2022					Total provision		
	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2022	2021	2020
Loss allowance by sector	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial and business services	12,023,019	-	32,543	-	-	32,543	29,481	11,670

	2022					Total provision		
Analysed by Segments:	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2022	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Segment A								
Financial and business services	894,252	-	1,111	-	-	1,111	-	1,694
Segment B								
Financial and business services	11,128,767	-	31,432	-	-	31,432	29,481	9,976

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44. SEGMENTAL REPORTING (CONTINUED)

	2022			2021			2020		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
X (b) LOANS AND ADVANCES TO CUSTOMERS									
(a) Remaining term to maturity									
Within 3 months	5,683,059	3,121,746	8,804,805	3,111,690	3,918,780	7,030,470	5,493,103	3,035,263	8,528,366
Over 3 to 6 months	232,166	2,807,112	3,039,278	166,927	66,617	233,544	58,860	639,263	698,123
Over 6 to 12 months	166,907	1,297,938	1,464,845	63,655	543,572	607,227	133,505	1,001,286	1,134,791
Over 1 to 5 years	3,165,615	6,854,613	10,020,228	3,162,672	4,658,242	7,820,914	1,307,132	7,770,033	9,077,165
Over 5 years	5,848,137	367,920	6,216,057	5,038,731	701,911	5,740,642	5,303,408	691,952	5,995,360
Gross loans and advances to customers	15,095,884	14,449,329	29,545,213	11,543,675	9,889,122	21,432,797	12,296,008	13,137,797	25,433,805
Less: Allowances for impairment losses	(846,739)	(1,441,850)	(2,288,589)	(790,170)	(1,892,698)	(2,682,868)	(525,637)	(1,864,246)	(2,389,883)
Net loans and advances to customers	14,249,145	13,007,479	27,256,624	10,753,505	7,996,424	18,749,929	11,770,371	11,273,551	23,043,922
(b) Credit concentration of risk by industry sectors									
Agriculture and fishing	155,473	977,115	1,132,588	106,856	868,762	975,618	435,381	802,692	1,238,073
Manufacturing	637,827	2,182,600	2,820,427	388,832	3,123,693	3,512,525	306,670	5,001,850	5,308,520
Tourism	3,418,574	548,416	3,966,990	4,008,196	570,775	4,578,971	3,375,528	516,729	3,892,257
Transport	32,159	466,561	498,720	33,061	178,615	211,676	35,164	565,872	601,036
Construction, infrastructure and real estate	1,149,663	1,517,816	2,667,479	1,150,372	699,483	1,849,855	1,336,498	633,538	1,970,036
Financial and business services	533,758	3,573,129	4,106,887	1,418,912	1,932,100	3,351,012	2,369,230	2,312,417	4,681,647
Traders	4,002,103	3,591,693	7,593,796	649,444	1,122,377	1,771,821	1,543,947	951,734	2,495,681
Personal	2,664,471	632,125	3,296,596	2,332,341	452,522	2,784,863	1,736,409	635,925	2,372,334
Professional	-	72,587	72,587	-	66,050	66,050	-	59,746	59,746
Information, communication and technology	627,668	877,817	1,505,485	388,826	874,057	1,262,883	256,687	836,359	1,093,046
Government and parastatal bodies	185,349	-	185,349	-	-	-	-	-	-
Other entities	1,688,839	9,470	1,698,309	1,066,835	688	1,067,523	900,494	820,935	1,721,429
	15,095,884	14,449,329	29,545,213	11,543,675	9,889,122	21,432,797	12,296,008	13,137,797	25,433,805

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

X (b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	2022					Total provision		
	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2022	2021	2020
Loss allowance by sector	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	1,132,588	543,422	1,994	2,685	461,526	466,205	411,262	211,335
Manufacturing	2,820,427	157,566	21,158	125	157,566	178,849	764,318	685,255
Tourism	3,966,990	4	2,460	344,415	4	346,879	221,391	44,362
Transport	498,720	-	3,048	406	-	3,454	906	5,334
Construction, infrastructure and real estate	2,667,479	276,748	10,282	33,173	228,163	271,618	298,686	291,339
Financial and business services	4,106,887	706,555	14,638	9,159	672,048	695,845	672,775	897,120
Traders	7,593,796	12,669	10,847	1,405	12,669	24,921	21,372	20,878
Personal	3,296,596	92,516	34,728	18,630	63,461	116,819	148,212	102,827
Professional	72,587	-	21	-	-	21	48	47
Information, communication and technology	1,505,485	150,906	1,427	6,651	150,906	158,984	127,648	117,719
Government and parastatal bodies	185,349	-	641	-	-	641	-	-
Other entities	1,698,309	9,491	8,199	14,198	1,956	24,353	16,250	13,667
	29,545,213	1,949,877	109,443	430,847	1,748,299	2,288,589	2,682,868	2,389,883

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

X (b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Loss allowance by sector (continued)

Analysed by Segments:	2022					Total provision		
	Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2022	2021	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Segment A								
Agriculture and fishing	155,473	-	607	-	-	607	1,558	183
Manufacturing	637,827	157,566	904	125	157,566	158,595	161,184	150,501
Tourism	3,418,574	4	2,460	307,786	4	310,250	202,629	21,756
Transport	32,159	-	123	406	-	529	654	525
Construction, infrastructure and real estate	1,149,663	43,348	7,498	30,656	17,163	55,317	96,824	100,982
Financial and business services	533,758	1,280	688	9,159	176	10,023	22,101	5,304
Traders	4,002,103	12,669	1,317	1,405	12,669	15,391	19,037	18,391
Personal	2,664,471	80,610	32,457	18,570	62,156	113,183	142,854	97,569
Information, communication and technology	627,668	150,906	517	6,651	150,906	158,074	127,085	116,995
Government and parastatal bodies	185,349	-	417	-	-	417	-	-
Others entities	1,688,839	9,491	8,199	14,198	1,956	24,353	16,244	13,431
	15,095,884	455,874	55,187	388,956	402,596	846,739	790,170	525,637
Segment B								
Agriculture and fishing	977,115	543,422	1,387	2,685	461,526	465,598	409,704	211,152
Manufacturing	2,182,600	-	20,254	-	-	20,254	603,134	534,754
Tourism	548,416	-	-	36,629	-	36,629	18,762	22,606
Transport	466,561	-	2,925	-	-	2,925	252	4,809
Construction, infrastructure and real estate	1,517,816	233,400	2,784	2,517	211,000	216,301	201,862	190,357
Financial and business services	3,573,129	705,275	13,950	-	671,872	685,822	650,674	891,816
Traders	3,591,693	-	9,530	-	-	9,530	2,335	2,487
Personal	632,125	11,906	2,271	60	1,305	3,636	5,358	5,258
Professional	72,587	-	21	-	-	21	48	47
Information, communication and technology	877,817	-	910	-	-	910	563	724
Government and parastatal bodies	-	-	224	-	-	224	-	-
Others entities	9,470	-	-	-	-	-	6	236
	14,449,329	1,494,003	54,256	41,891	1,345,703	1,441,850	1,892,698	1,864,246

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

	2022			2021			2020		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
XI INVESTMENT IN SUBSIDIARY									
Cost									
Opening balance	-	-	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	38,277	-	38,277
Less Asset held for distribution	-	-	-	-	-	-	(38,277)	-	(38,277)
At 30 June	-	-	-	-	-	-	-	-	-
XII OTHER ASSETS									
Mandatory balances with the Central Bank	3,189,239	-	3,189,239	2,276,930	-	2,276,930	2,174,086	-	2,174,086
Indirect and other taxes receivable	115,505	-	115,505	98,960	-	98,960	84,393	-	84,393
Due from credit card service provider	-	-	-	-	-	-	12,510	-	12,510
Prepaid expenses	43,649	45,752	89,401	25,130	31,602	56,732	18,543	24,393	42,936
Other receivables	25,804	3,702	29,506	29,473	9,859	39,332	29,611	3,101	32,712
Amount due from subsidiaries	-	-	-	-	-	-	922	-	922
	3,374,197	49,454	3,423,651	2,430,493	41,461	2,471,954	2,320,065	27,494	2,347,559
XIII DUE TO BANKS									
At amortised cost									
Borrowings from the Central Bank	-	-	-	-	-	-	6,376	-	6,376
Borrowings from other banks	-	-	-	1,000,025	-	1,000,025	-	-	-
Bank overdraft	-	1,644	1,644	-	97	97	-	6,876	6,876
	-	1,644	1,644	1,000,025	97	1,000,122	6,376	6,876	13,252
XIV(a) DEPOSITS FROM BANKS									
At amortised cost:									
- Current accounts	12	16,089	16,101	12	17,243	17,255	16	15,738	15,754
- Savings accounts	206,921	146,565	353,486	154,190	193,281	347,471	80,611	-	80,611
	206,933	162,654	369,587	154,202	210,524	364,726	80,627	15,738	96,365

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 SEGMENTAL REPORTING (CONTINUED)

XIV(b) DEPOSITS FROM CUSTOMERS

	2022			2021			2020		
	Segment A	**Segment B**	**Total**	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR'000	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At amortised cost:									
Personal									
- Current accounts	**6,179,815**	**19,886,308**	**26,066,123**	4,909,065	17,441,759	22,350,824	3,389,245	12,193,903	15,583,148
- Savings accounts	**3,895,800**	**832,840**	**4,728,640**	3,832,448	913,120	4,745,568	4,175,951	789,896	4,965,847
- Term deposits	**5,219,966**	**3,310,084**	**8,530,050**	5,480,375	3,322,824	8,803,199	6,793,927	4,471,855	11,265,782
Business									
- Current accounts	**21,162,667**	**111,459,233**	**132,621,900**	17,952,103	101,336,731	119,288,834	16,520,264	74,685,045	91,205,309
- Savings accounts	**698,913**	**8,483**	**707,396**	1,016,202	7,874	1,024,076	958,573	12,029	970,602
- Term deposits	**4,723,352**	**17,421,855**	**22,145,207**	3,962,737	16,784,775	20,747,512	4,395,252	21,022,951	25,418,203
Government institutions									
- Current accounts	**770,487**	**-**	**770,487**	1,592,014	-	1,592,014	717,204	-	717,204
- Savings accounts	**17,873**	**-**	**17,873**	17,749	-	17,749	22,604	-	22,604
- Term deposits	**1,488,043**	**-**	**1,488,043**	276,782	-	276,782	701,920	-	701,920
	44,156,916	**152,918,803**	**197,075,719**	39,039,475	139,807,083	178,846,558	37,674,940	113,175,679	150,850,619

XV OTHER LIABILITIES

Dividend payable	**225**	**119**	**344**	84,983	119	85,102	225	119	344
Advance commission	**198**	**74**	**272**	151	59	210	177	76	253
Other payables	**101,578**	**101,057**	**202,635**	106,556	37,444	144,000	219,104	47,756	266,860
Personnel expenses related accruals	**101,807**	**107,567**	**209,374**	80,164	63,941	144,105	100,403	111,175	211,578
Provisions	**12,468**	**268,128**	**280,596**	27,154	7,422	34,576	5,157	2,204	7,361
	216,276	**476,945**	**693,221**	299,008	108,985	407,993	325,066	161,330	486,396

NOTES

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AFRASIA
bank different

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