SBM BANK (MAURITIUS) LTD

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

SBM BANK (MAURITIUS) LTD

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Notes to the financial statements

The Board of Directors of SBM Bank (Mauritius) Ltd is appointed to act on behalf of its sole shareholder, SBM (Bank) Holdings Ltd. A professional management team is appointed to run the business of SBM Bank (Mauritius) Ltd (the 'Bank') under the oversight of the Board of Directors. The Board is directly accountable to the shareholder and each year the Bank holds an Annual Meeting at which the directors report to the shareholder on the performance of the Bank and its future plans and strategies. They also submit themselves for re-election as directors at the Annual Meeting, as laid out in the Constitution and the National Code of Corporate Governance for Mauritius.

The Board of Directors' key purpose is to ensure the Bank's prosperity by collectively directing its affairs via delegated authority, whilst meeting the appropriate interests of its stakeholders. In addition to business and financial issues, the Board of Directors is also called upon to deal with the challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics. The Board must ensure that appropriate internal controls and risk management processes are set in place for the proper running of the business.

The Risk Management Committee has the responsibility to set the risk strategy, advise the Board on risk issues and monitor the risk management processes. Amongst others, it sets and reviews policies for the management of risks particularly in the areas of credit, market, interest, liquidity, operational and technological risks including legal, reputational and strategic risks, ensuring that adequate procedures and limits as well as appropriate methodologies and systems are in place.

The Audit Committee critically reviews the financial and interim reports, prospectus and other financial circulars/ documents and is responsible, amongst others, for reviewing the systems of internal controls to ascertain their adequacy and effectiveness. It reviews and discusses any material weaknesses identified in controls and deficiencies in system, and if necessary, recommends additional procedures to enhance the system of internal controls.

An internal audit function, whose Head also reports directly to the Audit Committee, is in place to ensure that the Bank's operations are conducted according to the established practices by providing an independent and objective assurance, and by advising on best practices. The Audit Committee reviews reports from internal and external auditors and monitors relevant actions taken by management.

The Risk Management section contained in the Annual Report provides further details on the processes for risk management and internal controls.

The directors confirm, to the best of their knowledge and belief, that:

(i) an effective system of internal controls and robust risk management practices, including compliance, has been put in place to safeguard the assets and for the prevention and detection of fraud and other irregularities;

(ii) the Bank has neither the intention nor the need to liquidate or curtail materially the scale of its operations in the foreseeable future;

(iii) the Financial Statements give a true and fair view of the state of affairs of the Bank for the year ended 31 December 2023 and have been prepared in accordance with International Financial Reporting Standards and the requirements of the Banking Act 2004, Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and applicable Bank of Mauritius (BOM) guidelines and appropriate accounting policies. These were supported by reasonable and prudent judgments, and estimates have been used consistently;

(iv) they continuously review the implications of corporate governance best practices and are of the opinion that the Bank complies with the requirement of the National Code of Corporate Governance for Mauritius in all material aspects or has explained non-compliance; and

(v) proper accounting records have been kept, in accordance with the requirements of the Mauritius Companies Act 2001 and are free from misstatements.

The external auditors, Deloitte have independently given their opinion in their audit report as set out on pages 4 to 7.

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Premchand Mungar	**Imalambaal Kichenin**	**Visvanaden Soondram**
Chief Executive Officer	**Chairperson, Audit Committee**	**Chairman, Board**

27 March 2024

The financial statements of the Bank have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, have been applied and management has exercised its judgement and made best estimates where deemed necessary.

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

The Bank's Board of Directors, acting in part through the Audit Committee, Corporate Governance and Conduct Review Committee and Risk Management Committee, which comprised mostly independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

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

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

The Bank's external auditors, Deloitte, 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.

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Premchand Mungar	**Imalambaal Kichenin**	**Visvanaden Soondram**
Chief Executive Officer	**Chairperson, Audit Committee**	**Chairman, Board**

27 March 2024

We certify to the best of our knowledge and belief that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001 in terms of Section 166 (d).

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Preshnee Ramchurn
Company Secretary

27 March 2024

Deloitte.

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Independent auditor's report to the Shareholder of SBM Bank (Mauritius) Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SBM Bank (Mauritius) Ltd** (the "Bank" and the "Public Interest Entity") set out on pages 8 to 89, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Financial assets which are not credit impaired	
IFRS 9 requires the Bank to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgements and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the application of IFRS 9 are: • Model estimations - the Bank has used a statistical model to estimate ECLs depending on type of portfolio which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and LGD models used in the loan portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach. • Determining the criteria for significant increase in credit risk ('SICR') and identifying SICR– These criteria are highly judgemental and can impact the ECL materially where facilities have maturity of greater than 12 months. • Macro-Economic Forecasts – IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro-economic forecasts. The macroeconomic forecasts are estimates of future economic conditions.	Our audit procedures included amongst others: • Testing the design and operating effectiveness of the key controls over the key inputs, and significant judgements, estimates and assumptions used in the models; • Using specialist team in performing certain procedures in relation to model validation including review of economic scenarios as well as ECL recomputation; • Verifying the historical data used in determination of PD in the models; • Assessing the appropriateness of macro-economic forecasts used; • Assessing the appropriateness of probability of default, loss given default and exposure at default assumptions; • Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology;

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Key audit matters (Cont'd)

Key audit matter (Cont'd)	How our audit addressed the key audit matter
Provision for expected credit losses – Financial assets which are not credit impaired (Cont'd)	
• Economic scenarios - the Bank has used a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied, especially when considering the current uncertain global economic environment. • Qualitative adjustments - Adjustments to the model-driven ECL results are accounted by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts. Due to the significance of the judgements and estimates applied in the computation of the provision for expected credit losses, this item is considered as a key audit matter. The details of the policies and processes followed for the determination of ECL are disclosed in Note 37 to the financial statements.	• Assessing the reasonableness of the qualitative adjustments applied by management for events not captured by the ECL models; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.
Provision for credit losses – Credit impaired assets	
The use of assumptions for the measurement of provision for credit losses on credit-impaired assets is subjective due to the level of judgement applied by Management. Changes in the assumptions and the methodology applied may have a material impact on the measurement of allowance for credit impairment. The details of allowance for credit impairment on loans and advances to non-bank customers and memorandum items are disclosed in Notes 8(c), 22 and 32 to the financial statements. The most significant judgements / matters are: - whether impairment events have occurred; - valuation of collateral and future cash flows; and - management judgements and assumptions used Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for credit losses, this item is considered as a key audit matter.	Our audit procedures included amongst others: • Obtaining audit evidence in respect of key controls over the processes for identification of impairment events, impaired assets and impairment assessment; • Inspecting the minutes of Management Credit Forum, Board Risk Committee/Board Supervisory Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment; • Challenging the methodologies applied by using our industry knowledge and experience; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach; • Performing a risk-based test of loans and advances to customers to ensure timely identification of credit impaired assets; • Performing tests of details on accuracy of the provision for credit losses, including validation of collateral valuation and future cash flows; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

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Independent auditor's report to the Shareholder of SBM Bank (Mauritius) Ltd (Cont'd)

Other information

The directors are responsible for the other information. The other information, obtained at the date of this auditor's report, comprises the Reflections from the Chairman, Message from the Chief Executive, Our Reporting Universe and Philosophy, Our Value Creation Story, Delivering Sustainable Value to our Stakeholders, Corporate Governance Report, Risk Management Report, Financial Review, Statement of Directors' responsibility, Report from the Company Secretary, Additional Information and Supplementary information as required by Bank of Mauritius, but, does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the reports obtained prior to the date of this auditor's report. When we read the other information expected to be available after the auditor's report date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Financial Reporting Act 2004

Corporate Governance Report

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

Banking Act 2004

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

Use of this report

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

Deloitte

Deloitte
Chartered Accountants
27 March 2024

LLK Ah Hee, FCA
Licensed by FRC

	Notes	31 December 2023	31 December 2022	31 December 2021
		MUR' 000	MUR' 000	MUR' 000
ASSETS				
Cash and cash equivalents	5	**18,836,899**	26,534,212	40,281,422
Mandatory balances with central bank		**14,911,020**	13,316,978	11,203,833
Loans to and placements with banks	6	**2,853,065**	1,221,415	837,970
Derivative financial instruments	7	**297,875**	637,903	579,946
Loans and advances to non-bank customers	8	**112,117,910**	108,118,967	97,916,200
Investment securities	9	**125,398,628**	113,044,546	119,399,335
Property and equipment	10	**3,439,903**	3,134,713	3,019,187
Right-of-use assets	11	**174,348**	234,150	212,037
Intangible assets	12	**1,623,646**	1,518,510	1,816,509
Deferred tax assets	18d	**716,603**	511,001	518,443
Other assets	13	**743,000**	801,351	787,947
Total assets		**281,112,897**	269,073,746	276,572,829
LIABILITIES				
Deposits from banks	15	**1,716,593**	1,757,243	1,481,854
Deposits from non-bank customers	16	**239,207,880**	236,885,327	241,528,828
Other borrowed funds	17	**4,654,000**	757,808	5,275,400
Derivative financial instruments	7	**415,277**	574,694	565,655
Lease liability	11	**183,049**	189,756	184,665
Current tax liabilities	18a	**535,619**	411,835	307,887
Pension liabilities	14	**425,420**	549,107	395,928
Other liabilities	19	**8,247,088**	6,244,460	6,249,910
Total liabilities		**255,384,926**	247,370,230	255,990,127
SHAREHOLDER'S EQUITY				
Stated capital	20	**400,000**	400,000	400,000
Capital contribution	20	**13,054,011**	13,054,011	11,854,011
Retained earnings		**10,923,822**	8,028,574	6,675,006
Other reserves	38	**1,350,138**	220,931	1,653,685
Total equity		**25,727,971**	21,703,516	20,582,702
Total liabilities and equity		**281,112,897**	269,073,746	276,572,829

Approved by the Board of Directors and authorised for issue on 27 March 2024.

Premchand Mungar	**Imalambaal Kichenin**	**Visvanaden Soondram**
Chief Executive Officer	**Chairperson, Audit Committee**	**Chairman, Board**

The notes on pages 13 to 102 form an integral part of these financial statements.

SBM BANK (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**31 December 2023**	31 December 2022	31 December 2021
Continuing Operations		**MUR' 000**	MUR' 000	MUR' 000
Interest income using the effective interest method		**12,784,767**	8,062,262	6,458,236
Other interest income		**214,294**	137,868	202,837
Interest expense using the effective interest method		**(4,354,676)**	(1,099,822)	(548,130)
Other interest expense		**(152,389)**	(170,299)	(395,716)
Net interest income	25	**8,491,996**	6,930,009	5,717,227
Fee and commission income		**1,504,905**	1,309,677	1,151,849
Fee and commission expense		**(101,735)**	(65,224)	(53,630)
Net fee and commission income	26	**1,403,170**	1,244,453	1,098,219
Other income				
Net trading income	27	**1,467,259**	1,181,648	950,750
Net gains/(losses) from financial assets at FVTPL	28	**19,781**	(24,334)	228,083
Net losses on derecognition of financial assets measured at amortised cost	29 (a)	**(21,394)**	-	-
Net gains on derecognition of financial assets measured at FVTOCI	29 (b)	**21,565**	34,914	588,098
Other operating income		**13,462**	17,497	23,304
		1,500,673	1,209,725	1,790,235
Non-interest income		**2,903,843**	2,454,178	2,888,454
Operating income		**11,395,839**	9,384,187	8,605,681
Personnel expenses	30	**(2,309,521)**	(2,013,950)	(1,748,224)
Depreciation of property and equipment	10	**(214,614)**	(195,532)	(149,112)
Depreciation of right-of-use assets	11	**(72,652)**	(71,319)	(64,107)
Amortisation of intangible assets	12	**(425,194)**	(419,552)	(411,081)
Other expenses	31	**(2,216,586)**	(1,486,545)	(1,347,241)
Non-interest expense		**(5,238,567)**	(4,186,898)	(3,719,765)
Profit before credit loss expense		**6,157,272**	5,197,289	4,885,916
Credit loss movement on financial assets and memorandum items	32	**(919,304)**	(1,170,348)	(2,347,518)
Profit before income tax		**5,237,968**	4,026,941	2,538,398
Tax expense	18b	**(613,311)**	(499,001)	(448,211)
Profit for the year		**4,624,657**	3,527,940	2,090,187

The notes on pages 13 to 102 form an integral part of these financial statements.

SBM BANK (MAURITIUS) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		31 December 2023	31 December 2022	31 December 2021
		MUR' 000	MUR' 000	MUR' 000
Profit for the year		**4,624,657**	3,527,940	2,090,187
Other comprehensive income :				
Items that will not be reclassified to profit or loss:				
Deferred tax arising following change in rate:	18d			
- Revaluation of property		**(70,482)**	-	-
- Defined benefit pension plans		**(6,446)**	-	-
Remeasurement of defined benefit pension plan	14	**(198,455)**	(23,742)	366,917
Deferred tax on remeasurement of defined benefit pension plan	18d	**27,784**	1,662	(25,684)
Fair value gains on equity instruments measured at FVTOCI	9	**653**	1,531	404
		(246,946)	(20,549)	341,637
Items that may be reclassified subsequently to profit or loss:				
Debt securities measured at FVTOCI				
Movement in fair value during the year		**1,134,291**	(1,318,535)	(663,969)
Fair value gains reclassified to profit or loss on disposals		**(21,565)**	(34,914)	(588,098)
Credit loss movement relating to debt instruments held at FVTOCI		**134,018**	(33,128)	6,514
		1,246,744	(1,386,577)	(1,245,553)
Total other comprehensive income / (loss)		**999,798**	(1,407,126)	(903,916)
Total comprehensive income for the year		**5,624,455**	2,120,814	1,186,271

The notes on pages 13 to 102 form an integral part of these financial statements.

	Notes	Stated capital	Capital contribution	Retained earnings	Statutory reserve	Fair value reserve	Property Revaluation reserve	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2021		400,000	11,854,011	4,595,878	400,000	1,242,935	1,303,607	19,796,431
Profit for the year		-	-	2,090,187	-	-	-	2,090,187
Other comprehensive income/(loss) for the year		-	-	341,233	-	(1,245,149)	-	(903,916)
Total comprehensive income for the year		-	-	2,431,420	-	(1,245,149)		1,186,271
Revaluation surplus realised on depreciation		-	-	47,708	-	-	(47,708)	-
Cash dividend	21	-	-	(400,000)	-	-	-	(400,000)
At 31 December 2021		400,000	11,854,011	6,675,006	400,000	(2,214)	1,255,899	20,582,702
At 01 January 2022		400,000	11,854,011	6,675,006	400,000	(2,214)	1,255,899	20,582,702
Profit for the year		-	-	3,527,940	-	-	-	3,527,940
Other comprehensive loss for the year		-	-	(22,080)	-	(1,385,046)	-	(1,407,126)
Total comprehensive income for the year		-	-	3,505,860	-	(1,385,046)	-	2,120,814
Capital contribution received during the year		-	1,200,000	-	-	-		1,200,000
Revaluation surplus realised on depreciation		-	-	47,708	-	-	(47,708)	-
Cash dividend	21	-	-	(2,200,000)	-	-	-	(2,200,000)
At 31 December 2022		400,000	13,054,011	8,028,574	400,000	(1,387,260)	1,208,191	21,703,516
At 01 January 2023		**400,000**	**13,054,011**	**8,028,574**	**400,000**	**(1,387,260)**	**1,208,191**	**21,703,516**
Profit for the year		**-**	**-**	**4,624,657**	**-**	**-**	**-**	**4,624,657**
Other comprehensive (loss) / income for the year		**-**	**-**	**(177,117)**	**-**	**1,247,397**	**(70,482)**	**999,798**
Total comprehensive income for the year		**-**	**-**	**4,447,540**	**-**	**1,247,397**	**(70,482)**	**5,624,455**
Revaluation surplus realised on depreciation		**-**	**-**	**47,708**	**-**	**-**	**(47,708)**	**-**
Cash dividend	21	**-**	**-**	**(1,600,000)**	**-**	**-**	**-**	**(1,600,000)**
At 31 December 2023		**400,000**	**13,054,011**	**10,923,822**	**400,000**	**(139,863)**	**1,090,001**	**25,727,971**

The notes on pages 13 to 102 form an integral part of these financial statements.

SBM BANK (MAURITIUS) LTD
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023 MUR' 000	31 December 2022 MUR' 000	31 December 2021 MUR' 000
Net cash (used in) / generated from operating activities	33	**(8,876,432)**	(7,675,010)	30,508,554
Investing activities				
Acquisition of property and equipment	10	**(520,157)**	(312,781)	(586,863)
Acquisition of intangible assets	12	**(559,592)**	(144,167)	(88,593)
Proceeds on disposal of property and equipment		**-**	1,454	-
Acquisition of equity investments	9	**-**	-	(2,057)
Net cash used in investing activities		**(1,079,749)**	(455,494)	(677,513)
Financing activities				
Repayment of principal portion of lease liabilities		**(37,435)**	(100,428)	(82,610)
Net change in other borrowed funds		**3,896,192**	(4,517,592)	(5,810,551)
Capital contribution received during the year	20	**-**	1,200,000	-
Dividend paid on ordinary shares	21	**(1,600,000)**	(2,200,000)	(400,000)
Net cash generated from / (used in) financing activities		**2,258,757**	(5,618,020)	(6,293,161)
Net change in cash and cash equivalents		**(7,697,424)**	(13,748,524)	23,537,880
Expected credit loss on cash and cash equivalents		**111**	1,314	(5,793)
Cash and cash equivalents at start of year	5	**26,534,212**	40,281,422	16,749,335
Cash and cash equivalents at end of year	5	**18,836,899**	26,534,212	40,281,422

The notes on pages 13 to 102 form an integral part of these financial statements.

1. GENERAL INFORMATION

SBM Bank (Mauritius) Ltd ("the Bank") is a public company incorporated and domiciled in Mauritius. The address of its registered office is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius. The Bank operates in the financial services sector, principally commercial banking.

The directors regard SBM Holdings Ltd, a company incorporated in Mauritius as its ultimate holding company and SBM (Bank) Holdings Ltd, a company incorporated in Mauritius as its immediate holding company. SBM Holdings Ltd is a public company, domiciled in Mauritius and listed on the Stock Exchange of Mauritius. The address of the registered office of both SBM Holdings Ltd and SBM (Bank) Holdings Ltd is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius.

2. APPLICATION OF NEW AND REVISED STANDARD AND INTERPRETATION (IFRS)

In the current year, the Bank has applied all of the new and revised Standard and Interpretations issued by the International Accounting Standards Board (the "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 01 January 2023.

(a) *New and revised IFRSs and IFRICs*

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.

IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates

IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations

IAS 12 Income Taxes - Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes

(b) *New and revised IFRSs and IFRICs in issue but not yet effective*

IAS 1 Presentation of Financial Statements - Amendments regarding classification of liabilities (effective 01 January 2024)

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective 1 January 2024)

IAS 7 Statement of cash flows - Amendments regarding supplier finance arrangements (effective 01 January 2024)

IFRS 7 Financial Instruments Disclosure - Amendments regarding supplier finance arrangements (effective 01 January 2024)

IFRS 16 Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 01 January 2024)

IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information (effective 01 January 2024)

IFRS S2 - Climate-related disclosures (effective 01 January 2024)

The Directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The Directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

3. SUMMARY OF ACCOUNTING POLICIES

a Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain property and equipment and financial instruments that are measured at revalued amounts or fair value as explained in the accounting policies. The financial statements are presented in Mauritian Rupee, which is the Bank's functional and presentation currency.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or liability the Bank takes into account the characteristics of the asset or liability if market participants would take into account those characteristics 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 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 net realisable value in IAS 2 or value in use in IAS 36.

Directors and management have made an assessment of the Bank's ability to continue as a going concern and are satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

b Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001, the Banking Act 2004, the Guidelines and Guidance Notes issued by the Bank of Mauritius and the Financial Reporting Act 2004.

c Presentation of financial statements

The financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest thousand except where otherwise indicated. The Bank presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented under note 39.

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 at Fair value through profit and loss (FVTPL) are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method.

For all financial instruments measured at amortised cost and interest-earning financial instruments classified as investment securities measured at fair value through other comprehensive income (FVTOCI), interest income or expense is recorded at the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, 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 (that is, the gross carrying amount less the allowance for expected credit losses (ECLs)).

For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition. Interest on financial assets at FVTPL are recognised under other interest income or other interest expense.

(ii) *Net fee and commission income*

Fee income earned from services provided

These fees include commission income, account servicing fees, 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 Bank'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 Bank first applies IFRS 9 to separate and measures 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

Commission and fees arising from negotiation of transactions with third parties, or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(ii) *Net fee and commission income (cont'd)*

Fee and commission expense

Fee and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(iii) *Net trading income*

Results arising from trading activities include profits arising on dealings in foreign currencies; all gains and losses from changes in fair value and dividends from financial assets and financial liabilities held-for-trading.

Profits arising from dealings in foreign currencies include gains and losses from spot and forward contracts and other currency derivatives. Debt securities income includes the results of buying and selling and changes in the fair value of debt securities and debt securities sold short. The results of trading money market instruments, interest rate swaps, options and other derivatives are recorded under other interest rate instruments.

(iv) *Gains/losses from financial assets measured at FVTPL*

Gains or losses on assets, liabilities and derivatives designated in hedge relationships recognise fair value movements (excluding interest) on both the hedged item and hedging derivative in a fair value hedge relationship, and hedge ineffectiveness from fair value hedge relationships.

Gains or losses on other financial assets designated at fair value through profit or loss recognise fair value movements (excluding interest) on those items designated as fair value through profit or loss.

e Financial instruments

Financial assets and liabilities

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statement of financial position when the Bank becomes 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 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.

Financial assets

For all financial assets, the amount presented on the statements of financial position represents 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.

- 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 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

- 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

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Financial assets (cont'd)

- 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 Bank has 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 Bank assesses 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 Bank has more than one business model for managing its financial instruments which reflect how it manages its 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 Bank considers all relevant information available when making the business model assessment.

However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Bank takes 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 Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its 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).

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Equity instruments designated at FVTOCI (cont'd)

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 are carried at amortised cost in the statement of financial position.

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 Bank holds 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 Bank gives 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 Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

• loans and advances to non-bank customers;
• loans to and placements with banks;
• investment securities measured at amortised cost;
• investment securities measured 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 37 (b).

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.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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.

The Bank measures 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.

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.

More information on measurement of ECLs is provided in Note 37.

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 Bank assesses 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 Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Bank does 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 37).

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

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

This definition of default is used by 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 Bank takes 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 Bank uses 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 37. 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.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Significant increase in credit risk (SICR)

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of 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 Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

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 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 Bank allocates its 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.

The PDs used are forward-looking and the Bank uses 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 Bank still considers 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 Bank 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 Bank considers 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 Bank renegotiates 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. When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with 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 Bank considers the following:

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

- 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. 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 Bank 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.

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 Bank monitors 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 assets, 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 Bank performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Bank calculates 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 Bank measures 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 Bank derecognises 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 Bank neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Bank recognises their retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues 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 Bank retains an option to repurchase part of a transferred asset), the Bank allocates 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.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines 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 Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'credit loss expense on financial assets and memorandum items' 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 statement 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; and
- for loan commitments and financial guarantee contracts: 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 Bank. 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. A contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which 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 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 Bank is recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Repurchase of 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 Bank's own equity instruments.

Financial liabilities

Financial liabilities include deposits from banks and non-bank customers, other borrowed funds, 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.

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.

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 Bank 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.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Derecognition and modification of financial liabilities

The Bank derecognises financial liabilities when, and only when, 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 Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Bank recognises 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 Bank. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

Hedge accounting

The Bank enters into fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Bank formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Bank will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

In accordance with its wider risk management, as set out in Note 37(d)(ii), it is the Bank's strategy to apply fair value hedge accounting to keep interest rate sensitivities within its established limits. Applying fair value hedge accounting enables the Bank to reduce fair value fluctuations of fixed rate financial assets and liabilities as if they were floating rate instruments linked to the attributable benchmark rates. From a hedge accounting point of view, the bank designates the hedged risk as the exposure to changes in the fair value of a recognised financial asset or liability or an unrecognised firm commitment, or an identified portion of such financial assets, liabilities or firm commitments that is attributable to a particular risk and could affect profit or loss. The Bank only hedges changes due to interest rates such as benchmark rates, which are typically the most significant component of the overall fair value change. The Bank assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates using the hypothetical derivative method as set out above.

In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Bank uses pay fixed/receive floating interest rate swaps to hedge its fixed rate debt instruments and pay floating/receive fixed interest rate swaps to hedge its fixed rate liabilities. The Bank applies only a micro fair value hedging strategy as set out under the relevant subheadings below.

Hedge ineffectiveness can arise from:
- Differences in timing of cash flows of hedged items and hedging instruments.
- Different interest rate curves applied to discount the hedged items and hedging instruments.
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation.
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged item.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the Statement of Profit or Loss in Net Trading Income. In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised in the Statement of Profit or Loss in Net Trading Income, and also recorded as part of the carrying value of the hedged item in the statement of financial position. The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

e Financial instruments (cont'd)

Hedge accounting (cont'd)

Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship include fixed rate corporate and small business loans. These hedge relationships are assessed for prospective hedge effectiveness on a monthly basis.

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Bank decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Bank discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVTOCI, changes in fair value that were recorded in the statement of profit or loss whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the statement of profit or loss to OCI. There were no such instances in either the current year or in the comparative year.

f Repurchase and reverse repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as investment securities and the counterparty liability is included in other borrowed funds.

Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and placements with banks. The difference between sale and repurchase price is treated as interest and accrued over the life of the repos agreements using the effective interest method.

g Derivative financial instruments

The Bank enters 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, 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.

h Impairment of non-financial assets

The Bank assesses 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 Bank estimates 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 Bank estimates 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.

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

i Provisions and other contingent liabilities

Provisions are recognised when the Bank has 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 Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, 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 Bank's business. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records 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 Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

j Foreign currency translation

Assets, liabilities, income and expense items denominated in other currencies are translated into Mauritian Rupees, the currency of the primary economic environment in which the entity operates ('functional currency') in accordance with IAS 21.

(i) Transactions denominated in foreign currency are converted at the rate prevailing at the date of the transactions.
(ii) Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into Mauritian Rupees at the rates of exchange ruling at that date.
(iii) Non-monetary assets and liabilities denominated in foreign currency are reported using the exchange rates at the date of the transactions, if carried at cost, or the exchange rates that existed when the fair values were determined, if carried at fair value.

(iv) Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statement of profit or loss and other comprehensive income ('OCI') for the period. When a gain or loss on a non-monetary item is recognised in equity, any exchange component of that gain or loss shall be recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the statement of profit or loss and other comprehensive income, any exchange component of that gain or loss shall be recognised in the statement of profit or loss and other comprehensive income.

k Offsetting financial instruments

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

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.

l Comparative figures

Where necessary, comparative figures are reclassified to conform to the current year's presentation and to the changes in accounting policies.

The accounting policies of each relevant line item not disclosed above, are included in the respective notes.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are summarised below with respect to judgements/estimates involved.

Judgements

Business model assessment

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

Significant increase in credit risk

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

- Establishing groups in assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Deferred tax assets

Recognition of deferred tax assets depends on management's intention of the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Estimates

Expected credit losses (ECL) on financial assets

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

> The Bank's internal credit grading model, which assigns PDs to the individual grades;
> The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a long term ECL basis and the qualitative assessment;
> The segmentation of financial assets when their ECL are assessed on a collective basis;
> Development of ECL models, including the various formulas and the choice of inputs;
> Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
> Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

In relation to credit impaired facilities, the Bank determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

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.

Assessment of useful lives of property and equipment and intangible assets

The Bank reviews 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.

Leases

The application of IFRS 16 requires significant judgement and certain key estimations. Critical judgements include determination of whether it is reasonable certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of the lease terms, determination of the appropriate rates to discount the lease payments and assessment of whether right of use asset is impaired.

Pension benefits

The Bank operates a defined benefit pension plan for its employees as well as provide for retirement gratuities under the Workers' Rights Act. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the defined benefit pension plans is based on report submitted by an independent actuarial firm on an annual basis. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may differ from their estimates.

Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Bank has 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.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months maturity from the date of acquisition. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash, balances with banks and central bank excluding mandatory balances.

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Cash in hand	**2,757,115**	1,895,584	1,961,952
Foreign currency notes and coins	**739,819**	627,363	763,171
Unrestricted balances with central bank [1]	**3,172,986**	19,806,824	35,790,264
Loans and placements with banks[2]	**7,800,493**	692,729	-
Balances with banks	**4,371,874**	3,517,211	1,772,848
	18,842,287	26,539,711	40,288,235
Less: allowance for credit losses	**(5,388)**	(5,499)	(6,813)
	18,836,899	26,534,212	40,281,422

[1] Unrestricted balances with central bank represent amounts above the minimum cash reserve requirement.

[2] The balance above relates to loans and placements with banks having an original maturity of up to three months.

Cash and cash equivalents were classified under stage 1 and 12-month ECL was calculated thereon.

An analysis of changes in the corresponding ECL allowances is as follows:

	31 December 2023	31 December 2022	31 December 2021
	Stage 1	Stage 1	Stage 1
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**5,499**	6,813	1,020
Net remeasurement of loss allowance	**4,929**	5,050	6,390
Assets repaid	**(5,040)**	(6,364)	(597)
ECL allowance as at 31 December	**5,388**	5,499	6,813

6. LOANS TO AND PLACEMENTS WITH BANKS

At amortised cost	**31 December 2023**	31 December 2022	31 December 2021
Loans to and placements with banks:	**MUR' 000**	MUR' 000	MUR' 000
- in Mauritius	**-**	-	-
- outside Mauritius	**2,871,465**	1,226,864	843,079
	2,871,465	1,226,864	843,079
Less: allowance for credit losses	**(18,400)**	(5,449)	(5,109)
	2,853,065	1,221,415	837,970
Remaining term to maturity			
Up to 3 months	**576,871**	658,677	-
Over 3 months and up to 6 months	**667,405**	219,627	-
Over 6 months and up to 12 months	**1,554,256**	223,536	-
Over 1 year and up to 2 years	**72,933**	-	653,378
Over 2 years and up to 5 years	**-**	125,024	189,701
	2,871,465	1,226,864	843,079

6. LOANS TO AND PLACEMENTS WITH BANKS (CONT'D)

Credit loss allowance for loans to and placements with banks

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 credit loss allowances. Details of the Bank's internal grading system are explained in Note 37(b)(i).

	31 December 2023			31 December 2022	31 December 2021
Internal rating grade	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Total MUR'000**	Stage 1 MUR' 000	Stage 1 MUR' 000
Performing					
High grade	**-**	**-**	**-**	-	189,701
Standard grade	**1,770,997**	**-**	**1,770,997**	658,677	653,378
Sub-standard grade	**1,027,535**	**72,933**	**1,100,468**	568,187	-
Total	**2,798,532**	**72,933**	**2,871,465**	1,226,864	843,079

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	31 December 2023			31 December 2022	31 December 2021
	Stage 1 MUR'000	**Stage 2 MUR'000**	**Total MUR'000**	Stage 1 MUR'000	Stage 1 MUR'000
Gross carrying amount as at 01 January	**1,226,864**	**-**	**1,226,864**	843,079	3,150,745
Financial assets originated or purchased	**2,798,532**	**-**	**2,798,532**	443,381	-
Transfer to Stage 2	**(125,023)**	**125,023**	**-**	-	-
Financial assets repaid (excluding write offs)	**(1,112,028)**	**(57,903)**	**(1,169,931)**	(55,181)	(2,371,933)
Foreign exchange adjustments	**10,187**	**5,813**	**16,000**	(4,415)	64,267
Gross carrying amount as at 31 December	**2,798,532**	**72,933**	**2,871,465**	1,226,864	843,079

	Stage 1 MUR'000	**Stage 2 MUR'000**	**Total MUR'000**	Stage 1 MUR'000	Stage 1 MUR'000
ECL allowance as at 01 January	**5,449**	**-**	**5,449**	5,109	20,358
Transfer to Stage 2	**(1,107)**	**1,107**	-	-	-
Net remeasurement of loss allowance	**8,942**	**8,351**	**17,293**	3,911	-
Assets repaid (excluding write offs)	**(4,342)**	**-**	**(4,342)**	(3,571)	(15,249)
ECL allowance as at 31 December	**8,942**	**9,458**	**18,400**	5,449	5,109

7. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Assets			
Derivative assets	**297,875**	637,903	579,946
Liabilities			
Derivative liabilities	**415,277**	574,694	565,655

The fair values of derivative instruments are further analysed as follows:

	Notional Principal Amount	Fair Values Assets	Fair Values Liabilities
31 December 2023	**MUR' 000**	**MUR' 000**	**MUR' 000**
Derivatives held for trading			
Foreign exchange contracts*	**13,691,157**	**34,205**	**(139,002)**
Cross currency swaps	**1,177,600**	**163,040**	**(163,040)**
Other derivative contracts**	**4,778,931**	**84,378**	**(113,235)**
Derivatives used as Micro fair value hedges			
Interest rate swap contracts	**279,741**	**16,252**	**-**
	19,927,429	**297,875**	**(415,277)**
31 December 2022			
Derivatives held for trading			
Foreign exchange contracts*	13,359,465	157,190	(197,523)
Cross currency swaps	2,455,913	269,724	(238,895)
Other derivative contracts**	3,434,114	99,410	(99,410)
Derivatives used as Micro fair value hedges			
Interest rate swap contracts	2,842,932	111,579	(38,866)
	22,092,424	637,903	(574,694)
31 December 2021			
Derivatives held for trading			
Foreign exchange contracts*	10,539,939	52,005	(30,883)
Cross currency swaps	2,917,055	204,110	(208,317)
Other derivative contracts**	2,728,546	199,196	(198,081)
Derivatives used as Micro fair value hedges			
Interest rate swap contracts	4,901,874	124,635	(128,374)
	21,087,414	579,946	(565,655)

* Foreign exchange contracts include forward and spot contracts.

** Other derivative contracts include option contracts (structured deposits) and interest rate swap contracts.

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS

	31 December 2023	31 December 2022	31 December 2021
At amortised cost	**MUR' 000**	MUR' 000	MUR' 000
Credit cards	**516,931**	514,736	492,464
Governments	**4,985**	72,232	9,713
Retail customers	**56,330,058**	49,521,102	44,997,820
- Mortgages	**44,107,773**	37,921,052	30,632,959
- Other retail loans	**12,222,285**	11,600,050	14,364,861
Corporate customers	**56,878,090**	57,731,114	49,225,351
Entities outside Mauritius	**5,340,181**	10,706,252	14,644,923
	119,070,245	118,545,436	109,370,271
Less credit loss allowance	**(6,952,335)**	(10,426,469)	(11,454,071)
	112,117,910	108,118,967	97,916,200

a Remaining term to maturity

	31 December 2023	31 December 2022	31 December 2021
Up to 3 months	**13,170,491**	12,345,257	9,221,841
Over 3 months and up to 6 months	**5,999,102**	4,134,680	2,638,419
Over 6 months and up to 12 months	**4,119,659**	10,253,390	5,850,802
Over 1 year and up to 2 years	**8,254,405**	5,104,972	4,605,809
Over 2 years and up to 5 years	**15,863,826**	22,430,310	20,948,455
Over 5 years	**71,662,762**	64,276,827	66,104,945
	119,070,245	118,545,436	109,370,271

Out of the MUR 119.1 billion, there is an amount of MUR 308.52 million (2022: MUR 337.92 million and 2021: MUR 4.63 billion) relating to loans where fair value hedge accounting has been applied. Refer to note 37(d)(ii) for more details.

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

b Net investment in finance leases

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases. Net investment in finance leases are measured at amortised cost.

The Bank acts as lessor of several items like motor vehicles and equipment. There are no restrictions placed upon the lessee by entering into these leases. Rental income earned by the Bank during the year is MUR 140.73 million (2022: MUR 91.09 million and 2021: MUR 75.53 million).

The amount of net investment in finance leases included in loans and advances to non-bank customers and the associated allowance for credit losses are as follows:-

	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
31 December 2023				
Gross investment in finance leases	**576,654**	**1,476,987**	**246,177**	**2,299,818**
Less: Unearned finance income	**(126,855)**	**(216,560)**	**(9,134)**	**(352,549)**
Present value of minimum lease payments	**449,799**	**1,260,427**	**237,043**	**1,947,269**
Credit loss expense				**(101,342)**
Net investment in finance lease				**1,845,927**
31 December 2022				
Gross investment in finance leases	524,401	1,318,366	147,381	1,990,148
Less: Unearned finance income	(112,985)	(189,935)	(7,878)	(310,798)
Present value of minimum lease payments	411,416	1,128,431	139,503	1,679,350
Credit loss expense				(35,444)
Net investment in finance lease				1,643,906
31 December 2021				
Gross investment in finance leases	463,085	1,154,976	135,891	1,753,952
Less: Unearned finance income	(70,036)	(113,421)	(4,969)	(188,426)
Present value of minimum lease payments	393,049	1,041,555	130,922	1,565,526
Credit loss expense				(52,459)
Net investment in finance lease				1,513,067

Finance lease contracts give the lessees the option to purchase the assets for a residual value at the termination of the lease arrangements. The term of lease contracts generally ranges from five to seven years. Finance leases are secured mainly by charges on the leased assets and / or corporate / personal guarantees.

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

c Credit loss allowance on loans and advances to non-bank customers

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. Details of the Bank's internal grading system are set out in note 37(b)(i).

At 31 December 2023:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	**46,981,690**	**4,100,804**	**-**	**51,082,494**
Standard grade	**28,190,443**	**3,515,272**	**-**	**31,705,715**
Sub-standard grade	**13,123,505**	**13,923,913**	**-**	**27,047,418**
Past due but not impaired	**-**	**2,989,512**	**-**	**2,989,512**
Non-performing				
Individually impaired	**-**	**-**	**6,245,106**	**6,245,106**
Total	**88,295,638**	**24,529,501**	**6,245,106**	**119,070,245**

At 31 December 2022:

Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	28,515,292	20,895,731	-	49,411,023
Standard grade	13,747,253	15,671,147	-	29,418,400
Sub-standard grade	4,370,122	22,634,413	-	27,004,535
Past due but not impaired	-	3,351,123	-	3,351,123
Non-performing				
Individually impaired	-	-	9,360,355	9,360,355
Total	46,632,667	62,552,414	9,360,355	118,545,436

At 31 December 2021:

Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	40,065,579	949,994	-	41,015,573
Standard grade	24,110,281	7,763,823	-	31,874,104
Sub-standard grade	5,886,503	15,434,466	-	21,320,969
Past due but not impaired	-	4,276,271	-	4,276,271
Non-performing				
Individually impaired	-	-	10,883,354	10,883,354
Total	70,062,363	28,424,554	10,883,354	109,370,271

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2023:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January 2023	**46,632,667**	**62,552,414**	**9,360,355**	**118,545,436**
Financial assets originated or purchased	**31,782,868**	**5,675,018**	**-**	**37,457,886**
Assets derecognised or repaid (excluding write offs)	**(14,764,055)**	**(18,295,035)**	**(359,014)**	**(33,418,104)**
Transfers to Stage 1	**28,588,799**	**(28,555,126)**	**(33,673)**	**-**
Transfers to Stage 2	**(4,262,013)**	**4,624,373**	**(362,360)**	**-**
Transfers to Stage 3	**(70,442)**	**(1,711,546)**	**1,781,988**	**-**
Amounts written off	**-**	**-**	**(4,226,382)**	**(4,226,382)**
Foreign exchange adjustments	**387,814**	**239,403**	**84,192**	**711,409**
Gross carrying amount as at 31 December 2023	**88,295,638**	**24,529,501**	**6,245,106**	**119,070,245**

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

c Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2022:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
Gross carrying amount as at 01 January 2022	70,062,363	28,424,554	10,883,354	109,370,271
Financial assets originated or purchased	14,006,323	24,203,453	-	38,209,776
Assets derecognised or repaid (excluding write offs)	(19,033,989)	(7,270,749)	135,548	(26,169,190)
Transfers to Stage 1	1,573,566	(1,536,158)	(37,408)	-
Transfers to Stage 2	(19,748,949)	19,844,171	(95,222)	-
Transfers to Stage 3	(160,479)	(539,191)	699,670	-
Amounts written off	-	-	(2,286,067)	(2,286,067)
Foreign exchange adjustments	(66,168)	(573,666)	60,480	(579,354)
Gross carrying amount as at 31 December 2022	**46,632,667**	**62,552,414**	**9,360,355**	**118,545,436**

At 31 December 2021:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
Gross carrying amount as at 01 January 2021	79,391,828	18,749,945	12,333,808	110,475,581
Financial assets originated or purchased	21,564,406	3,281,823	-	24,846,229
Assets derecognised or repaid (excluding write offs)	(20,157,396)	(5,447,842)	(556,311)	(26,161,549)
Transfers to Stage 1	1,660,898	(1,627,719)	(33,179)	-
Transfers to Stage 2	(12,956,515)	13,006,566	(50,051)	-
Transfers to Stage 3	(193,016)	(305,916)	498,932	-
Amounts written off	-	-	(2,396,994)	(2,396,994)
Foreign exchange adjustments	752,158	767,697	1,087,149	2,607,004
Gross carrying amount as at 31 December 2021	**70,062,363**	**28,424,554**	**10,883,354**	**109,370,271**

At 31 December 2023:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
ECL allowance as at 01 January 2023	**212,977**	**2,481,972**	**7,731,520**	**10,426,469**
Allowance on new financial assets	**78,149**	**184,443**	**-**	**262,592**
Assets derecognised or repaid (excluding write offs)	**(25,611)**	**(615,793)**	**(733,573)**	**(1,374,977)**
Transfers to Stage 1	**829,718**	**(829,604)**	**(114)**	**-**
Transfers to Stage 2	**(30,161)**	**41,743**	**(11,582)**	**-**
Transfers to Stage 3	**(764)**	**(66,794)**	**67,558**	**-**
Net remeasurement of loss allowance	**(529,468)**	**(132,083)**	**2,526,184**	**1,864,633**
Amounts written off	**-**	**-**	**(4,226,382)**	**(4,226,382)**
ECL allowance as at 31 December 2023	**534,840**	**1,063,884**	**5,353,611**	**6,952,335**

At 31 December 2022:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
ECL allowance as at 01 January 2022	651,183	1,455,012	9,347,876	11,454,071
Allowance on new financial assets	50,917	361,407	-	412,324
Assets derecognised or repaid (excluding write offs)	(110,177)	(93,272)	(483,713)	(687,162)
Transfers to Stage 1	86,328	(86,193)	(135)	-
Transfers to Stage 2	(174,629)	175,996	(1,367)	-
Transfers to Stage 3	(3,296)	(14,831)	18,127	-
Net remeasurement of loss allowance	(287,349)	683,853	1,136,799	1,533,303
Amounts written off	-	-	(2,286,067)	(2,286,067)
ECL allowance as at 31 December 2022	**212,977**	**2,481,972**	**7,731,520**	**10,426,469**

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

c Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in the ECL allowances is as follows:

At 31 December 2021:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
ECL allowance as at 01 January 2021	711,750	961,423	9,763,881	11,437,054
Allowance on new financial assets	170,173	111,417	-	281,590
Assets derecognised or repaid (excluding write offs)	(429,720)	(318,343)	(492,107)	(1,240,170)
Transfers to Stage 1	173,850	(173,571)	(279)	-
Transfers to Stage 2	(72,455)	75,685	(3,230)	-
Transfers to Stage 3	(8,736)	(13,062)	21,798	-
Net remeasurement of loss allowance	106,321	811,463	2,454,807	3,372,591
Amounts written off	-	-	(2,396,994)	(2,396,994)
ECL allowance as at 31 December 2021	**651,183**	**1,455,012**	**9,347,876**	**11,454,071**

d Credit loss allowances on loans and advances by industry sectors

At 31 December 2023:

	Gross amount of loans	**Credit Impaired loans**	**Stage 3 allowance for credit impairment**	**Stage 1 & stage 2 Credit loss allowance**	**Total allowances for credit impairment**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Agriculture and fishing	**3,105,318**	**613,022**	**563,877**	**93,719**	**657,596**
Manufacturing	**3,765,081**	**58,933**	**54,979**	**9,602**	**64,581**
of which EPZ	***1,279,208***	***6,072***	***6,072***	***1,379***	***7,451***
Tourism	**12,426,412**	**32,926**	**11,075**	**396,028**	**407,103**
Transport	**332,367**	**17,693**	**16,455**	**5,526**	**21,981**
Construction	**15,274,247**	**866,315**	**608,782**	**468,287**	**1,077,069**
Financial and business services	**5,461,769**	**358,140**	**351,159**	**25,462**	**376,621**
Traders	**6,257,933**	**954,824**	**912,957**	**31,671**	**944,628**
Personal	**55,054,199**	**1,080,930**	**785,214**	**492,988**	**1,278,202**
Professional	**40,648**	**7,570**	**3,599**	**2,080**	**5,679**
Global Business Licence holders	**3,373,479**	**2,199,401**	**1,998,491**	**2,693**	**2,001,184**
Others	**13,978,792**	**55,352**	**47,023**	**70,668**	**117,691**
	119,070,245	**6,245,106**	**5,353,611**	**1,598,724**	**6,952,335**

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

d Credit loss allowances on loans and advances by industry sectors (cont'd)

At 31 December 2022:

	Gross amount of loans	Credit Impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 Credit loss allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	3,269,559	930,393	581,525	187,457	768,982
Manufacturing	3,932,153	160,403	152,500	11,900	164,400
of which EPZ	*1,507,956*	*6,092*	*6,092*	*1,277*	*7,369*
Tourism	12,313,984	202,333	120,575	875,028	995,603
Transport	1,864,917	32,770	28,752	214,364	243,116
Construction	13,770,186	980,197	712,744	386,808	1,099,552
Financial and business services	5,786,037	72,046	72,039	124,746	196,785
Traders	9,392,470	4,247,813	3,635,750	65,902	3,701,652
Personal	48,285,622	1,071,134	814,217	384,903	1,199,120
Professional	128,022	83,292	83,292	639	83,931
Global Business Licence holders	4,696,272	1,349,247	1,355,990	319,705	1,675,695
Others	15,106,214	230,727	174,136	123,497	297,633
	118,545,436	9,360,355	7,731,520	2,694,949	10,426,469

At 31 December 2021:

	Gross amount of loans	Credit Impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 Credit loss allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	2,526,492	920,559	490,016	23,031	513,047
Manufacturing	4,043,073	177,027	173,382	43,354	216,736
of which EPZ	*1,421,007*	*21,156*	*21,156*	*2,867*	*24,023*
Tourism	13,713,464	39,890	8,112	759,677	767,789
Transport	2,046,166	34,224	25,492	20,608	46,100
Construction	12,528,434	626,386	520,038	392,400	912,438
Financial and business services	5,896,365	46,546	46,538	78,954	125,492
Traders	10,801,453	6,377,717	5,674,511	90,557	5,765,068
Personal	43,788,942	1,090,420	852,110	514,515	1,366,625
Professional	130,815	82,760	82,760	4,144	86,904
Global Business Licence holders	5,637,793	1,372,644	1,371,147	40,901	1,412,048
Others	8,257,274	115,181	103,770	138,054	241,824
	109,370,271	10,883,354	9,347,876	2,106,195	11,454,071

9. INVESTMENT SECURITIES

Remaining term to maturity

At 31 December 2023:	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	-	741	2,243,592	1,025,161	-	3,269,494
Treasury bills	20,379	6,646,424	-	303,210	-	-	-	-	6,970,013
Bank of Mauritius bills / bonds	-	-	-	-	168,468	-	-	-	168,468
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	951,301	951,301
	20,379	6,646,424	-	303,210	169,209	2,243,592	1,025,161	951,301	11,359,276
(b) Debt securities measured at FVTOCI									
Government bonds	-	1,339,871	-	521,570	3,798,940	5,837,768	4,100,902	-	15,599,051
Treasury bills	1,100,461	-	-	-	-	-	-	-	1,100,461
Bank of Mauritius bills / bonds	112,683	-	-	-	291,698	-	-	-	404,381
Bank bonds	2,632,057	1,870,751	529,605	713,495	4,925,933	6,621,615	-	-	17,293,456
Corporate bonds	270,260	460,913	218,351	1,577,943	1,110,911	4,455,748	834,198	-	8,928,324
	4,115,461	3,671,535	747,956	2,813,008	10,127,482	16,915,131	4,935,100	-	43,325,673
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	946,483	2,486,759	1,909,279	460,565	8,057,027	16,087,135	24,285,836	-	54,233,084
Treasury bills	1,787	-	-	-	-	-	-	-	1,787
Bank of Mauritius bills / bonds	-	-	991,498	-	5,115,462	-	4,985,927	-	11,092,887
Bank bonds	-	416,279	-	-	45,238	242,269	87,084	-	790,870
Corporate bonds	-	-	472,771	-	-	3,102,739	1,105,349	-	4,680,859
	948,270	2,903,038	3,373,548	460,565	13,217,727	19,432,143	30,464,196	-	70,799,487
(d) Equity securities designated at FVTOCI									
- Equity investments	-	-	-	-	-	-	-	9,053	9,053
	-	-	-	-	-	-	-	9,053	9,053
Total investment securities	5,084,110	13,220,997	4,121,504	3,576,783	23,514,418	38,590,866	36,424,457	960,354	125,493,489
Less: allowance for credit losses									(94,861)
									125,398,628

At 31 December 2022:	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	-	5,101,646	70,459	271,101	-	5,443,206
Treasury bills	30,622	188,869	39,220	1,298,525	-	-	-	-	1,557,236
Bank of Mauritius bills / bonds	198,040	-	290,442	169,023	-	-	-	-	657,505
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,022,515	1,022,515
	228,662	188,869	329,662	1,467,548	5,101,646	70,459	271,101	1,022,515	8,680,462
(b) Debt securities measured at FVTOCI									
Government bonds	4,419	506,791	1,259,551	1,084,914	1,033,638	3,308,039	2,525,521	-	9,722,873
Treasury bills	2,486,605	970,202	1,116,726	-	-	-	-	-	4,573,533
Bank of Mauritius bills / bonds	950,742	195,719	96,648	-	-	-	-	-	1,243,109
Bank bonds	1,745,412	1,531,309	2,377,725	757,744	2,757,271	641,394	-	-	9,810,855
Corporate bonds	726,629	-	952,126	-	2,603,026	2,576,072	1,968,748	-	8,826,601
	5,913,807	3,204,021	5,802,776	1,842,658	6,393,935	6,525,505	4,494,269	-	34,176,971
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	-	403,593	105,063	1,140,600	5,992,628	20,027,992	20,581,250	-	48,251,126
Treasury bills	2,618,363	1,090,890	1,080,704	-	-	-	-	-	4,789,957
Bank of Mauritius bills / bonds	202,910	-	3,027,776	-	504,305	4,966,719	4,982,773	-	13,684,483
Bank bonds	-	-	-	-	417,898	132,409	85,938	-	636,245
Corporate bonds	-	-	-	-	-	1,344,873	1,498,450	-	2,843,323
	2,821,273	1,494,483	4,213,543	1,140,600	6,914,831	26,471,993	27,148,411	-	70,205,134
(d) Equity securities designated at FVTOCI									
- Equity investments	-	-	-	-	-	-	-	8,400	8,400
	-	-	-	-	-	-	-	8,400	8,400
Total investment securities	8,963,742	4,887,373	10,345,981	4,450,806	18,410,412	33,067,957	31,913,781	1,030,915	113,070,967
Less: allowance for credit losses									(26,421)
									113,044,546

9. INVESTMENT SECURITIES (CONT'D)

Remaining term to maturity

At 31 December 2021:	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	1,869,314	106	821,169	167,962	-	2,858,551
Treasury bills	-	827,391	-	1,706,626	-	-	-	-	2,534,017
Bank of Mauritius bills / bonds	509,376	153,920	-	-	504	-	-	-	663,800
Bank bonds	-	-	-	-	85,250	-	-	-	85,250
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	2,046,812	2,046,812
	509,376	981,311	-	3,575,940	85,860	821,169	167,962	2,046,812	8,188,430
(b) Debt securities measured at FVTOCI									
Government bonds	2,764,049	653,527	-	1,927,517	2,936,737	5,642,413	2,183,788	-	16,108,031
Treasury bills	4,355,356	8,271,746	-	3,052,213	-	-	-	-	15,679,315
Bank of Mauritius bills / bonds	999,416	257,162	-	-	-	-	-	-	1,256,578
Bank bonds	1,135,094	157,488	4,116,867	536,971	6,538,129	3,837,908	-	-	16,322,457
Corporate bonds	-	518,753	601,460	43,067	1,738,889	4,394,559	2,898,700	-	10,195,428
	9,253,915	9,858,676	4,718,327	5,559,768	11,213,755	13,874,880	5,082,488	-	59,561,809
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	1,499,553	3,934,954	747,934	422,709	1,655,906	12,434,787	16,268,111	-	36,963,954
Bank of Mauritius bills / bonds	-	557	172,780	-	3,231,062	5,471,076	4,979,621	-	13,855,096
Bank bonds	114,167	-	-	-	-	551,616	84,932	-	750,715
Corporate bonds	-	-	-	-	-	-	100,346	-	100,346
	1,613,720	3,935,511	920,714	422,709	4,886,968	18,457,479	21,433,010	-	51,670,111
(d) Equity securities designated at FVTOCI									
- Equity investments	-	-	-	-	-	-	-	6,869	6,869
	-	-	-	-	-	-	-	6,869	6,869
Total investment securities	11,377,011	14,775,498	5,639,041	9,558,417	16,186,583	33,153,528	26,683,460	2,053,681	119,427,219
Less: allowance for credit losses									(27,884)
									119,399,335

Investment securities analysed as follows:	**31 December 2023**	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
- Debt securities	**125,389,575**	113,036,146	119,392,466
- Equity securities	**9,053**	8,400	6,869
	125,398,628	113,044,546	119,399,335

9. INVESTMENT SECURITIES (CONT'D)

The tables below show the Bank's debt instruments at amortised cost and those measured at FVTOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification.

Debt investment securities at amortised cost	**31 December 2023**		
	Stage 1	**Stage 2**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**
High grade	**10,692,451**	**-**	**10,692,451**
Standard grade	**59,100,528**	**-**	**59,100,528**
Sub standard grade	**520,588**	**485,920**	**1,006,508**
Total gross carrying amount	**70,313,567**	**485,920**	**70,799,487**
Credit loss allowance	**(50,371)**	**(44,490)**	**(94,861)**
Carrying amount	**70,263,196**	**441,430**	**70,704,626**

	31 December 2022			**31 December 2021**
	Stage 1	**Stage 2**	**Total**	**Stage 1**
High grade	14,143,607	-	14,143,607	277,860
Standard grade	54,394,187	505,140	54,899,327	50,224,355
Sub standard grade	1,162,200	-	1,162,200	1,167,896
Total gross carrying amount	69,699,994	505,140	70,205,134	51,670,111
Credit loss allowance	(24,208)	(2,213)	(26,421)	(27,884)
Carrying amount	69,675,786	502,927	70,178,713	51,642,227

	31 December 2023		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	**69,699,994**	**505,140**	**70,205,134**
Transfers to stage 1	**204,104**	**(204,104)**	**-**
Transfers to stage 2	**(184,884)**	**184,884**	**-**
New financial assets acquired	**11,438,147**	**-**	**11,438,147**
Financial assets that have been repaid	**(12,669,147)**	**-**	**(12,669,147)**
Other movements	**1,825,353**	**-**	**1,825,353**
Gross carrying amount as at 31 December	**70,313,567**	**485,920**	**70,799,487**

	31 December 2022			**31 December 2021**
	Stage 1	**Stage 2**	**Total**	**Stage 1**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	51,670,111	-	51,670,111	33,847,308
Transfers to stage 2	(100,346)	100,346	-	-
New financial assets acquired	31,086,160	404,794	31,490,954	23,268,987
Financial assets that have been repaid	(12,419,024)	-	(12,419,024)	(5,600,989)
Other movements	(536,907)	-	(536,907)	154,805
Gross carrying amount as at 31 December	69,699,994	505,140	70,205,134	51,670,111

Other movements include interest and exchange differences.

	31 December 2023		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
ECL allowance as at 01 January	**24,208**	**2,213**	**26,421**
Transfers to stage 1	**380**	**(380)**	**-**
Transfers to stage 2	**(2,968)**	**2,968**	**-**
Net remeasurement of loss allowance	**37,565**	**39,689**	**77,254**
Assets derecognised or repaid	**(8,814)**	**-**	**(8,814)**
ECL allowance as at 31 December	**50,371**	**44,490**	**94,861**

	31 December 2022			**31 December 2021**
	Stage 1	**Stage 2**	**Total**	**Stage 1**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
ECL allowance as at 01 January	27,884	-	27,884	38,520
Transfers to stage 2	(31)	31	-	-
Net remeasurement of loss allowance	402	2,182	2,584	232
Assets derecognised or repaid	(4,047)	-	(4,047)	(10,868)
ECL allowance as at 31 December	24,208	2,213	26,421	27,884

9. INVESTMENT SECURITIES (CONT'D)

Debt investment securities at FVTOCI

At 31 December 2023:	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High grade	27,327,329	229,475	27,556,804
Standard grade	13,409,749	460,650	13,870,399
Sub standard grade	860,818	1,037,652	1,898,470
Carrying amount	41,597,896	1,727,777	43,325,673

At 31 December 2022:	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High grade	16,755,090	-	16,755,090
Standard grade	15,728,826	822,791	16,551,617
Sub standard grade	-	870,264	870,264
Carrying amount	32,483,916	1,693,055	34,176,971

At 31 December 2021:	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High grade	40,368,632	-	40,368,632
Standard grade	18,118,611	513,374	18,631,985
Sub standard grade	169,365	391,827	561,192
Carrying amount	58,656,608	905,201	59,561,809

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	32,483,916	1,693,055	34,176,971
Transfers to stage 1	1,083,944	(1,083,944)	-
Transfers to stage 2	(184,884)	184,884	-
New financial assets acquired	160,784,429	-	160,784,429
Financial assets that have been repaid	(151,011,185)	-	(151,011,185)
Other movements	(1,558,324)	933,782	(624,542)
Gross carrying amount as at 31 December	41,597,896	1,727,777	43,325,673

At 31 December 2022:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	58,656,608	905,201	59,561,809
Transfers to stage 2	(821,182)	821,182	-
New financial assets acquired	24,403,063	-	24,403,063
Financial assets that have been repaid	(49,279,828)	-	(49,279,828)
Other movements	(474,745)	(33,328)	(508,073)
Gross carrying amount as at 31 December	32,483,916	1,693,055	34,176,971

At 31 December 2021:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	49,760,843	414,403	50,175,246
Transfers to stage 2	(553,382)	553,382	-
New financial assets acquired	78,381,202	-	78,381,202
Financial assets that have been repaid	(70,951,941)	-	(70,951,941)
Other movements	2,019,886	(62,584)	1,957,302
Gross carrying amount as at 31 December	58,656,608	905,201	59,561,809

Other movements include interest, exchange differences and fair value adjustments.

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
ECL allowance as at 01 January 2023	4,689	22,480	27,169
Transfers to stage 1	9,176	(9,176)	-
Net remeasurement of loss allowance	46,022	90,130	136,152
Assets derecognised or repaid	(2,134)	-	(2,134)
ECL allowance as at 31 December 2023	57,753	103,434	161,187

9. INVESTMENT SECURITIES (CONT'D)

At 31 December 2022:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Total MUR'000**
ECL allowance as at 01 January 2022	12,080	48,217	60,297
Transfers to stage 2	(2,003)	2,003	-
Net remeasurement of loss allowance	(1,420)	19,791	18,371
Assets derecognised or repaid	(3,968)	(47,531)	(51,499)
ECL allowance as at 31 December 2022	4,689	22,480	27,169

At 31 December 2021:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Total MUR'000**
ECL allowance as at 01 January 2021	29,118	24,665	53,783
Transfers to stage 2	(664)	664	-
Net remeasurement of loss allowance	11,178	24,086	35,264
Assets derecognised or repaid	(27,552)	(1,198)	(28,750)
ECL allowance as at 31 December 2021	12,080	48,217	60,297

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value.

Equity instruments designated at FVTOCI	**31 December 2023 MUR'000**	**31 December 2022 MUR'000**	**31 December 2021 MUR'000**
Carrying amount as at 01 January	**8,400**	6,869	4,408
Additions	**-**	-	2,057
Fair value movement	**653**	1,531	404
Carrying amount as at 31 December	**9,053**	8,400	6,869

10. PROPERTY AND EQUIPMENT

Accounting policy

Property and equipment are stated at cost (except for freehold land and buildings and buildings on leasehold land) less accumulated depreciation and any cumulative impairment loss. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Bank's policy to revalue its freehold land and buildings and leasehold buildings at least every five years by independent valuers. Any revaluation surplus is credited to the Property revaluation reserve. Any revaluation decrease is first charged directly against any property revaluation reserve held in respect of the respective asset, and then to the statement of profit or loss.

Progress payments on tangible fixed assets are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation on owned assets is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	50 years
Equipment, machinery, furniture, fittings and computer equipment (other tangible fixed assets)	3 to 10 years
Motor vehicles	5 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within other operating income in the statement of profit or loss.

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from the revaluation reserve to retained earnings as the asset is used (representing difference between depreciation based on revalued amount and depreciation based on original cost). On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Cost or Valuation	**Freehold land and buildings MUR' 000**	**Buildings on leasehold land MUR' 000**	**Other tangible fixed assets MUR' 000**	**Motor vehicles MUR' 000**	**Total property and equipment MUR' 000**
At 01 January 2021	803,952	1,437,876	1,814,056	4,123	4,060,007
Additions	-	-	86,311	-	86,311
Disposals	-	-	(93,420)	-	(93,420)
At 31 December 2021	803,952	1,437,876	1,806,947	4,123	4,052,898
Additions	58,243	81,662	519,670	-	659,575
Disposals	-	-	(129,028)	-	(129,028)
At 31 December 2022	**862,195**	**1,519,538**	**2,197,589**	**4,123**	**4,583,445**
Transfer	**-**	**(6,629)**	**6,629**	**-**	**-**
Additions	**-**	**-**	**127,711**	**-**	**127,711**
Disposals	**-**	**-**	**(18,761)**	**-**	**(18,761)**
At 31 December 2023	**862,195**	**1,512,909**	**2,313,168**	**4,123**	**4,692,395**

10. PROPERTY AND EQUIPMENT (CONT'D)

	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total property and equipment
Accumulated Depreciation	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
At 01 January 2021	12,691	61,819	1,427,043	1,367	1,502,920
Disposal	-	-	(92,525)	-	(92,525)
Charge for the year	11,715	57,721	78,851	825	149,112
At 31 December 2021	24,406	119,540	1,413,369	2,192	1,559,507
Disposal	-	-	(127,305)	-	(127,305)
Charge for the year	13,972	60,452	120,358	750	195,532
At 31 December 2022	**38,378**	**179,992**	**1,406,422**	**2,942**	**1,627,734**
Transfer	**-**	**(424)**	**424**	**-**	**-**
Disposal	**-**	**-**	**(18,408)**	**-**	**(18,408)**
Charge for the year	**14,334**	**60,842**	**138,794**	**644**	**214,614**
At 31 December 2023	**52,712**	**240,410**	**1,527,232**	**3,586**	**1,823,940**
Net book value					
At 31 December 2023	**809,483**	**1,272,499**	**785,936**	**537**	**2,868,455**
Progress payments on tangible fixed assets					**571,448**
					3,439,903
At 31 December 2022	823,817	1,339,546	791,167	1,181	2,955,711
Progress payments on tangible fixed assets					179,002
					3,134,713
At 31 December 2021	779,546	1,318,336	393,578	1,931	2,493,391
Progress payments on tangible fixed assets					525,796
					3,019,187

Other tangible fixed assets (included within Property and equipment) consist of equipment, furniture, fittings and computer equipment.

Details of the Bank's land and buildings and information about the fair value hierarchy are as follows:

	Fair value level	31 December 2023	31 December 2022	31 December 2021
		MUR' 000	MUR' 000	MUR' 000
Freehold land	Level 2	**485,001**	485,001	485,001
Freehold buildings	Level 3	**324,482**	338,816	294,545
Buildings on leasehold land	Level 3	**1,272,499**	1,339,546	1,318,336
		2,081,982	2,163,363	2,097,882

The carrying amounts of land and buildings, that would have been included in the financial statements had the assets been carried at cost, are as follows:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Freehold land and buildings	**477,402**	483,978	431,948
Buildings on leasehold land	**361,759**	378,366	316,700
	839,161	862,344	748,648

The freehold land and buildings and buildings on leasehold land are periodically valued by an independent chartered valuation surveyor. Freehold land was revalued in December 2019 based on an open market value basis whereas freehold buildings and buildings on leasehold land were revalued based on the depreciated replacement cost method. Management has assessed the fair value of the properties at 31 December 2023, 2022 and 2021 and the estimated fair value approximate the carrying value as at the reporting date. These assets have not been impaired during the years under review.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Accounting policy

The Bank as lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

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

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

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

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The 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 Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

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 Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
The right-of-use assets are presented as a separate line in the statement of financial position. The Bank leases several assets including land, buildings and equipment . The average lease term is 5 years.
The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' 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.

RIGHT-OF-USE ASSETS	**Land and buildings**	**Other tangible fixed assets**	**Total**
Cost	**MUR' 000**	**MUR' 000**	**MUR' 000**
At 01 January 2021	199,356	131,518	330,874
Additions	20,216	2,714	22,930
Termination/Expiry	(10,473)	(121)	(10,594)
At 31 December 2021	209,099	134,111	343,210
Additions	94,084	710	94,794
Termination/Expiry	(11,168)	-	(11,168)
At 31 December 2022	**292,015**	**134,821**	**426,836**
Additions	**41,210**	**-**	**41,210**
Termination/Expiry	**(32,045)**	**(117,135)**	**(149,180)**
At 31 December 2023	**301,180**	**17,686**	**318,866**

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONT'D)

Accumulated Depreciation	Land and buildings MUR' 000	Other tangible fixed assets MUR' 000	Total MUR' 000
At 01 January 2021	43,175	32,096	75,271
Termination/Expiry	(8,084)	(121)	(8,205)
Charge for the year	34,638	29,469	64,107
At 31 December 2021	69,729	61,444	131,173
Termination/Expiry	(9,806)	-	(9,806)
Charge for the year	39,084	32,235	71,319
At 31 December 2022	**99,007**	**93,679**	**192,686**
Termination/Expiry	**(22,037)**	**(98,783)**	**(120,820)**
Charge for the year	**55,904**	**16,748**	**72,652**
At 31 December 2023	**132,874**	**11,644**	**144,518**
Net book value			
At 31 December 2023	**168,306**	**6,042**	**174,348**
At 31 December 2022	193,008	41,142	234,150
At 31 December 2021	139,370	72,667	212,037

The following are the amounts recognised in profit or loss:	**31 December 2023 MUR' 000**	31 December 2022 MUR' 000	31 December 2021 MUR' 000
Gain on termination	**5,306**	-	-
Depreciation expense on right-of-use assets	**72,652**	71,319	64,107
Interest expense on lease liability (Note 25)	**12,572**	12,087	13,144
Total amount recognised in profit or loss	**90,530**	83,406	77,251
LEASE LIABILITY			
At 01 January	**189,756**	184,665	233,590
Additions	**41,210**	94,794	22,930
Interest expense	**12,572**	12,087	13,144
Termination	**(23,054)**	(1,362)	(2,389)
Payments	**(37,435)**	(100,428)	(82,610)
At 31 December	**183,049**	189,756	184,665

For short term leases (leases with a lease term of 12 months or less) and leases of low value assets (printers and computers), the Bank recognises the lease payments as an operating expense on a straight line basis over the term of the lease. Lease payments for short term lease amounted to MUR 2.51 million and MUR 31.98 million for low value assets for the year ended 31 December 2023.

At 31 December 2023, the Bank does not have any commitment for short-term leases. There are no variable lease payment in the lease contracts of the Bank.

Maturity analysis of lease liability are as follows:	**31 December 2023 MUR' 000**	31 December 2022 MUR' 000	31 December 2021 MUR' 000
Up to 1 year	**9,074**	37,629	30,891
1 to 5 years	**153,664**	141,638	129,677
5 to 25 years	**20,311**	10,489	24,097
	183,049	189,756	184,665
Further analysed into:			
Current	**9,074**	85,223	78,668
Non current	**173,975**	104,533	105,997
	183,049	189,756	184,665

The Bank does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees.

12. INTANGIBLE ASSETS

Accounting policy

Intangible assets with finite useful lives, that are acquired separately, are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight line basis over their estimated useful lives of 3 to 10 years. Costs directly associated with the production of identifiable and software products controlled, that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(a) WIP Software

The Bank is developing few softwares. These costs will be transferred under "Software" as soon as they will be in use at the Bank.

(b) Intellectual property rights

The Bank entered into an agreement in respect of Business Process Engineering and Business Transformation Initiatives to align both its strategies and processes with the Technology Transformation Initiative namely Flamingo Project and also high performance banks. The costs incurred in respect of these initiatives were capitalised as intellectual property rights and are being amortised following the project going live in September 2016.

	Software	WIP Software (Note a)	Intellectual Property (Note b)	Total
Cost	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
At 01 January 2021	3,970,294	78,025	284,917	4,333,236
Additions	-	88,593	-	88,593
Transfers	83,823	(83,823)	-	-
Transfer to expenses	-	(6,283)	-	(6,283)
At 31 December 2021	4,054,117	76,512	284,917	4,415,546
Additions	2,410	141,757	-	144,167
Transfers	44,168	(44,168)	-	-
Transfer to expenses	-	(22,614)	-	(22,614)
At 31 December 2022	**4,100,695**	**151,487**	**284,917**	**4,537,099**
Additions	**-**	**559,592**	**-**	**559,592**
Transfers	**353,233**	**(353,233)**	**-**	**-**
Transfer to expenses	**-**	**(29,262)**	**-**	**(29,262)**
At 31 December 2023	**4,453,928**	**328,584**	**284,917**	**5,067,429**
Accumulated amortisation				
At 01 January 2021	1,903,039	-	284,917	2,187,956
Charge for the year	411,081	-	-	411,081
At 31 December 2021	2,314,120	-	284,917	2,599,037
Charge for the year	419,552	-	-	419,552
At 31 December 2022	**2,733,672**	**-**	**284,917**	**3,018,589**
Charge for the year	**425,194**	**-**	**-**	**425,194**
At 31 December 2023	**3,158,866**	**-**	**284,917**	**3,443,783**
Net book value				
At 31 December 2023	**1,295,062**	**328,584**	**-**	**1,623,646**
At 31 December 2022	1,367,023	151,487	-	1,518,510
At 31 December 2021	1,739,997	76,512	-	1,816,509

All intangibles are tested for impairment on an annual basis and the intangible assets have not been impaired during the years under review.

13. OTHER ASSETS

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Accounts receivable[1]	**314,178**	487,393	530,884
Balances due in clearing	**1,963**	4,833	3,033
Prepayments	**235,344**	175,390	156,694
Refund for income tax	**20,430**	20,430	-
Other receivables[2]	**171,085**	113,305	97,336
	743,000	801,351	787,947

[1]The accounts receivable are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

[2] Repossessed assets amounting to MUR 6.86 million have been included under 'Others'. The Bank's policy is to dispose of such assets as soon as the market permits.

14. PENSION LIABILITIES

Accounting policy

(i) Defined benefit plan

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets, 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. Remeasurement 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 the statement of 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 service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Bank's defined benefits plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Defined contribution plan

Employees who joined after 31 December 2004 are entitled to defined contribution retirement benefit pension arrangements. Employer contributions are expensed in the statement of profit or loss in the period in which they fall due. The defined contribution benefit replaced the defined benefit pension plan as from 01 January 2005. Employees who were initially in the defined benefit pension plan remained in the said plan.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its defined benefit plans is as follows:

Pension liabilities	**31 December 2023**	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Defined benefit pension plan (Note 14 (a))	**242,288**	356,412	303,844
Residual retirement gratuities (Note 14 (b))	**183,132**	192,695	92,084
	425,420	549,107	395,928

(a) Defined benefit pension plan

The Bank provides final salary defined benefit (DB) plan to some of its employees ("eligible employees"), and the plan operates under the SBM Group Pension Fund (the "Fund") which is in existence since 1 July 1999. The plan provides for a pension at retirement and a benefit on death or disablement in service before retirement and is wholly funded. The Bank is the principal sponsor of the Fund and eligible employees are those who have joined the Bank prior to 31 December 2004. The assets of the Fund are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The plan provides for a pension at retirement and a benefit in death or disablement in service before retirement.

There has been no plan amendment, curtailment or settlement during the year except for some employee transfers between related entities within SBM Group.

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

Investment risk

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

14. PENSION LIABILITIES (CONT'D)

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Present value of funded defined benefit obligation	2,077,037	1,776,681	1,881,806
Fair value of planned assets	(1,834,749)	(1,420,269)	(1,577,962)
Net liability arising from defined benefit obligation	242,288	356,412	303,844
Reconciliation of net defined benefit liability			
Balance at start of the year	356,412	303,844	577,568
Amount recognised in statement of profit or loss	73,305	55,787	60,416
Amount recognised in other comprehensive income	175,867	48,882	(288,714)
Less employer contributions	(363,296)	(52,101)	(45,426)
Balance at end of the year	242,288	356,412	303,844
Components of amount recognised in statement of profit or loss			
Current service cost	40,187	42,717	44,320
Net interest on net defined benefit liability	33,118	13,070	16,096
Total expense as above	73,305	55,787	60,416
Components of amount recognised in other comprehensive income			
Return on plan assets (excluding amount included in net interest expense)	(83,990)	195,577	(201,702)
Liability experience loss	-	131,943	-
Liability gain due to change in demographic assumptions	(5,452)	(1,198)	(7,141)
Liability loss/(gain) due to change in financial assumptions	265,309	(277,440)	(79,871)
Total	175,867	48,882	(288,714)
Reconciliation of fair value of plan assets			
Balance at start of the year	1,420,269	1,577,962	1,354,679
Interest income	82,132	73,341	39,034
Employer contributions	363,296	52,101	45,426
Benefits paid	(114,938)	(87,558)	(62,879)
Return on plan assets excluding interest income	83,990	(195,577)	201,702
Balance at end of the year	1,834,749	1,420,269	1,577,962
Reconciliation of present value of defined benefit obligation			
Balance at start of the year	1,776,681	1,881,806	1,932,247
Current service cost	40,187	42,717	44,320
Interest expense	115,250	86,411	55,130
Benefits paid	(114,938)	(87,558)	(62,879)
Liability experience loss	-	131,943	-
Liability gain due to change in demographic assumptions	(5,452)	(1,198)	(7,141)
Liability loss/(gain) due to change in financial assumptions	265,309	(277,440)	(79,871)
Balance at end of the year	2,077,037	1,776,681	1,881,806

	31 December 2023	31 December 2022	31 December 2021
Allocation of plan assets at end of year	%	%	%
Equity - Overseas quoted	42	35	36
Equity - Overseas unquoted	-	4	3
Equity - Local quoted	19	18	18
Equity - Local unquoted	-	8	4
Debt - Local quoted	8	10	10
Debt - Local unquoted	17	23	15
Investment funds	14	-	-
Cash and other	-	2	14
Total	100	100	100
Reporting entity's own transferable financial instruments	2.0%	2.0%	3.0%

14. PENSION LIABILITIES (CONT'D)

Principal assumptions used at end of year	31 December 2023	31 December 2022	31 December 2021
	%	%	%
Discount rate	**5.5%**	6.7%	4.7%
Rate of salary increases	**6.2%**	6.9%	5.2%
Rate of pension increases	**2.0%**	2.0%	1.5%
Average retirement age (ARA)			
Average life expectancy for:	**65**	65	65
- Male at ARA	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20 years**	20 years	20 years

IAS 19 requires that the discount rate be set based on the yields of high quality corporate bonds with an appropriate term. Since no deep market in such bonds is available, IAS 19 requires that the yield on government bonds of appropriate term can be applied. The discount rate takes account of the nominal yield to redemption of government bonds traded on the secondary market as at 31 December 2023.

Sensitivity analysis on defined benefit pension plan at end of year

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Increase due to 1% decrease in discount rate	**311,555**	256,337	301,089
Decrease due to 1% increase in discount rate	**249,244**	205,320	244,635

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

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

Future cashflows

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

The Bank expects to make a contribution of around MUR 51.8 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is 14 years.

14. PENSION LIABILITIES (CONT'D)

(b) Residual retirement gratuities

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Bank is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its residual retirement gratuities is as follows:

	31 December 2023	31 December 2022	31 December 2021
Reconciliation of net defined benefit liability	**MUR' 000**	MUR' 000	MUR' 000
Balance at start of the year	**192,695**	92,084	146,514
Amount recognised in statement of profit or loss	**(25,508)**	126,631	24,530
Amount recognised in other comprehensive income	**22,588**	(25,140)	(78,203)
Less benefits paid	**(6,643)**	(880)	(757)
Balance at end of the year	**183,132**	192,695	92,084
Components of amount recognised in statement of profit or loss			
Current service cost	**19,309**	21,376	21,623
Past service cost	**(57,509)**	97,225	(1,312)
Net interest on net defined benefit liability	**12,692**	8,030	4,219
Total expense as above	**(25,508)**	126,631	24,530
Components of amount recognised in other comprehensive income			
Liability experience loss	**252**	6,618	(20,972)
Liability gain due to change in demographic assumptions	**(13,251)**	(2,330)	(26,567)
Liability loss/(gain) due to change in financial assumptions	**35,587**	(29,428)	(30,664)
Total	**22,588**	(25,140)	(78,203)
Reconciliation of present value of defined benefit obligation			
Balance at start of the year	**192,695**	92,084	146,514
Current service cost	**19,309**	21,376	21,623
Interest expense	**12,692**	8,030	4,219
Past service cost	**(57,509)**	97,225	(1,312)
Other benefits paid	**(6,643)**	(880)	(757)
Liability experience loss	**252**	6,618	(20,972)
Liability gain due to change in demographic assumptions	**(13,251)**	(2,330)	(26,567)
Liability loss / (gain) due to change in financial assumptions	**35,587**	(29,428)	(30,664)
Balance at end of the year	**183,132**	192,695	92,084

	31 December 2023	31 December 2022	31 December 2021
Principal assumptions used at end of year	**%**	%	%
Discount rate	**5.5%**	6.7%	4.7%
Rate of salary increases	**6.2%/7.0%**	6.9%/7.0%	5.2%/6.0%
Rate of pension increases	**2.0%**	2.0%	1.5%
Average retirement age (ARA)	**60/65**	60/65	60/65
Sensitivity Analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**50,727**	40,482	33,080
Decrease due to 1% increase in discount rate	**42,800**	34,521	27,168

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the SBM Group DC Fund with reference to the Bank's share of contributions.

Future cashflows

The funding policy is to pay benefits from the reporting entity's cashflow as and when due.

The Bank expects to make a contribution of around MUR 36.1 million for the next financial year and the weighted average duration of the defined benefit obligation is 14 years.

The most recent actuarial valuation exercise was carried out at 31 December 2023 by AON Hewitt Ltd, actuaries and consultants.

14. PENSION LIABILITIES (CONT'D)

(c) Defined contribution plan

As from 1 January 2005, the defined benefit plan has been closed to new entrants and all new entrants of the Bank joined a defined contribution plan operated under the SBM Group Defined Contribution Fund (DC Fund). The Bank is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd.

The Bank made a contribution amounting to MUR 124.10 million to SBM Group DC fund for employees under the defined contribution pension plan (2022: MUR 115.37 million and 2021: MUR 100.94 million).

15. DEPOSITS FROM BANKS

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Demand deposits	**1,716,593**	1,757,243	1,481,854

16. DEPOSITS FROM NON-BANK CUSTOMERS

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
(i) Retail customers			
Current accounts	**27,126,029**	27,955,352	26,005,661
Savings accounts	**75,982,793**	70,710,281	67,926,002
Time deposits with remaining term to maturity:			
Up to 3 months	**3,448,559**	2,219,532	1,826,819
Over 3 months and up to 6 months	**1,091,485**	1,060,322	1,278,193
Over 6 months and up to 12 months	**2,299,009**	1,950,941	1,465,255
Over 1 year and up to 5 years	**3,345,624**	2,585,987	2,500,142
Over 5 years	**8,102**	9,240	10,178
Total time deposits	**10,192,779**	7,826,022	7,080,587
Total deposits from retail customers	**113,301,601**	106,491,655	101,012,250
(ii) Corporate customers			
Current accounts	**64,616,760**	74,488,085	104,793,111
Savings accounts	**4,080,451**	4,475,182	3,463,515
Time deposits with remaining term to maturity:			
Up to 3 months	**27,551,175**	18,312,617	8,902,072
Over 3 months and up to 6 months	**6,059,843**	11,567,009	2,394,308
Over 6 months and up to 12 months	**3,645,977**	2,442,734	1,221,083
Over 1 year and up to 5 years	**1,069,746**	2,773,652	1,481,318
Over 5 years	**170**	170	-
Total time deposits	**38,326,911**	35,096,182	13,998,781
Total deposits from corporate customers	**107,024,122**	114,059,449	122,255,407
(iii) Government			
Current accounts	**6,659,776**	6,592,814	10,252,546
Savings accounts	**3,438,240**	3,243,286	4,299,087
Time deposits with remaining term to maturity:			
Up to 3 months	**5,996,122**	65,703	126,022
Over 3 months and up to 6 months	**1,930,294**	1,607,635	1,600
Over 6 months and up to 12 months	**305,760**	4,014,432	3,304,794
Over 1 year and up to 5 years	**551,965**	810,353	277,000
Over 5 years	**-**	-	122
Total time deposits	**8,784,141**	6,498,123	3,709,538
Total deposits from government	**18,882,157**	16,334,223	18,261,171
Total deposits from non-bank customers	**239,207,880**	236,885,327	241,528,828

17. OTHER BORROWED FUNDS

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Borrowings from other financial institutions	652,356	757,808	916,692
Borrowings from banks - In Mauritius	4,001,644	-	4,358,708
	4,654,000	757,808	5,275,400
Remaining term to maturity			
Up to 3 months	4,001,644	-	4,358,708
Over 6 months and up to 12 months	-	-	58,427
Over 1 year and up to 5 years	181,257	259,724	364,644
Over 5 years	471,099	498,084	493,621
	4,654,000	757,808	5,275,400

Borrowings from banks are short term interbank borrowings from local banks at 31 December 2023 with an interest rate ranging from 3% to 4.5% per annum with a tenor of less than 3 months. 50% of the local borrowings were fully collateralised in the form of marketable government securities.

Borrowings from other financial institutions are long term borrowings taken for refinancing purposes with an interest rate ranging from 0.4% to 4.2% and have maturity date up to 2032.

18. TAXATION

Accounting policy

Income 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.

Corporate social responsibility (CSR)

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 segment A chargeable income of the preceding financial year to government approved CSR NGOs. The Bank remits 75% of the CSR contribution to the Director General of the MRA and 25% of the CSR contribution to an approved Fund. This contribution is recorded as part of income tax expense.

Bank levy

The Bank is liable to pay the taxation authorities a special levy calculated at 5.5% of its leviable income for the year ended 31 December 2023. For the years 2021 and 2020 special levy was calculated at 5.5% of the leviable income which is less than or equal to MUR 1.2 billion or at 4.5% where leviable income is greater than MUR 1.2 billion. 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 bank levy is treated as tax expense as per communique issued by BOM.

Prior to the enactment of the Finance Act 2023, the tax regime applicable to banks for financial years ended 31 December 2020 to 31 December 2022 was as follows, subject to Banks satisfying some prescribed conditions:
- Chargeable income of up to MUR 1.5 billion - 5%
- Chargeable income above MUR 1.5 billion up to the amount equivalent to the chargeable income of the base year (FY 31 December 2017) – 15%
- Remainder chargeable income – 5%

Following enactment of the Finance Act 2023 in July 2023, the reduced incentive rate of 5% applicable to banks on chargeable income exceeding MUR 1.5 billion has been abolished. Banks are now taxed at 5% on a chargeable income of less than MUR 1.5 billion and at 15% on a chargeable income exceeding MUR 1.5 billion. The revised tax rate is also applicable for financial year ended 31 December 2022 and the resulting additional tax provision amounted to MUR 193.58 million which were recognised in FY 2023 as the change in rate is a prospective adjustment.

18a. CURRENT TAX LIABILITIES

Current tax liabilities can be analysed as follows:	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
At 01 January	411,835	307,887	246,775
Income tax provision	279,220	163,744	205,954
Corporate Social Responsibility	101,207	77,566	72,749
Bank levy payable	186,416	186,416	186,416
Additional tax	230,000	-	-
Underprovision in prior years	71,214	62,171	30,096
Paid during the year	(744,273)	(385,949)	(434,103)
At 31 December	535,619	411,835	307,887

18. TAXATION (CONT'D)

18b. TAX EXPENSE

The total tax expense can also be analysed as follows:	31 December 2023 MUR' 000	31 December 2022 MUR' 000	31 December 2021 MUR' 000
Income tax provision	**279,220**	163,744	205,954
Additional tax	**230,000**	-	-
Underprovision in prior years	**71,214**	62,171	30,096
Corporate Social Responsibility	**101,207**	77,566	72,749
Bank levy	**186,416**	186,416	186,416
Deferred tax (credit) / charge (*Note 18d*)	**(254,746)**	9,104	(47,004)
Total tax expense	**613,311**	499,001	448,211

18c. TAX RECONCILIATION

	31 December 2023 MUR' 000	31 December 2022 MUR' 000	31 December 2021 MUR' 000
Profit before tax from continuing operations	**5,237,968**	4,026,941	2,538,398
Tax on accounting profit at 14% (2022 and 2021:7%)	**733,315**	281,886	177,688
Underprovision in prior years	**71,214**	62,171	30,096
Additional tax	**230,000**	-	-
Non allowable expenses	**139,595**	1,698	144,995
Exempt income	**(52,131)**	(21,098)	(73,879)
Corporate Social Responsibility adjustment	**4,264**	(19,468)	(4,495)
Special levy on banks	**186,416**	186,416	186,416
Tax rate differential	**(699,362)**	7,396	(12,610)
Total tax expense	**613,311**	499,001	448,211

18d. DEFERRED TAX (ASSETS)/LIABILITIES

Accounting policy

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 subsidiaries and associates, 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.

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 subsidiaries and associates, 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.

Current tax and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

Following the change in tax rate for banks, the deferred tax rate applied for segment A and segment B is 14% and 12% respectively (2022 and 2021: 7% and 5%).

18. TAXATION (CONT'D)

18d. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
At 01 January	**(511,001)**	(518,443)	(497,123)
(Credit)/charge to profit or loss:			
- Movement for the year (Note 18b)	**(254,746)**	9,104	(47,004)
(Credit)/charge to other comprehensive income:			
- Remeasurement of retirement benefit obligations	**(21,338)**	(1,662)	25,684
- Revaluation of properties	**70,482**	-	-
At 31 December	**(716,603)**	(511,001)	(518,443)

	01 January 2023	**Charge/(credit) to profit or loss**	**Charge/(credit) to OCI**	**31 December 2023**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deferred tax assets				
Allowances for credit impairment	**(632,984)**	**(339,417)**	**-**	**(972,401)**
Pension liability	**(37,506)**	**-**	**(21,338)**	**(58,844)**
Other provisions	**(7,188)**	**(8,174)**	**-**	**(15,362)**
	(677,678)	**(347,591)**	**(21,338)**	**(1,046,607)**
Deferred tax liabilities				
Accelerated capital allowances	**89,518**	**92,845**	**-**	**182,363**
Revaluation of property	**77,159**	**-**	**70,482**	**147,641**
Net deferred tax assets	**(511,001)**	**(254,746)**	**49,144**	**(716,603)**

	01 January 2022	**Charge/(credit) to profit or loss**	**Charge/(credit) to OCI**	**31 December 2022**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deferred tax assets				
Allowances for credit impairment	(679,807)	46,823	-	(632,984)
Pension liability	(27,059)	(8,785)	(1,662)	(37,506)
Other provisions	(6,574)	(614)	-	(7,188)
	(713,440)	37,424	(1,662)	(677,678)
Deferred tax liabilities				
Accelerated capital allowances	114,497	(24,979)	-	89,518
Revaluation of property	80,500	(3,341)	-	77,159
Net deferred tax assets	(518,443)	9,104	(1,662)	(511,001)

	01 January 2021	**Charge/(credit) to profit or loss**	**Charge/(credit) to OCI**	**31 December 2021**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deferred tax assets				
Allowances for credit impairment	(667,424)	(12,383)	-	(679,807)
Pension liability	(50,686)	(2,057)	25,684	(27,059)
Other provisions	(5,229)	(1,345)	-	(6,574)
	(723,339)	(15,785)	25,684	(713,440)
Deferred tax liabilities				
Accelerated capital allowances	142,376	(27,879)	-	114,497
Revaluation of property	83,840	(3,340)	-	80,500
Net deferred tax assets	(497,123)	(47,004)	25,684	(518,443)

19. OTHER LIABILITIES

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Balance due in clearing	3,507,044	2,600,663	3,074,532
Bills payable	368,042	385,082	273,795
Accruals for expenses	1,400,157	708,843	701,293
Accounts payable	1,697,329	1,244,663	856,087
Deferred income	54,349	53,500	35,118
Balances in transit	1,014,839	997,023	1,012,925
ECL on memorandum items *(Note 22)*	205,328	254,686	296,160
	8,247,088	6,244,460	6,249,910

20. STATED CAPITAL

Authorised, issued and paid up share capital	Number' Million	MUR' 000
At 31 December 2023	40,000	400,000
At 31 December 2022	40,000	400,000
At 31 December 2021	40,000	400,000

Capital Contribution	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
At 01 January	13,054,011	11,854,011	11,854,011
Capital contribution received during the year	-	1,200,000	-
At 31 December	13,054,011	13,054,011	11,854,011

Fully paid ordinary shares at no par value carry one vote per share and the right to dividend.

The capital contribution refers to additional capital over and above the actual stated capital. It is fully paid up, unsecured, interest free and is perpetual with no maturity date. The shareholder shall not demand, sue for or receive payment of the whole or any part of the capital contribution or claim any set-off which would result in the principal amount of the capital contribution outstanding to be reduced. The Bank reserves the right to issue ordinary shares against the amount of capital contribution at any time.

21. DIVIDEND

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Cash dividend: 2023: 4 cents per share; 2022: 5.5 cents per share and 2021: 1 cent per share	1,600,000	2,200,000	400,000
Less dividend paid: 2023: 4 cents per share; 2022: 5.5 cents per share and 2021: 1 cent per share	(1,600,000)	(2,200,000)	(400,000)
Dividend payable	-	-	-

The dividends were declared on 27 March 2023 and paid to SBM (Bank) Holdings Ltd on 30 May 2023.

22. MEMORANDUM ITEMS

		31 December 2023	31 December 2022	31 December 2021
		MUR' 000	MUR' 000	MUR' 000
a	**Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers**			
	Acceptances on account of customers	160,930	339,401	291,106
	Guarantees on account of customers	11,954,740	11,772,546	9,443,377
	Letters of credit and other obligations on account of customers	708,702	1,380,092	1,144,247
	Other contingent items	1,084,574	-	-
		13,908,946	13,492,039	10,878,730
b	**Commitments**			
	Undrawn credit facilities	18,656,632	14,945,779	11,474,814
c	**Others**			
	Inward bills held for collection	199,289	261,050	195,273
	Outward bills sent for collection	351,646	38,999	40,871
		550,935	300,049	236,144
	Total	33,116,513	28,737,867	22,589,688

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.

At 31 December 2023:

	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Internal rating grade				
Performing				
High grade	12,537,285	428,391	-	12,965,676
Standard grade	11,020,862	1,368,950	-	12,389,812
Sub-standard grade	5,127,326	2,506,235	-	7,633,561
Non-performing				
Individually impaired	-	-	127,464	127,464
Total	28,685,473	4,303,576	127,464	33,116,513

At 31 December 2022:

Internal rating grade	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Performing				
High grade	10,638,198	1,743,379	-	12,381,577
Standard grade	8,435,829	2,736,095	-	11,171,924
Sub-standard grade	2,815,164	2,203,749	-	5,018,913
Non-performing				
Individually impaired	-	-	165,453	165,453
Total	21,889,191	6,683,223	165,453	28,737,867

At 31 December 2021:

Internal rating grade	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing				
High grade	8,779,688	-	-	8,779,688
Standard grade	4,992,002	639,980	-	5,631,982
Sub-standard grade	6,594,789	1,422,495	-	8,017,284
Non-performing				
Individually impaired	-	-	160,734	160,734
Total	20,366,479	2,062,475	160,734	22,589,688

Details of the Bank's internal grading system are set out in note 37(b)(i).

22. MEMORANDUM ITEMS (CONT'D)

An analysis of changes in the gross carrying amount is as follows:

At 31 December 2023:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
Gross carrying amount as at 01 January 2023	**21,889,191**	**6,683,223**	**165,453**	**28,737,867**
Financial assets originated	**16,673,048**	**2,122,348**	**2,000**	**18,797,396**
Assets derecognised	**(10,835,788)**	**(3,506,318)**	**(76,644)**	**(14,418,750)**
Transfers to Stage 1	**2,169,985**	**(2,169,985)**	**-**	**-**
Transfers to Stage 2	**(1,210,963)**	**1,210,963**	**-**	**-**
Transfers to Stage 3	**-**	**(36,655)**	**36,655**	**-**
Gross carrying amount as at 31 December 2023	**28,685,473**	**4,303,576**	**127,464**	**33,116,513**

At 31 December 2022:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
Gross carrying amount as at 01 January 2022	20,366,479	2,062,475	160,734	22,589,688
Financial assets originated	14,136,767	2,593,386	24,544	16,754,697
Assets derecognised	(9,302,359)	(1,236,248)	(67,911)	(10,606,518)
Transfers to Stage 1	91,864	(91,864)	-	-
Transfers to Stage 2	(3,403,560)	3,415,358	(11,798)	-
Transfers to Stage 3	-	(59,884)	59,884	-
Gross carrying amount as at 31 December 2022	21,889,191	6,683,223	165,453	28,737,867

At 31 December 2021:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
Gross carrying amount as at 01 January 2021	18,788,034	1,265,458	189,023	20,242,515
Financial assets originated	11,509,869	836,024	16,127	12,362,020
Assets derecognised	(8,899,577)	(1,069,834)	(45,436)	(10,014,847)
Transfers to Stage 1	36,031	(36,031)	-	-
Transfers to Stage 2	(1,067,878)	1,067,878	-	-
Transfers to Stage 3	-	(1,020)	1,020	-
Gross carrying amount as at 31 December 2021	20,366,479	2,062,475	160,734	22,589,688

An analysis of changes in the corresponding ECL allowances is as follows:

At 31 December 2023:	**Stage 1 MUR'000**	**Stage 2 MUR'000**	**Stage 3 MUR'000**	**Total MUR'000**
ECL allowance as at 01 January 2023	**75,026**	**14,207**	**165,453**	**254,686**
Movement for the year	**48,903**	**5,433**	**38,418**	**92,754**
Assets derecognised	**(57,029)**	**(8,439)**	**(76,644)**	**(142,112)**
Transfers to Stage 1	**3,116**	**(3,116)**	**-**	**-**
Transfers to Stage 2	**(381)**	**381**	**-**	**-**
Transfers to Stage 3	**-**	**(237)**	**237**	**-**
At 31 December 2023	**69,635**	**8,229**	**127,464**	**205,328**

22. MEMORANDUM ITEMS (CONT'D)

An analysis of changes in the corresponding ECL allowances is, as follows: (cont'd)

At 31 December 2022:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January 2022	82,472	56,125	157,563	296,160
Movement for the year	60,141	7,787	84,377	152,305
Assets derecognised	(68,326)	(48,915)	(76,538)	(193,779)
Transfers to Stage 1	1,592	(1,592)	-	-
Transfers to Stage 2	(853)	853	-	-
Transfers to Stage 3	-	(51)	51	-
ECL allowance as at 31 December 2022	75,026	14,207	165,453	254,686

At 31 December 2021:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January 2021	83,910	108,899	145,173	337,982
Movement for the year	57,333	21,759	28,533	107,625
Assets derecognised	(55,876)	(77,427)	(16,144)	(149,447)
Transfers to Stage 1	244	(244)	-	-
Transfers to Stage 2	(3,139)	3,139	-	-
Transfers to Stage 3	-	(1)	1	-
ECL allowance as at 31 December 2021	82,472	56,125	157,563	296,160

Legal Claims

The Bank is subject to various legal claims from former employees and customers with claims totallying MUR 882.40 million (2022: MUR 743.38 million and 2021: MUR 746.91 million). Out of these, the Bank has assessed the claims that are highly probable and has made a provision of MUR 130.89 million as at 31 December 2023, the Bank has not made any provision on the remaining claims (MUR 751.51 million) on the basis that so far there is no indication that the claims would succeed in court.

23. ASSETS PLEDGED

The aggregate amount of assets that have been pledged to secure the credit facilities of the Bank are as follows:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Bank of Mauritius Bonds / Government of Mauritius Bonds	**1,200,000**	-	4,076,830
Other investment securities	**1,129,691**	-	-
	2,329,691	-	4,076,830
Analysed as:			
- In Mauritius	**2,329,691**	-	4,076,830
- Overseas	**-**	-	-
	2,329,691	-	4,076,830

24. CAPITAL COMMITMENTS

Approved and contracted for	**1,216,167**	467,208	253,694
Approved and not contracted for	**766,249**	355,433	219,578

25. NET INTEREST INCOME

	31 December 2023	31 December 2022	31 December 2021
Interest Income using the effective interest method	**MUR' 000**	MUR' 000	MUR' 000
Cash and cash equivalents	**310,794**	106,674	9,080
Loans to and placements with banks	**111,099**	37,471	43,189
Loans and advances to non-bank customers	**8,515,312**	5,440,071	4,594,240
Investment securities at amortised cost	**2,356,238**	1,678,348	1,072,392
Investment securities at FVTOCI	**1,491,324**	799,698	739,335
	12,784,767	8,062,262	6,458,236
Other interest income			
Investment securities measured at FVTPL	**85,009**	33,277	17,103
Derivatives held for risk management	**129,285**	104,591	185,734
	214,294	137,868	202,837
Total interest income	**12,999,061**	8,200,130	6,661,073
Interest expense using the effective interest method			
Deposits from customers	**(4,200,159)**	(1,060,306)	(446,505)
Other borrowed funds	**(136,086)**	(24,531)	(88,451)
Interest expense on lease liabilities (Note 11)	**(12,572)**	(12,087)	(13,144)
Other	**(5,859)**	(2,898)	(30)
	(4,354,676)	(1,099,822)	(548,130)
Other interest expense			
Derivatives held for risk management	**(152,389)**	(170,299)	(395,716)
	(152,389)	(170,299)	(395,716)
Total interest expense	**(4,507,065)**	(1,270,121)	(943,846)
Net interest income	**8,491,996**	6,930,009	5,717,227

26. NET FEE AND COMMISSION INCOME

	31 December 2023	31 December 2022	31 December 2021
Fee and commission income	**MUR' 000**	MUR' 000	MUR' 000
Retail banking customer fees	**378,465**	349,256	329,138
Corporate banking customer fees	**561,161**	468,233	412,408
Card income	**463,031**	419,694	357,511
Other fees	**102,248**	72,494	52,792
Total fee and commission income	**1,504,905**	1,309,677	1,151,849
Fee and commission expense			
Interbank transaction fees	**(54,795)**	(32,838)	(32,446)
Other fees	**(46,940)**	(32,386)	(21,184)
Total fee and commission expense	**(101,735)**	(65,224)	(53,630)
Net fee and commission income	**1,403,170**	1,244,453	1,098,219

27. NET TRADING INCOME

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Profit arising on dealings in foreign currencies	888,021	1,051,669	842,245
Fair value movements on debt securities held for trading	603,450	113,588	80,957
Derivatives	(24,212)	16,391	27,548
	1,467,259	1,181,648	950,750

28. NET GAINS/(LOSSES) FROM FINANCIAL ASSETS MEASURED AT FVTPL

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Financial assets measured at FVTPL	30,269	(34,675)	57,629
Derivatives held for risk management purposes	(10,488)	10,341	170,454
	19,781	(24,334)	228,083

29 (a). NET LOSSES ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Debt securities measured at FVTOCI	(21,394)	-	-

The Bank disposed some of its investments held at Amortised Cost during the year following credit downgrade of the investment. The nominal value of investment disposed amounts to MUR 265.81 million and realised a loss of MUR 21.39 million for the year ended 31 December 2023.

29 (b). NET GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVTOCI

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Debt securities measured at FVTOCI	21,565	34,914	588,098

The Bank disposed of these assets due to the risks associated.

30. PERSONNEL EXPENSES

Accounting policy

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
(a) wages, salaries and social security contributions;
(b) paid annual leave and paid sick leave;
(c) bonuses; and
(d) non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
(b) as an expense, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.
Refer to note 14 for accounting policy on defined benefit plans.

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Salaries	1,824,737	1,535,489	1,388,855
Other social security obligations	82,918	78,964	64,033
Defined contribution plan	124,101	115,375	100,944
Defined benefit plan (*Note 14 (a)*)	73,305	55,787	60,416
Residual retirement gratuities *(Note 14 (b))*	(25,508)	126,631	24,530
Benefits under early retirement scheme	23,530	-	-
Staff welfare costs	126,908	69,194	50,018
Other benefits	79,530	32,510	59,428
	2,309,521	2,013,950	1,748,224

31. OTHER EXPENSES

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Software licensing and other information technology costs	754,688	562,421	461,887
Utilities and telephone charges	69,533	51,075	52,390
Professional charges	244,265	202,433	187,733
Marketing costs	155,311	99,371	44,325
Rent, repairs, maintenance and security charges	251,197	199,452	187,428
Licence and other registration fees	27,611	29,592	26,233
Postage, courier and stationery costs	58,972	53,342	47,974
Insurance costs	54,639	56,895	53,371
Other operational and administrative costs	600,370	231,964	285,900
	2,216,586	1,486,545	1,347,241

32. CREDIT LOSS MOVEMENT ON FINANCIAL ASSETS AND MEMORANDUM ITEMS

The table below shows the movement in credit losses recognised in the statement of profit or loss under IFRS 9:

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	321,863	(1,418,088)	1,848,473	752,248
Loans and placements with banks*	3,382	9,458	-	12,840
Debt instruments measured at amortised cost and FVTOCI	79,227	123,231	-	202,458
Loan commitments	(5,541)	-	-	(5,541)
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	150	(5,978)	(37,989)	(43,817)
Other financial assets	13,035	-	-	13,035
Total credit loss expense	412,116	(1,291,377)	1,810,484	931,223
Write off				111
Bad debts recovered				(12,030)
				919,304

At 31 December 2022:	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	(438,206)	1,026,960	669,711	1,258,465
Loans and placements with banks*	(974)	-	-	(974)
Debt instruments measured at amortised cost and FVTOCI	(11,067)	(23,524)	-	(34,591)
Loan commitments	752	-	-	752
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	(8,198)	(41,918)	7,890	(42,226)
Total credit loss expense	(457,693)	961,518	677,601	1,181,426
Bad debts recovered				(11,078)
				1,170,348

At 31 December 2021:	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	(60,567)	493,589	1,980,989	2,414,011
Loans and placements with banks*	(9,456)	-	-	(9,456)
Debt instruments measured at amortised cost and FVTOCI	(27,674)	23,552	-	(4,122)
Loan commitments	9,580	-	-	9,580
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(11,018)	(52,774)	12,390	(51,402)
Total credit loss expense	(99,135)	464,367	1,993,379	2,358,611
Bad debts recovered				(11,093)
				2,347,518

*ECL movement for cash and cash equivalents is included under loans and placements with banks.

33. NET CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	31 December 2023	31 December 2022	31 December 2021
Operating activities		**MUR' 000**	MUR' 000	MUR' 000
Profit for the year		**4,624,657**	3,527,940	2,090,187
Adjustments to determine net cash flows:				
Depreciation of property and equipment	10	**214,614**	195,532	149,112
Depreciation of right-of-use assets	11	**72,652**	71,319	64,107
Amortisation of intangible assets	12	**425,194**	419,552	411,081
Pension expense		**47,797**	182,418	84,946
Credit loss expense on financial assets	32	**919,304**	1,170,348	2,347,518
Net loss on disposal of property and equipment		**5,659**	268	895
Tax expense	18b	**613,311**	499,001	448,211
Operating profit before working capital changes		**6,923,188**	6,066,378	5,596,057
Change in operating assets and liabilities				
Net change in mandatory balances with central bank		**(1,594,042)**	(2,113,145)	(1,454,449)
Net change in derivative financial assets		**340,028**	(57,957)	194,839
Net change in loans to and placements with banks		**(1,644,601)**	(383,785)	2,307,666
Net change in loans and advances to non-bank customers		**(4,752,307)**	(11,450,154)	(1,280,589)
Net change in investment securities		**(11,309,143)**	5,004,334	(27,300,259)
Net change in other assets		**58,351**	(13,404)	(81,059)
Net change in deposits from banks		**(40,650)**	275,389	362,193
Net change in deposits from non-bank customers		**2,322,553**	(4,643,501)	51,524,558
Net change in derivative financial liabilities		**(159,417)**	9,039	(599,616)
Net change in other liabilities		**1,723,881**	17,745	1,673,316
Income tax paid	18a	**(744,273)**	(385,949)	(434,103)
Net cash (used in) / generated from operating activities		**(8,876,432)**	(7,675,010)	30,508,554

Reconciliation of liabilities arising from financing activities

	At 01 January	Financing cash flows[(i)]	New leases	Other changes[(ii)]	At 31 December
2023	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Lease liabilities	**189,756**	**(37,435)**	**41,210**	**(10,482)**	**183,049**
Other borrowed funds	**757,808**	**3,896,192**	**-**	**-**	**4,654,000**
	947,565	**3,858,757**	**41,210**	**(10,482)**	**4,837,049**
2022	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Lease liabilities	184,665	(100,428)	94,794	10,725	189,756
Other borrowed funds	5,275,400	(4,517,592)	-	-	757,808
	5,460,065	(4,618,020)	94,794	10,725	947,564
2021	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Lease liabilities	233,590	(82,610)	22,930	10,755	184,665
Other borrowed funds	11,085,951	(5,810,551)	-	-	5,275,400
	11,319,541	(5,893,161)	22,930	10,755	5,460,065

(i) The cash flows from other borrowed funds and subordinated debts make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include non-cash transactions such as interests accrued but not yet paid.

34. RELATED PARTY DISCLOSURES

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercise significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. Key management personnel relate to directors and senior officers of the Bank.

		Key management personnel			Immediate holding company and fellow subsidiaries			Ultimate holding company		
		31 Dec 2023	31 Dec 2022	31 Dec 2021	**31 Dec 2023**	31 Dec 2022	31 Dec 2021	**31 Dec 2023**	31 Dec 2022	31 Dec 2021
	Balances:	**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
(a)	Credit facilities									
(i)	*Loans*									
	Balance at beginning of year	**311,346**	396,441	249,021	**1,410,956**	1,445,403	1,563,907	**1,600**	1,600	1,600
	Loans of directors / entities who ceased to be related parties during the year	**(31,548)**	(11,113)	(916)	**-**	-	-	**-**	-	-
	Existing loans of new related parties	**78,132**	73,346	30,458	**-**	-	-	**-**	-	-
	Other net movements	**66,530**	(147,328)	117,878	**(435,506)**	(34,447)	(118,504)	**-**	-	-
	Balance at end of year	**424,460**	311,346	396,441	**975,450**	1,410,956	1,445,403	**1,600**	1,600	1,600
(ii)	*Off-balance sheet obligations*									
	Balance at end of year	**323**	-	-	**22,984**	127,288	99,416	**-**	-	-
(b)	Placements	**-**	-	-	**146,779**	548,037	50,616	**-**	-	-
(c)	Derivative assets	**-**	-	-	**-**	-	109,214	**-**	-	-
(d)	Receivables	**-**	-	-	**54,724**	57,940	46,522	**534**	5,201	92,728
(e)	Deposits	**262,520**	243,207	176,476	**882,502**	877,572	491,786	**710,730**	28,213	90,109
(f)	Borrowings	**-**	-	-	**-**	-	-	**-**	-	-
(g)	Derivative liabilities	**-**	-	-	**30,091**	35,422	-	**-**	-	-
(h)	Payables	**-**	-	-	**20,844**	25,025	4,502	**1,297**	6,955	42,655
	Transactions:									
(i)	Interest income	**13,191**	13,262	7,243	**69,159**	35,164	30,367	**-**	-	479
(j)	Interest expense	**5,155**	1,422	552	**74**	108	51	**-**	-	-
(k)	Other income	**649**	514	423	**17,357**	17,650	13,939	**4,557**	4,337	12,604
(l)	Other expenses	**-**	-	-	**11,928**	23,345	-	**26,704**	12,720	23,011
(m)	Emoluments of directors	**31,854**	34,671	24,656	**-**	-	-	**-**	-	-

Short term benefits paid to directors amounted to MUR 31.85 million at the reporting date (2022: MUR 34.67 million and 2021: MUR 24.66 million) and long term benefits was nil at the reporting date (2022 and 2021: nil). Post employment benefits to directors amounted to MUR 1.04 million at the reporting date (2022: MUR 2.16 million and 2021: Nil).

34. RELATED PARTY DISCLOSURES (CONT'D)

The Government of Mauritius (GOM), by virtue of board representation, exercise significant influence on SBM Holdings Ltd.

The transactions with GOM and other entities controlled, jointly controlled or significantly influenced by GOM pertain mainly to investments, loans and advances and deposits.

The remaining transactions are individually and collectively not material. None of these transactions are carried out on either non-market terms or outside the normal course of business.

Related party transactions in relation to pension plans are as follows:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Deposits at end of year	**446,502**	85,166	272,579

Credit facilities to key management personnel and executive directors are as per their contract of employment. All other transactions with key management personnel and directors, whether credit facilities, deposits or purchase of goods and services, are at market terms and conditions and will be settled in cash.

All credit facilities with entities considered as related parties disclosed above are at market terms and conditions and will be settled in cash. Credit facilities are secured except for credit card advances and some personal loans which are granted under an unsecured loan scheme in the normal course of business.

The above mentioned outstanding balances arose in the normal course of business. For the year ended 31 December 2023, the Bank has recognised expected credit losses on amounts owed by related parties as per ECL model currently being applied on financial assets. At 31 December 2023, none of the facilities to related parties were non-performing (2022 & 2021: MUR Nil). In addition, for the year ended 31 December 2023 the Bank has not written off any amount owed by related party (2022 & 2021: MUR Nil).

35. CAPITAL MANAGEMENT

The Bank manages its capital to ensure that it will be able to continue as a going concern and maximise returns to shareholders. It also ensures that adequate capital is maintained to support its growth strategies, its risk appetite and depositors' confidence, while complying with statutory and regulatory requirements. The capital resources of the Bank are disclosed in the statement of changes in equity.

The Bank has met the respective minimum capital requirements set out by the relevant regulatory body and, where applicable, appropriate transfers have also been made to statutory reserves, ranging from 10% to 25% of annual profits.

The Bank has also met its respective minimum capital adequacy ratio requirements.

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Tier 1 capital	**22,136,531**	18,439,397	16,932,308
Tier 2 capital	**1,854,613**	1,886,088	1,769,065
Eligible capital base	**23,991,144**	20,325,485	18,701,373
Risk weighted assets	**123,980,669**	120,360,386	107,928,694
Capital adequacy ratio (%)	**19.35**	16.89	17.33

Tier 1 Capital also known as going concern capital consists of shareholder's equity less revaluation of fixed assets and regulatory deductions such as intangible assets and deferred tax and Tier 2 Capital also known as the supplementary capital that provides loss absorption on a gone concern basis includes 45% revaluation reserves on fixed assets and allowances for credit losses (restricted to 1.25% of total credit risk weighted assets).

36. EVENTS AFTER REPORTING DATE

On 26 January 2024, the Board of Directors declared and approved a dividend of MUR 1 billion to our sole shareholder SBM (Bank) Holdings Ltd and payment was effected on 05 March 2024 following approval of the Bank of Mauritius.

Except for the above, the directors are not aware of any material events after the end of the reporting period that would require recognition or disclosure in these financial statements.

37. RISK MANAGEMENT

The Board of Directors oversees the risk management framework and ensures decision making is aligned with the Board-driven strategic risk objectives and risk appetite. The Board approves the risk policies and a set of prudential limits and risk tolerance limits, besides regulatory limits, within which the Bank operates. The Senior Management team monitors a full spectrum of risks on an ongoing basis and is accountable to ensure its operations are within board approved policies and risk appetite framework besides regulatory limits. Any deviation and non-compliance are reported to Board Risk Committee. The principal risks arising from financial instruments to which the Bank are exposed include credit risk, liquidity risk, market risk, operational risk, strategic risk and reputational risk.

a (i) Classification of financial assets and financial liabilities

The following table shows the measurement categories under IFRS 9 for the Bank's financial assets and financial liabilities:

Financial assets	Classification and measurement category	31 December 2023 MUR' 000	31 December 2022 MUR' 000	31 December 2021 MUR' 000
Cash and cash equivalents	Amortised Cost	**18,836,899**	26,534,212	40,281,422
Mandatory balances with central bank	Amortised Cost	**14,911,020**	13,316,978	11,203,833
Loans to and placements with banks	Amortised Cost	**2,853,065**	1,221,415	837,970
Derivative financial instruments	Fair value through P&L	**297,875**	637,903	579,946
Loans and advances to non-bank customers	Amortised cost	**112,117,910**	108,118,967	97,916,200
Investment securities	Amortised cost	**70,704,626**	70,178,713	51,642,227
Investment securities	Fair value through OCI	**43,325,673**	34,176,971	59,561,809
Investment securities	Fair value through P&L	**11,359,276**	8,680,462	8,188,430
Equity investments	Fair value through OCI	**9,053**	8,400	6,869
Other assets	Amortised Cost	**591,976**	546,213	535,827
Total financial assets		**275,007,373**	263,420,234	270,754,533
Financial liabilities				
Deposits from banks	Amortised Cost	**1,716,593**	1,757,243	1,481,854
Deposits from non-bank customers	Amortised Cost	**239,207,880**	236,885,327	241,528,828
Other borrowed funds	Amortised Cost	**4,654,000**	757,808	5,275,400
Derivative financial instruments	Fair value through P&L	**415,277**	574,694	565,655
Other liabilities	Amortised Cost	**7,867,807**	6,373,008	6,396,664
Total financial liabilities		**253,861,557**	246,348,080	255,248,401

An amount of MUR 151 million representing prepayments, accrued income and taxes have been excluded from other assets under the above section. (2022: MUR 255 million & 2021: MUR 252 million)

An amount of MUR 562 million representing advance commission and taxes have been excluded from other liabilities under the above section. (2022: MUR 61 million & 2021: MUR 38 million)

37. RISK MANAGEMENT (CONT'D)

a (ii) Fair values

Accounting policy

The Bank measures financial instruments, such as, derivatives at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are also disclosed under this note. 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 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.

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	31 December 2023		31 December 2022		31 December 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets						
Cash and cash equivalents	**18,836,899**	**18,836,899**	26,534,212	26,534,212	40,281,422	40,281,422
Mandatory balances with central bank	**14,911,020**	**14,911,020**	13,316,978	13,316,978	11,203,833	11,203,833
Loans to and placements with banks	**2,853,065**	**2,853,065**	1,221,415	1,221,415	837,970	837,970
Derivative financial instruments	**297,875**	**297,875**	637,903	637,903	579,946	579,946
Loans and advances to non-bank customers	**112,117,910**	**111,693,597**	108,118,967	107,642,627	97,916,200	97,731,940
Investment securities	**125,389,575**	**121,699,510**	113,036,146	105,813,383	119,392,466	117,890,045
Equity investments	**9,053**	**9,053**	8,400	8,400	6,869	6,869
Other assets	**591,976**	**591,976**	546,213	546,213	535,827	535,827
	275,007,373	**270,892,995**	263,420,234	255,721,131	270,754,533	269,067,852
Financial liabilities						
Deposits from banks	**1,716,593**	**1,716,593**	1,757,243	1,757,243	1,481,854	1,481,854
Deposits from non-bank customers	**239,207,880**	**239,093,947**	236,885,327	236,747,157	241,528,828	241,544,814
Other borrowed funds	**4,654,000**	**4,654,000**	757,808	757,808	5,275,400	5,275,400
Derivative financial instruments	**415,277**	**415,277**	574,694	574,694	565,655	565,655
Other liabilities	**7,867,807**	**7,867,807**	6,373,008	6,373,008	6,396,664	6,396,664
	253,861,557	**253,747,624**	246,348,080	246,209,910	255,248,401	255,264,387

Loans and advances to non- bank customers

All the fixed loans and advances maturing after one year have been fair valued based on the current prevailing lending rate.

Investment securities and equity investments

All government bonds and BOM bonds have been fair valued based on the latest weighted yield rate. The equity investment has been fair valued at year end based on the net assets value of the investee. The Bank fair values its investment in mutual funds using net asset values.

Derivative Financial Instruments

Derivative products valued using a valuation methodology with market observable inputs include forward foreign exchange contracts, interest rate swaps and option contracts across several asset classes, including but not limited to foreign currencies, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using discounted cash flow methodology based on market conventions. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves, market volatilities and other feeds from appointed valuation/calculation agents.

Deposits from non-bank customers

For deposits from non-bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate.

Except for the levels in which the financial assets and financial liabilities are shown in table 37 (a)(iii), the fair values of the other financial assets and financial liabilities are categorised in level 3.

37. RISK MANAGEMENT (CONT'D)

a (iii) Fair value measurement hierarchy

Fair value measurements of financial instruments can be grouped into level 1 to 3 based on the degree to which the fair value is observable, namely:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2023				
Derivative financial assets	-	297,875	-	297,875
Investment securities mandatorily measured at FVTPL				
Debt securities	10,961,227	-	398,049	11,359,276
Investments at FVTOCI				
Debt securities	38,222,063	2,804,612	2,298,998	43,325,673
Equity investments	-	-	9,053	9,053
Total assets	49,183,290	3,102,487	2,706,100	54,991,877
Derivative financial liabilities	-	415,277	-	415,277
Total liabilities	-	415,277	-	415,277

37. RISK MANAGEMENT (CONT'D)

a (iii) Fair value measurement hierarchy (cont'd)

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Derivative financial assets	-	637,903	-	637,903
Investment securities mandatorily measured at FVTPL				
Debt securities	8,175,034	-	505,428	8,680,462
Investments at FVTOCI				
Debt securities	29,377,469	3,376,644	1,422,858	34,176,971
Equity investments	-	-	8,400	8,400
Total assets	37,552,503	4,014,547	1,936,686	43,503,736
Derivative financial liabilities	-	574,694	-	574,694
Total liabilities	-	574,694	-	574,694
31 December 2021				
Derivative financial assets	-	579,946	-	579,946
Investment securities mandatorily measured at FVTPL				
Debt securities	7,622,247	-	566,183	8,188,430
Investments at FVTOCI				
Debt securities	52,648,590	5,449,990	1,463,229	59,561,809
Equity investments	-	-	6,869	6,869
Total assets	60,270,837	6,029,936	2,036,281	68,337,054
Derivative financial liabilities	-	565,655	-	565,655
Total liabilities	-	565,655	-	565,655

Reconciliation of level 3 assets:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Balance at start of year	**1,936,686**	2,036,281	1,435,115
Additions	**875,969**	213,092	1,070,997
Disposals	**(105,685)**	(254,228)	(532,909)
Fair value movement	**(5,734)**	(63,629)	(16,653)
Foreign exchange adjustment	**4,864**	5,170	79,731
Balance at end of year	**2,706,100**	1,936,686	2,036,281

There was no transfer between levels during the year.

b Credit risk

The Bank is exposed to credit risk through its lending, trade finance, treasury, investment and leasing activities. Credit risk is the risk of loss arising from the failure of a counterparty to fulfil its contractual or financial obligations to the Bank as and when they fall due. The Bank's credit risk is managed through a portfolio approach with prudential limits set across country, sovereign, bank, single and group concentration, industry and asset quality. The risk management team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assessment. The Bank has a tiered credit sanctioning process depending on the credit quality, exposure type and amount. Credit exposures and risk profile are monitored by the risk management team and are reported regularly to the Board Risk Management Committee. The Bank has also enhanced its credit risk policy to reinforce its controls on segment B lending.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(i) Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	31 December 2023	31 December 2022	31 December 2021
Fund-based exposures:	MUR' 000	MUR' 000	MUR' 000
Cash and cash equivalents	15,345,352	24,016,765	37,563,112
Mandatory balances with central bank	14,911,020	13,316,978	11,203,833
Loans to and placements with banks	2,871,465	1,226,864	843,079
Derivative financial instruments	297,875	637,903	579,946
Loans and advances to non-bank customers	119,070,245	118,545,436	109,370,271
Investment securities	125,484,436	113,062,567	119,420,350
Other assets	591,976	546,213	535,827
	278,572,369	271,352,726	279,516,418
Non-fund based exposures:			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	14,459,881	13,792,088	11,114,874
Credit commitments	18,656,632	14,945,779	11,474,814
	33,116,513	28,737,867	22,589,688

An analysis of the Bank's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements has been disclosed in Notes 6, 8 and 9.

An analysis of credit exposures, including non-fund based facilities, for advances to non-bank customers that are neither past due nor impaired using the Bank's credit grading system is given below:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Grades:			
1 to 3 - High Grade	58,529,743	62,577,303	49,976,367
4 to 6 - Standard	43,623,505	39,468,765	37,534,694
7 to 10 (including unrated) - Sub standard	30,009,826	34,375,004	30,434,971
	132,163,074	136,421,072	117,946,032

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 10 includes weak category clients and unrated customers who have been defaulted to 10 on a prudent basis due to outdated financials. For non bank exposures, internal ratings are used except for some corporates which have external ratings.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(i) Maximum credit exposure (cont'd)

Overview of modified loans

From a risk management point of view, once an asset is modified, the Bank continues to monitor the exposure until it is completely and ultimately derecognised.

The table below shows the gross carrying amount and ECL of modified financial assets where modification did not result in derecognition. No modification gain/loss were recognised as amounts were not material.

	31 December 2023		31 December 2022		31 December 2021	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Modified loans	**6,707,188**	**171,665**	9,103,310	714,511	14,804,598	703,996

(ii) Credit risk assessment

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 analyses to determine the probability of default. 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.

Governance and post model adjustments

The IFRS 9 PD, EAD and LGD models are subject to the provisioning policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments (PMAs) are applied where necessary to incorporate the most recent data available and are made on a temporary basis ahead of the underlying model parameter changes being implemented.

Internal credit risk ratings

In order to minimise credit risk, the Bank has recourse to external international providers of credit rating tool that grades the corporate and SME clients according to their degree of risk of default. The Bank also has internal acquisition scorecards for its retail facilities. The Bank's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. 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.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

Internal credit risk ratings (cont'd)

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for corporate 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 table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Bank's credit risk grades	BOM external rating grade	Standard & Poor's Rating services	Moody's Investors rating	Fitch ratings	Description
1 - 3	1	AAA to AA-	Aaa to Aa3	AAA to AA-	High Grade
4	2	A+ to A -	A1 to A3	A+ to A -	Standard
5	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	Standard
6-7	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	Standard
8-9	5	B+ to B-	B1 to B3	B+ to B-	Sub-standard
10	6	CCC+ to D	Caa1 to D	CCC+ to D	Sub-standard

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time by using macroeconomic forecasts to adjust estimates of PDs.
Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrate otherwise. The Bank has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit-risk that led to default were accurately reflected in the rating in a timely manner.

1. Inputs, assumptions and techniques used in estimating ECL

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is a compounded element of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

The Bank calculates ECLs based on three scenarios (baseline, upside and downside) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

1. Inputs, assumptions and techniques used in estimating ECL (cont'd)

Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2. 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 initial recognition and its measurement of ECL. Based on analysis from economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

When estimating the macro-economic variables used in ECL calculation, the Bank considers three scenarios (a base case, an upside and a downside). These economic scenarios are subject to different assumptions with the base scenario being the best estimate. These estimates are taken from reputable external providers based on econometrics methods.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.
The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered:

- Labour Force Survey: Employed persons
- Interest rates : Treasury bill rate
- International reserves - Official reserve assets
- Implicit Price Deflator: Government consumption
- Balance of payments: Direct investment - Assets
- National accounts : Real Gross Fixed Capital Formation
- Industrial production index: General index
- Terms of trade
- Interest Rates: 5-year government bond yield
- Stock Price Index
- National accounts : Real Gross Domestic Product
- Labour Force Survey: Employment - Total

In light of the high inflationary environment coupled with rising interest rates, SBM reviewed its ECL framework so as to cater for the higher level of uncertainty in markets, both local and across borders. Adjusting for forward looking information during this unprecedented event, the Bank had factored in post model adjustment on its retail book to cater for clients where recomputed debt-to-income based on prevailing interest rates, following hike in interest rates, was above norms. The adjustment was based an uncertainty of future interest rates and its impact on the future probability of default of this segment. No overlay was considered for the corporate book given that the bank have updated financials and status of clients.

Significant increase in credit risk

The Bank monitors all financial assets 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 significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information. For the year under review, the Bank has also considered all reschedulement done over the last 12 months as criteria of significant increase in credit risk.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

Significant increase in credit risk (cont'd)

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, 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 certain industries, as well as internally generated information of customer payment behaviour. The Bank allocated its 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 the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.
The quantitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated.
As a back-stop when an asset becomes 30 days past due (rebuttable presumption), the Bank considers 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.
The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors.

3. Measurement of ECL

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

The key inputs into the measurement of ECL are the following:

(i) Probability of default (PD);

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in under measurement of ECL.

(ii) Loss given default (LGD);

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained on the next page.

(iii) Exposure at default (EAD).

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained on the next page.

These parameters are derived from trusted external sources based on internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD Estimates

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

PD Estimates (cont'd)

Retail, Corporate and SME PD models all use the logistic regression framework to model monthly default rates. For the different segments, different features including macro-economic variables have been chosen for inclusion in the logit models based on their statistical significance in explaining defaults as well as intuitiveness of the coefficients.

For banks, external default data from Standard & Poor's (S&P) is used. The PD models convert the through-the-cycle transition matrices (and TTC Default rates) from Standard & Poor's into point-in-time estimates that reflect economic conditions observed at reporting date. The forward looking factor is quantified by a scalar factor arrived by a difference of two economic regressions (with Macroeconomic variables and without Macroeconomic variables).
For sovereigns, historical default rates from Moody’s is used together with correlated Global MEVs. The average 12-month rating transition matrix is converted into point-in-time (PIT) transition matric using the Vasicek Transformation.

LGD

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties as well as cure rates. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Retail, Corporate and SME LGD model uses the work-out LGD framework. In this methodology, LGD estimates are based on the historical data after discounting the cash flows (of the contracts in default) that are recorded through the recovery & workout stage at the reference time. Two possible outcomes are considered: Cure (Facility defaults, but goes back to active without loss, LGD close to zero) and No cure (Facility defaults, does not cure, LGD between 0% and 100%). A logit model is fitted to the work-out LGD and the different features for inclusion in the model are chosen based on their statistical significance as well as the intuitiveness of the coefficients.

For banks and sovereign exposures, in the absence of internal data, Basel F-IRB unsecured recovery rates for senior claims are used for the LGD parameter.

EAD

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. 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.

However, for loans with a funded component, the Bank measures ECL over a period longer than the maximum contractual period if 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. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but 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 and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

For corporates, segmentation has been done based on local and cross-border categories with credit rating as internal variable. SME has been modelled separately with industry and line of business as internal parameters. Retail on the other hand has been segmented at a product level with different internal parameters such as month-on-book and line of business as suited by the models.
Revolving products use segment specific (Retail, SME, Corporate) credit conversion factors (CCF) to project EAD values. Amortising products use an amortising schedule, where the expected cash flows from the Bank’s IT system are used to project EAD values at each point-in-time.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cashflows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

Credit cards and other revolving facilities: The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgement is to reflect the operational practice of card reissuance and the associated credit assessment as enabling a formal re-origination trigger. As a consequence, a capped lifetime approach of 12 months is used for overdraft balances since limit are renewed on a yearly basis. For credit cards, an estimate of the behavioural lifetime is considered by segment (36 months for retail cards and 20 months for corporates and SME).

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

Individually assessed allowances

The Bank determines 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.

Regulatory provision

Regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition and' Additional Macroprudential Measures For the Banking Sector which require the Bank to take a minimum portfolio provision of 1% on standard credits and an additional portfolio provision as a macroprudential policy measure ranging between 0.5% to 1% depending on the sectors. The Guideline on 'Classification, Provisioning and Write offs of credit exposures revised in December 2023 has been suspended until further notice by the Bank of Mauritius.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are recorded on the statement of financial position.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Modified financial asset

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, renegotiation is performed on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to renegotiation policy. For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal based on the Bank's previous experience on similar renegotiation.

Generally modification of financial assets is a qualitative indicator of a significant increase in credit risk and may constitute evidence that the exposure is credit-impaired/ in default. A customer needs to demonstrate consistently good payment behaviour over a period of time, as prescribed by BOM guidelines on Credit Impairment Measurement and Income Recognition (see below) before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to lifetime ECL.

Where the restructuring occurs prior to the classification of a loan as impaired, the restructured loan is classified as impaired when, in the aggregate, the period of time the loan is in arrears before and after restructuring is 90 days or more.

Where the restructuring occurs after a loan has been classified as impaired, the restructured loan is continued to be classified as impaired until repayments have been received by the Bank, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan.

Where the loan has been restructured more than once, the restructured loan shall continue to be classified as impaired until repayments have been received by the financial institutions in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(iii) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Bank Credit Risk policy. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types taken include:

- Fixed / floating charge on assets of borrowers;
- Pledge of deposits / securities / life insurance policy / shares;
- Government guarantee / bank guarantee / corporate guarantee / personal guarantee;
- Lien on vehicle; and
- Letter of comfort.

The Bank holds collateral and other credit enhancement against certain of its credit exposure. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	**31 December 2023**	**31 December 2022**	**31 December 2021**	**Principal Type of collateral held**
	MUR' 000	**MUR' 000**	**MUR' 000**	
Fund-based exposures:				
Cash and cash equivalents	**15,345,352**	24,016,765	37,563,112	*Unsecured*
Mandatory balances with central bank	**14,911,020**	13,316,978	11,203,833	*Unsecured*
Loans to and placements with banks	**2,871,465**	1,226,864	843,079	*Unsecured*
Derivative financial instruments	**297,875**	637,903	579,946	*Unsecured*
Loans and advances to non-bank customers	**119,070,245**	118,545,436	109,370,271	*Residential/ Commercial property/Floating charge on assets*
Investment securities	**125,484,436**	113,062,567	119,420,350	*Unsecured*
Other assets	**591,976**	546,213	535,827	*Unsecured*
Non-fund based exposures:				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**14,459,881**	13,792,088	11,114,874	*Fixed/Floating charge on assets*
Credit commitments	**18,656,632**	14,945,779	11,474,814	*Unsecured*

In addition to the collateral included in the table above, the Bank holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

There was no change in the Bank's collateral policy during the year.

(iv) Ageing of loans and advances of loans to non-bank customers:

Under the Bank's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of receivables by past due status:

	31 December 2023		31 December 2022		31 December 2021	
	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
0-30 days	**109,835,627**	**1,508,097**	105,833,958	2,577,301	94,210,647	1,824,912
31-60 days	**1,639,964**	**49,794**	2,567,102	83,094	3,706,277	255,568
61-89 days	**1,349,548**	**40,833**	784,021	34,554	569,993	25,715
Total	**112,825,139**	**1,598,724**	109,185,081	2,694,949	98,486,917	2,106,195

37. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(v) Impaired financial assets

Loans and advances are assessed for impairment when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation, which indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Loans and advances (Note 8c)	**6,245,106**	9,360,355	10,883,354
Specific allowance held in respect of impaired advances (Note 8c)	**5,353,611**	7,731,520	9,347,876
Fair value of collaterals of impaired advances	**1,142,327**	1,866,487	1,795,128

(vi) Credit concentration of risk by industry sectors

Total outstanding credit facilities, net of deposits where there is a right of set off, including guarantees, acceptances, and other similar commitments extended by the Bank to any one customer or group of closely-related customers for amounts aggregating more than 10% of its capital base, classified by industry sectors:

	31 December 2023	31 December 2022	31 December 2021
Portfolio	**MUR' 000**	MUR' 000	MUR' 000
Agriculture	**2,755,624**	5,703,996	2,843,509
Building Contractors	**2,091,908**	-	-
Traders	**2,823,048**	7,911,107	9,227,334
Real estate	**8,647,728**	8,984,298	5,921,847
Transport	**3,223,968**	3,220,563	3,705,781
Tourism	**4,066,777**	6,842,347	7,564,459
Financial services	**21,759,129**	23,437,291	23,305,254
	45,368,182	56,099,602	52,568,184

(vii) Offsetting financial instruments

Loans and advances to customers

The Bank holds cash collateral and marketable securities to mitigate the credit risk of securities lending.

Derivative financial instruments

The Bank enters into derivatives 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 Bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Bank and each counterparty to post collateral to mitigate credit risk. Collateral is also posted as per terms of Credit Support Annex (CSA) in respect of derivatives transacted on exchanges.

c Liquidity risk

Liquidity risk is the potential earnings volatility arising from being unable to fund assets at reasonable rates over required maturities. The Bank ensures that sufficient liquidity is maintained to fund its day-to-day operations, meet deposit withdrawals and loan disbursements. Liquidity risk is managed by setting prudential limits on maturity mismatches, liquid assets ratios, concentration of deposits by type and by entity. Liquidity gap analysis is used to measure and monitor the mismatches by time bucket and currency under realistic and stress scenarios.

37. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

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

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket	Total
31 December 2023	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Financial assets								
Cash and cash equivalents	16,110,142	257,143	156,046	111,525	44,035	2,163,396	(5,388)	18,836,899
Mandatory balances with central bank	1,498,802	1,210,671	607,494	350,367	235,575	11,008,111	-	14,911,020
Loans to and placements with banks	565,953	664,524	27,109	1,553,203	72,235	-	(29,959)	2,853,065
Derivative financial instruments	-	-	-	-	-	-	297,875	297,875
Loans and advances to non-bank customers	6,054,206	8,473,343	5,087,204	5,788,081	22,265,352	61,065,461	3,384,263	112,117,910
Investment securities	15,223,760	2,798,922	12,952,900	6,859,228	36,851,568	50,798,058	(94,861)	125,389,575
Equity investments	-	-	-	-	-	-	9,053	9,053
Other assets	-	-	-	-	-	-	591,976	591,976
	39,452,863	13,404,603	18,830,753	14,662,404	59,468,765	125,035,026	4,152,959	275,007,373
Financial liabilities								
Deposits from banks	1,651,518	65,075	-	-	-	-	-	1,716,593
Deposits from non-bank customers	39,741,650	20,061,133	13,024,883	11,797,502	3,044,607	151,538,105	-	239,207,880
Other borrowed funds	3,012,994	1,023,606	39,678	71,294	194,567	311,861	-	4,654,000
Derivative financial instruments	-	-	-	-	-	-	415,277	415,277
Other liabilities	-	-	-	-	-	-	7,867,807	7,867,807
Total financial liabilities	44,406,162	21,149,814	13,064,561	11,868,796	3,239,174	151,849,966	8,283,084	253,861,557
Liquidity Gap	(4,953,299)	(7,745,211)	5,766,192	2,793,608	56,229,591	(26,814,940)	(4,130,125)	21,145,816

Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates.

37. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket	Total
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Financial assets								
Cash and cash equivalents	26,539,711	-	-	-	-	-	(5,499)	26,534,212
Mandatory balances with central bank	4,450,785	239,742	388,770	584,194	135,483	7,518,004	-	13,316,978
Loans to and placements with banks	-	658,677	224,584	219,471	124,132	-	(5,449)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	637,903	637,903
Loans and advances to non-bank customers	6,408,619	8,808,378	6,902,587	9,096,994	21,897,412	55,685,871	(680,894)	108,118,967
Investment securities	35,808,840	900,000	1,033,996	5,782,583	21,403,615	48,133,533	(26,421)	113,036,146
Equity investments	-	-	-	-	-	-	8,400	8,400
Other assets	-	-	-	-	-	-	546,213	546,213
	73,207,955	10,606,797	8,549,937	15,683,242	43,560,642	111,337,408	474,253	263,420,234
Financial liabilities								
Deposits from banks	1,757,243	-	-	-	-	-	-	1,757,243
Deposits from non-bank customers	35,668,380	9,935,103	15,460,308	12,930,460	4,771,942	158,119,134	-	236,885,327
Other borrowed funds	-	21,640	23,253	56,698	280,471	375,746	-	757,808
Derivative financial instruments	-	-	-	-	-	-	574,694	574,694
Other liabilities	-	-	-	-	-	-	6,373,008	6,373,008
Total financial liabilities	37,425,623	9,956,743	15,483,561	12,987,158	5,052,413	158,494,880	6,947,702	246,348,080
Liquidity Gap	35,782,332	650,054	(6,933,624)	2,696,084	38,508,229	(47,157,472)	(6,473,449)	17,072,154
31 December 2021								
Financial assets								
Cash and cash equivalents	40,288,235	-	-	-	-	-	(6,813)	40,281,422
Mandatory balances with central bank	3,004,186	337,730	62,688	304,003	129,102	7,366,124	-	11,203,833
Loans to and placements with banks	-	-	992	-	653,330	188,757	(5,109)	837,970
Derivative financial instruments	-	-	-	-	-	-	579,946	579,946
Loans and advances to non-bank customers	4,526,467	6,227,491	5,882,942	9,491,242	21,231,325	50,496,490	60,243	97,916,200
Investment securities	44,777,989	2,940,780	5,863,347	2,750,969	15,755,604	47,331,661	(27,884)	119,392,466
Equity investments	-	-	-	-	-	-	6,869	6,869
Other assets	-	-	-	-	-	-	535,827	535,827
	92,596,877	9,506,001	11,809,969	12,546,214	37,769,361	105,383,032	1,143,079	270,754,533

37. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

31 December 2021 (cont'd)	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-Maturity Bucket**	**Total**
Financial liabilities	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deposits from banks	1,481,854	-	-	-	-	-	-	1,481,854
Deposits from non-bank customers	29,400,868	10,294,573	4,156,073	8,493,807	3,534,678	185,648,829	-	241,528,828
Other borrowed funds	-	4,410,688	22,901	74,766	248,992	518,053	-	5,275,400
Derivative financial instruments	-	-	-	-	-	-	565,655	565,655
Other liabilities	-	-	-	-	-	-	6,396,664	6,396,664
Total financial liabilities	30,882,722	14,705,261	4,178,974	8,568,573	3,783,670	186,166,882	6,962,319	255,248,401
Liquidity Gap	61,714,155	(5,199,260)	7,630,995	3,977,641	33,985,691	(80,783,850)	(5,812,370)	15,506,132

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

	On Demand	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Total**
Financial liabilities	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deposits	**183,542,199**	**37,796,830**	**8,962,139**	**5,949,463**	**3,044,607**	**1,629,235**	**240,924,473**
Other borrowed funds	**-**	**4,036,601**	**39,678**	**71,294**	**194,566**	**311,861**	**4,654,000**
Derivative financial instruments	**415,277**	**-**	**-**	**-**	**-**	**-**	**415,277**
Other liabilities	**7,867,807**	**-**	**-**	**-**	**-**	**-**	**7,867,807**
31 December 2023	**191,825,283**	**41,833,431**	**9,001,817**	**6,020,757**	**3,239,173**	**1,941,096**	**253,861,557**
Deposits	189,204,725	21,277,357	14,129,137	8,151,642	4,771,941	1,107,768	238,642,570
Other borrowed funds	-	21,640	23,253	56,699	280,470	375,746	757,808
Derivative financial instruments	574,694	-	-	-	-	-	574,694
Other liabilities	6,373,008	-	-	-	-	-	6,373,008
31 December 2022	196,152,427	21,298,997	14,152,390	8,208,341	5,052,411	1,483,514	246,348,080
Deposits	218,202,413	11,593,073	3,522,114	5,751,058	3,534,678	407,346	243,010,682
Other borrowed funds	-	4,410,688	22,901	74,766	248,992	518,053	5,275,400
Derivative financial instruments	565,655	-	-	-	-	-	565,655
Other liabilities	6,396,664	-	-	-	-	-	6,396,664
31 December 2021	225,164,732	16,003,761	3,545,015	5,825,824	3,783,670	925,399	255,248,401

d Market risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank's market risks are monitored by the Market Risk Team and reported to the Market Risk Forum and Risk Management Committee on a regular basis.

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(i) Interest rate risk

The Bank's interest rate risk arises mostly from mismatches in the repricing of its assets and liabilities. The Bank uses an interest rate gap analysis to measure and monitor the interest rate risk. Prudential limits for currency wise gaps, expressed as a percentage of assets, have been set for specific time buckets and earnings at risk is calculated based on different shock scenarios across major currencies.

The table below analyses the Bank's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The 'up to 3 months' column includes the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 2023	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Assets								
Cash and cash equivalents	7,797,082	-	-	-	-	-	11,039,817	18,836,899
Mandatory balances with central bank	-	-	-	-	-	-	14,911,020	14,911,020
Loans to and placements with banks	2,855,915	-	-	-	-	-	(2,850)	2,853,065
Derivative financial instruments	-	-	-	-	-	-	297,875	297,875
Loans and advances to non-bank customers	113,042,848	3,718,983	320,937	356,784	536,954	785,957	(6,644,553)	112,117,910
Investment securities	10,843,195	13,251,806	7,214,741	23,643,606	35,092,031	35,691,377	(347,181)	125,389,575
Equity investments	-	-	-	-	-	-	9,053	9,053
Other assets	-	-	-	-	-	-	591,976	591,976
Total assets	134,539,040	16,970,789	7,535,678	24,000,390	35,628,985	36,477,334	19,855,157	275,007,373
Liabilities								
Deposits from banks	65,000	-	-	-	-	-	1,651,593	1,716,593
Deposits from non-bank customers	138,648,349	7,485,394	3,754,393	173,220	1,769,999	-	87,376,525	239,207,880
Other borrowed funds	4,649,015	-	-	-	-	-	4,985	4,654,000
Derivative financial instruments	-	-	-	-	-	-	415,277	415,277
Other liabilities	-	-	-	-	-	-	7,867,807	7,867,807
Total liabilities	143,362,364	7,485,394	3,754,393	173,220	1,769,999	-	97,316,187	253,861,557
On balance sheet interest rate sensitivity gap	(8,823,324)	9,485,395	3,781,285	23,827,170	33,858,986	36,477,334	(77,461,030)	21,145,816
Off balance sheet interest rate sensitivity gap	281,273	(1,019,378)	(2,685)	-	1,000,000	(346,173)	-	(86,963)
	(8,542,051)	8,466,017	3,778,600	23,827,170	34,858,986	36,131,161	(77,461,030)	21,058,853

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Assets								
Cash and cash equivalents	691,729	-	-	-	-	-	25,842,483	26,534,212
Mandatory balances with central bank	-	-	-	-	-	-	13,316,978	13,316,978
Loans to and placements with banks	1,002,014	219,471	-	-	-	-	(70)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	637,903	637,903
Loans and advances to non-bank customers	109,717,700	2,436,869	1,355,287	687,159	777,865	4,129,890	(10,985,803)	108,118,967
Investment securities	13,046,125	4,927,465	14,919,619	18,230,435	31,482,502	31,244,078	(805,678)	113,044,546
Other assets	-	-	-	-	-	-	546,213	546,213
Total assets	124,457,568	7,583,805	16,274,906	18,917,594	32,260,367	35,373,968	28,552,026	263,420,234
Liabilities								
Deposits from banks	-	-	-	-	-	-	1,757,243	1,757,243
Deposits from non-bank customers	111,770,642	13,813,477	7,506,909	858,835	1,259,118	-	101,676,346	236,885,327
Other borrowed funds	756,194	-	-	-	-	-	1,614	757,808
Derivative financial instruments	-	-	-	-	-	-	574,694	574,694
Other liabilities	-	-	-	-	-	-	6,373,008	6,373,008
Total liabilities	112,526,836	13,813,477	7,506,909	858,835	1,259,118	-	110,382,905	246,348,080
On balance sheet interest rate sensitivity gap	11,930,732	(6,229,672)	8,767,997	18,058,759	31,001,249	35,373,968	(81,830,879)	17,072,154
Off balance sheet interest rate sensitivity gap	1,040,166	(997,413)	253,517	(677,223)	(581,723)	430,339	-	(532,337)
	12,970,898	(7,227,085)	9,021,514	17,381,536	30,419,526	35,804,307	(81,830,879)	16,539,817

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

31 December 2021	Up to 3 months MUR' 000	3-6 months MUR' 000	6-12 months MUR' 000	1-2 years MUR' 000	2-5 years MUR' 000	Over 5 years MUR' 000	Non-interest sensitive MUR' 000	Total MUR' 000
Assets								
Cash and cash equivalents	-	-	-	-	-	-	40,281,422	40,281,422
Mandatory balances with central bank	-	-	-	-	-	-	11,203,833	11,203,833
Loans to and placements with banks	653,330	-	-	-	188,757	-	(4,117)	837,970
Derivative financial instruments	-	-	-	-	-	-	579,946	579,946
Loans and advances to non-bank customers	100,011,978	2,302,553	2,068,025	1,902,149	2,517,178	519,241	(11,404,924)	97,916,200
Investment securities	12,931,690	14,769,658	14,882,467	15,870,860	32,547,098	27,187,174	1,210,388	119,399,335
Other assets	-	-	-	-	-	-	535,827	535,827
Total assets	113,596,998	17,072,211	16,950,492	17,773,009	35,253,033	27,706,415	42,402,375	270,754,533
Liabilities								
Deposits from banks	-	-	-	-	-	-	1,481,854	1,481,854
Deposits from non-bank customers	93,690,002	3,179,804	5,068,577	1,561,076	1,206,346	-	136,823,023	241,528,828
Other borrowed funds	5,272,107	-	-	-	-	-	3,293	5,275,400
Derivative financial instruments	-	-	-	-	-	-	565,655	565,655
Other liabilities	-	-	-	-	-	-	6,396,664	6,396,664
Total liabilities	98,962,109	3,179,804	5,068,577	1,561,076	1,206,346	-	145,270,489	255,248,401
On balance sheet interest rate sensitivity gap	14,634,889	13,892,407	11,881,915	16,211,933	34,046,687	27,706,415	(102,868,114)	15,506,132
Off balance sheet interest rate sensitivity gap	2,743,860	(1,386,555)	3,144	(35,697)	(1,740,368)	294,143	-	(121,473)
	17,378,749	12,505,852	11,885,059	16,176,236	32,306,319	28,000,558	(102,868,114)	15,384,659

Various scenarios are used to measure the effect of the changing interest rates on net interest income including the standardised approach of 200bp parallel shock over a 12-month period assuming a static balance sheet, as shown below.

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Increase/(decrease) in profit	**(24,768)**	231,860	519,877

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(ii) Fair value hedges

	31 December 2023				31 December 2022				31 December 2021			
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
Micro fair value hedges	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Fixed rate corporate loans	**308,516**	**-**	**-**	**15,643**	349,608	-	-	11,692	4,629,903	-	81,206	-
Fixed rate debt instrument	**-**	**-**	**-**	**-**	1,111,311	-	-	66,498	1,102,733	-	-	3,761

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Bank's statement of financial position:

	31 December 2023			31 December 2022			31 December 2021		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
Micro fair value hedges	MUR' 000	Assets MUR' 000	Liabilities MUR' 000	MUR' 000	Assets MUR' 000	Liabilities MUR' 000	MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Interest rate swaps	**279,741**	**15,977**	**-**	1,377,620	97,148	-	3,106,810	3,761	80,718

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 8 and 9, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

		31 December 2023			31 December 2022			31 December 2021		
		Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk		
<u>**Hedged items**</u>	<u>**Hedging instruments**</u>	Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness
Micro fair value hedge relationships hedging assets										
Fixed rate corporate loans	Interest rate swaps	**(15,643)**	**15,977**	**334**	(11,692)	12,171	479	81,206	(80,718)	488
Fixed rate debt instrument	Interest rate swaps	**-**	**-**	**-**	(66,498)	84,977	18,479	(3,761)	3,761	-
Total micro fair value hedge relationship		**(15,643)**	**15,977**	**334**	(78,190)	97,148	18,958	77,445	(76,957)	488

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(ii) Fair value hedges (cont'd)

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
At 31 December 2023:						
Fixed rate corporate loans	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Interest rate swap (Notional amount)	**-**	**-**	**-**	**-**	**279,741**	**279,741**
At 31 December 2022:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	1,073,750	303,870	1,377,620
At 31 December 2021:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	1,259,190	1,267,603	580,017	3,106,810

(iii) Currency risk

Foreign exchange risk arises from open and imperfectly offset or hedged positions. Imperfect correlations across currencies and international interest rate markets pose particular challenges to the effectiveness of foreign currency hedging strategies. The Bank exercises strict control over its foreign currency exposures. The Bank reports on foreign currency positions to the Central Bank and has set up conservative internal limits in order to mitigate foreign exchange risk. To manage their foreign currency exposures, dealers operate within prudential limits approved by the Board including intraday/overnight open exposures, stop loss and authorised currencies. These trading limits for Mauritius and Indian Operations are reviewed at least once annually by the Board / Board Risk Management Committee. The Middle Office closely monitors the Front Office and reports any excesses and deviations from approved limits to the Market Risk Forum and to the Board Risk Management Committee.

The tables below show the carrying amounts of the monetary assets and liabilities:

	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2023	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
<u>Assets</u>								
Cash and cash equivalents	**5,103,630**	**11,883,791**	**504,872**	**552,401**	**145,875**	**746**	**645,584**	**18,836,899**
Mandatory balances with central banks	**12,880,174**	**1,327,729**	**162,981**	**508,671**	**-**	**-**	**31,465**	**14,911,020**
Loans to and placements with banks	**(18,400)**	**2,798,532**	**-**	**72,933**	**-**	**-**	**-**	**2,853,065**
Derivative financial instruments	**173,679**	**120,790**	**2,053**	**-**	**-**	**-**	**1,353**	**297,875**
Loans and advances to non-bank customers	**82,433,478**	**15,506,837**	**662,505**	**13,481,706**	**-**	**-**	**33,384**	**112,117,910**
Investment securities	**79,573,714**	**43,659,185**	**-**	**1,611,976**	**553,753**	**-**	**-**	**125,398,628**
Other assets	**515,382**	**12,875**	**2,750**	**60,296**	**-**	**-**	**673**	**591,976**
Total monetary financial assets	**180,661,657**	**75,309,739**	**1,335,161**	**16,287,983**	**699,628**	**746**	**712,459**	**275,007,373**

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2023 (cont'd)	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Liabilities								
Deposits from banks	563,696	1,093,966	1,506	36,141	-	-	21,284	1,716,593
Deposits from non-bank customers	146,586,279	75,234,986	2,767,561	13,680,037	-	112	938,905	239,207,880
Other borrowed funds	4,001,644	-	-	652,356	-	-	-	4,654,000
Derivative financial instruments	102,511	305,097	-	-	2,588	-	5,081	415,277
Other liabilities	3,863,708	3,368,654	54,252	523,905	(1,701)	-	58,989	7,867,807
Total monetary financial liabilities	155,117,838	80,002,703	2,823,319	14,892,439	887	112	1,024,259	253,861,557
On balance sheet position	25,543,819	(4,692,964)	(1,488,158)	1,395,544	698,741	634	(311,800)	21,145,816
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	25,543,819	(4,692,964)	(1,488,158)	1,395,544	698,741	634	(311,800)	21,145,816
31 December 2022								
Assets								
Cash and cash equivalents	3,105,427	20,990,017	1,170,358	851,249	16,274	3,741	397,146	26,534,212
Mandatory balances with central banks	12,013,258	814,966	114,069	349,620	-	-	25,065	13,316,978
Loans to and placements with banks	(5,449)	1,101,841	-	125,023	-	-	-	1,221,415
Derivative financial instruments	322,380	284,592	-	5,609	4,961	-	20,361	637,903
Loans and advances to non-bank customers	73,816,040	19,502,630	652,162	14,095,246	-	-	52,889	108,118,967
Investment securities	73,092,852	38,879,918	-	492,705	579,071	-	-	113,044,546
Other assets	451,790	23,956	772	70,332	-	-	(637)	546,213
Total monetary financial assets	162,796,298	81,597,920	1,937,361	15,989,784	600,306	3,741	494,824	263,420,234
Liabilities								
Deposits from banks	772,056	862,879	23,763	95,891	-	-	2,654	1,757,243
Deposits from non-bank customers	134,590,952	82,590,036	3,341,559	15,409,141	-	218	953,421	236,885,327
Other borrowed funds	-	-	-	757,808	-	-	-	757,808
Derivative financial instruments	326,043	239,825	-	-	4,546	-	4,280	574,694
Other liabilities	3,227,988	2,498,539	53,693	533,136	(2,600)	(1)	62,253	6,373,008
Total monetary financial liabilities	138,917,039	86,191,279	3,419,015	16,795,976	1,946	217	1,022,608	246,348,080
On balance sheet position	23,879,259	(4,593,359)	(1,481,654)	(806,192)	598,360	3,524	(527,784)	17,072,154
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	23,879,259	(4,593,359)	(1,481,654)	(806,192)	598,360	3,524	(527,784)	17,072,154

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

31 December 2021	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
Assets	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash and cash equivalents	2,872,142	36,308,963	394,496	490,374	34,233	14,644	166,570	40,281,422
Mandatory balances with central banks	9,716,310	928,952	142,879	395,785	-	-	19,907	11,203,833
Loans to and placements with banks	(5,109)	653,378	-	189,701	-	-	-	837,970
Derivative financial instruments	319,077	242,109	24	17	7,511	-	11,208	579,946
Loans and advances to non-bank customers	63,657,982	18,483,320	1,220,843	14,487,590	-	-	66,465	97,916,200
Investment securities	67,994,655	49,332,395	-	520,243	1,552,042	-	-	119,399,335
Other assets	513,820	4,966	(334)	17,827	-	-	(452)	535,827
Total monetary financial assets	145,068,877	105,954,083	1,757,908	16,101,537	1,593,786	14,644	263,698	270,754,533
Liabilities								
Deposits from banks	631,468	374,597	3,251	435,949	-	-	36,589	1,481,854
Deposits from non-bank customers	121,652,919	98,262,521	3,526,958	17,002,628	-	11,601	1,072,201	241,528,828
Other borrowed funds	-	4,358,708	-	916,692	-	-	-	5,275,400
Derivative financial instruments	214,408	318,027	24	6,497	23,682	-	3,017	565,655
Other liabilities	2,874,775	3,226,245	42,646	210,544	(2,244)	-	44,698	6,396,664
Total monetary financial liabilities	125,373,570	106,540,098	3,572,879	18,572,310	21,438	11,601	1,156,505	255,248,401
On balance sheet position	19,695,307	(586,015)	(1,814,971)	(2,470,773)	1,572,348	3,043	(892,807)	15,506,132
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	19,695,307	(586,015)	(1,814,971)	(2,470,773)	1,572,348	3,043	(892,807)	15,506,132

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, and the impact on the Bank's profit and equity.

	Impact on profit after tax and equity					
Change in currency by:	USD	GBP	EURO	INR	KES	OTHER
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2023						
5%	**(234,648)**	**(74,408)**	**69,777**	**34,937**	**32**	**(15,590)**
-5%	**234,648**	**74,408**	**(69,777)**	**(34,937)**	**(32)**	**15,590**
31 December 2022						
5%	(229,668)	(74,083)	(40,310)	29,918	176	(26,389)
-5%	229,668	74,083	40,310	(29,918)	(176)	26,389
31 December 2021						
5%	(29,301)	(90,749)	(123,539)	78,617	152	(44,640)
-5%	29,301	90,749	123,539	(78,617)	(152)	44,640

37. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Bank uses Value-at-Risk (VAR) to estimate the potential foreign exchange loss arising from adverse movements in an ordinary market environment. To calculate VAR, the Bank uses the historical method which assumes that historical changes in market values are representative of future changes. The VAR is based on the previous 12 months data. The Bank calculates VAR using 10 days holding period and an expected tail-loss methodology, which approximates a 99% confidence level. This would mean that only once in every 100 trading days, the Bank would expect to incur losses greater than the VAR estimates, or about two to three times a year. The use of 10 days holding period and a one-year historical observation period are in line with the Basel II recommendation.

The Bank's VAR amounted to:

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Minimum for the year	**1,390**	857	393
Maximum for the year	**11,226**	6,773	24,032
Year end	**5,167**	2,489	2,834

(iv) Equity price sentivity analysis

The Bank is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Bank does not actively trade in these investments. Changes in prices / valuation of these investments are reflected in the statement of comprehensive income, except for impairment losses which are reported in the statement of profit or loss. Changes in prices of held-for-trading investments are reflected in the statement of profit or loss.

A 5% increase in the price of equities held at the reporting date would have resulted in an unrealised gain to the statement of comprehensive income or statement of profit or loss as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Statement of other comprehensive income	**453**	420	343

e Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in Note 4 to the financial statements (accounting policies).

38. OTHER RESERVES

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 profit for the year is transferred each year until the balance is equal to the amount paid as stated capital.

Fair value reserve

This reserve comprises fair value movements recognised on equity and debts instruments measured at FVTOCI.

Property revaluation reserve

The net property revaluation reserve is used to record increases in the fair value of land and buildings (net of deferred tax on the revalued asset) and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

	31 December 2023	31 December 2022	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Statutory reserve	**400,000**	400,000	400,000
Fair value reserve on financial assets	**(139,863)**	(1,387,260)	(2,214)
Property revaluation reserve	**1,090,001**	1,208,191	1,255,899
	1,350,138	220,931	1,653,685

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

	31 December 2023		
	Current	**Non current**	**Total**
ASSETS	**MUR' 000**	**MUR' 000**	**MUR' 000**
Cash and cash equivalents	**18,836,899**	**-**	**18,836,899**
Mandatory balances with central bank	**14,911,020**	**-**	**14,911,020**
Loans to and placements with banks	**2,789,590**	**63,475**	**2,853,065**
Derivative financial instruments	**110,768**	**187,107**	**297,875**
Loans and advances to non-bank customers	**21,462,316**	**90,655,594**	**112,117,910**
Investment securities	**25,990,301**	**99,408,327**	**125,398,628**
Property and equipment	**-**	**3,439,903**	**3,439,903**
Right-of-use assets	**-**	**174,348**	**174,348**
Intangible assets	**-**	**1,623,646**	**1,623,646**
Deferred tax assets	**-**	**716,603**	**716,603**
Other assets	**743,000**	**-**	**743,000**
Total assets	**84,843,894**	**196,269,003**	**281,112,897**
LIABILITIES			
Deposits from banks	**1,716,593**	**-**	**1,716,593**
Deposits from non-bank customers	**234,232,272**	**4,975,608**	**239,207,880**
Other borrowed funds	**4,001,644**	**652,356**	**4,654,000**
Derivative financial instruments	**214,056**	**201,221**	**415,277**
Lease liability	**9,074**	**173,975**	**183,049**
Current tax liabilities	**535,619**	**-**	**535,619**
Pension liabilities	**-**	**425,420**	**425,420**
Other liabilities	**8,226,236**	**20,852**	**8,247,088**
Total liabilities	**248,935,494**	**6,449,432**	**255,384,926**

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D)

	31 December 2022		
	Current	Non current	Total
ASSETS	MUR' 000	MUR' 000	MUR' 000
Cash and cash equivalents	26,534,212	-	26,534,212
Mandatory balances with central bank	13,316,978	-	13,316,978
Loans to and placements with banks	1,097,499	123,916	1,221,415
Derivative financial instruments	265,003	372,900	637,903
Loans and advances to non-bank customers	23,892,819	84,226,148	108,118,967
Investment securities	28,647,902	84,396,644	113,044,546
Property and equipment	-	3,134,713	3,134,713
Right-of-use assets	-	234,150	234,150
Intangible assets	-	1,518,510	1,518,510
Deferred tax assets	-	511,001	511,001
Other assets	801,351	-	801,351
Total assets	94,555,764	174,517,982	269,073,746
LIABILITIES			
Deposits from banks	1,757,243	-	1,757,243
Deposits from non-bank customers	230,705,925	6,179,402	236,885,327
Other borrowed funds	-	757,808	757,808
Derivative financial instruments	273,869	300,825	574,694
Lease liability	85,223	104,533	189,756
Current tax liabilities	411,835	-	411,835
Pension liabilities	-	549,107	549,107
Other liabilities	6,244,460	-	6,244,460
Total liabilities	239,478,555	7,891,675	247,370,230

	31 December 2021		
	Current	Non current	Total
ASSETS	MUR' 000	MUR' 000	MUR' 000
Cash and cash equivalents	40,281,422	-	40,281,422
Mandatory balances with central bank	11,203,833	-	11,203,833
Loans to and placements with banks	-	837,970	837,970
Derivative financial instruments	75,675	504,271	579,946
Loans and advances to non-bank customers	17,711,062	80,205,138	97,916,200
Investment securities	41,349,967	78,049,368	119,399,335
Property and equipment	-	3,019,187	3,019,187
Right-of-use assets	-	212,037	212,037
Intangible assets	-	1,816,509	1,816,509
Deferred tax assets	-	518,443	518,443
Other assets	787,947	-	787,947
Total assets	111,409,906	165,162,923	276,572,829
LIABILITIES			
Deposits from banks	1,481,854	-	1,481,854
Deposits from non-bank customers	237,260,068	4,268,760	241,528,828
Other borrowed funds	4,417,135	858,265	5,275,400
Derivative financial instruments	113,857	451,798	565,655
Lease liability	78,668	105,997	184,665
Current tax liabilities	307,887	-	307,887
Pension liabilities	-	395,928	395,928
Other liabilities	6,249,910	-	6,249,910
Total liabilities	249,909,379	6,080,748	255,990,127

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS

The Bank of Mauritius requires the Bank to disclose its assets and liabilities, income and expenditure classified into Segment A and B. Segment B activity is essentially directed to the provision of international financial services that give rise to 'foreign source income'. Segment A activity relates to all banking business other than Segment B activity. Expenditure incurred by the Bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner. Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance.

a. Statement of financial position

	Notes	**Segment A 31-Dec 2023 MUR' 000**	**Segment B 31-Dec 2023 MUR' 000**	**Bank 31-Dec 2023 MUR' 000**	Segment A 31-Dec 2022 MUR' 000	Segment B 31-Dec 2022 MUR' 000	Bank 31-Dec 2022 MUR' 000	Segment A 31-Dec 2021 MUR' 000	Segment B 31-Dec 2021 MUR' 000	Bank 31-Dec 2021 MUR' 000
ASSETS										
Cash and cash equivalents	40k	**14,601,453**	**4,235,446**	**18,836,899**	22,494,134	4,040,078	26,534,212	38,509,049	1,772,373	40,281,422
Mandatory balances with central bank		**14,911,020**	**-**	**14,911,020**	13,316,978	-	13,316,978	11,203,833	-	11,203,833
Loans to and placements with banks	40l	**-**	**2,853,065**	**2,853,065**	-	1,221,415	1,221,415	-	837,970	837,970
Derivative financial instruments	40m	**193,026**	**104,849**	**297,875**	350,396	287,507	637,903	320,197	259,749	579,946
Loans and advances to non-bank customers	40n	**105,401,493**	**6,716,417**	**112,117,910**	97,448,393	10,670,574	108,118,967	82,691,374	15,224,826	97,916,200
Investment securities	40o	**81,494,418**	**43,904,210**	**125,398,628**	73,110,085	39,934,461	113,044,546	68,535,630	50,863,705	119,399,335
Property and equipment	40p	**3,150,666**	**289,237**	**3,439,903**	2,822,920	311,793	3,134,713	2,753,388	265,799	3,019,187
Right-of-use assets	40p	**147,057**	**27,291**	**174,348**	200,522	33,628	234,150	185,258	26,779	212,037
Intangible assets	40q	**1,217,104**	**406,542**	**1,623,646**	1,139,073	379,437	1,518,510	1,358,690	457,819	1,816,509
Deferred tax assets		**330,276**	**386,327**	**716,603**	154,955	356,046	511,001	162,397	356,046	518,443
Other assets	40r	**683,960**	**59,040**	**743,000**	725,810	75,541	801,351	709,164	78,783	787,947
Total assets		**222,130,473**	**58,982,424**	**281,112,897**	211,763,266	57,310,480	269,073,746	206,428,980	70,143,849	276,572,829
LIABILITIES										
Deposits from banks	40s	**1,518,372**	**198,221**	**1,716,593**	1,224,995	532,248	1,757,243	842,042	639,812	1,481,854
Deposits from non-bank customers	40t	**165,109,105**	**74,098,775**	**239,207,880**	153,485,382	83,399,945	236,885,327	143,668,449	97,860,379	241,528,828
Other borrowed funds	40u	**4,001,644**	**652,356**	**4,654,000**	-	757,808	757,808	4,358,708	916,692	5,275,400
Derivative financial instruments	40m	**281,922**	**133,355**	**415,277**	344,118	230,576	574,694	207,232	358,423	565,655
Lease liability		**156,915**	**26,134**	**183,049**	165,327	24,429	189,756	162,534	22,131	184,665
Current tax liabilities		**454,164**	**81,455**	**535,619**	401,737	10,098	411,835	297,788	10,099	307,887
Pension liabilities		**389,712**	**35,708**	**425,420**	518,890	30,217	549,107	354,182	41,746	395,928
Other liabilities	40v	**4,331,218**	**3,915,870**	**8,247,088**	3,201,248	3,043,212	6,244,460	2,855,795	3,394,115	6,249,910
Total liabilities		**176,243,052**	**79,141,874**	**255,384,926**	159,341,697	88,028,533	247,370,230	152,746,730	103,243,397	255,990,127
SHAREHOLDER'S EQUITY										
Stated capital				**400,000**			400,000			400,000
Capital contribution				**13,054,011**			13,054,011			11,854,011
Retained earnings				**10,923,822**			8,028,574			6,675,006
Other reserves				**1,350,138**			220,931			1,653,685
Total equity				**25,727,971**			21,703,516			20,582,702
Total liabilities and equity				**281,112,897**			269,073,746			276,572,829

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

b. Statement of profit or loss

		Segment A	Segment B	Bank	Segment A	Segment B	Bank	Segment A	Segment B	Bank
		31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
		2023	2023	2023	2022	2022	2022	2021	2021	2021
Continuing operations	**Notes**	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method		10,482,623	2,302,144	12,784,767	6,904,853	1,157,409	8,062,262	5,481,210	977,026	6,458,236
Other interest and similar income		155,201	59,093	214,294	123,827	14,041	137,868	124,221	78,616	202,837
Interest expense using the effective interest method		(3,350,990)	(1,003,686)	(4,354,676)	(839,785)	(260,037)	(1,099,822)	(411,168)	(136,962)	(548,130)
Other interest and similar expense		(118,327)	(34,062)	(152,389)	(78,789)	(91,510)	(170,299)	(80,055)	(315,661)	(395,716)
Net interest income	40c	7,168,507	1,323,489	8,491,996	6,110,106	819,903	6,930,009	5,114,208	603,019	5,717,227
Fee and commission income		1,234,479	270,426	1,504,905	1,103,237	206,440	1,309,677	938,809	213,040	1,151,849
Fee and commission expense		(5,582)	(96,153)	(101,735)	(5,516)	(59,708)	(65,224)	(14,564)	(39,066)	(53,630)
Net fee and commission income	40d	1,228,897	174,273	1,403,170	1,097,721	146,732	1,244,453	924,245	173,974	1,098,219
Other Income										
Net trading income	40e	863,340	603,919	1,467,259	991,178	190,470	1,181,648	728,333	222,417	950,750
Net gains/(losses) from financial assets at fair value through profit or loss	40f	26	19,755	19,781	-	(24,334)	(24,334)	-	228,083	228,083
Net losses on derecognition of financial assets measured at amortised cost		-	(21,394)	(21,394)	-	-	-	-	-	-
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income		4,421	17,144	21,565	37,849	(2,935)	34,914	556,691	31,407	588,098
Other operating income		9,704	3,758	13,462	14,099	3,398	17,497	20,362	2,942	23,304
		877,491	623,182	1,500,673	1,043,126	166,599	1,209,725	1,305,386	484,849	1,790,235
Non interest income		2,106,388	797,455	2,903,843	2,140,846	313,332	2,454,178	2,229,631	658,823	2,888,454
Operating income		9,274,895	2,120,944	11,395,839	8,250,952	1,133,235	9,384,187	7,343,839	1,261,842	8,605,681
Personnel expenses	40g	(1,937,112)	(372,409)	(2,309,521)	(1,705,473)	(308,477)	(2,013,950)	(1,467,261)	(280,963)	(1,748,224)
Depreciation of property and equipment		(195,201)	(19,413)	(214,614)	(173,864)	(21,668)	(195,532)	(132,960)	(16,152)	(149,112)
Depreciation of right-of-use assets		(62,280)	(10,372)	(72,652)	(62,137)	(9,182)	(71,319)	(56,424)	(7,683)	(64,107)
Amortisation of intangible assets		(318,730)	(106,464)	(425,194)	(314,715)	(104,837)	(419,552)	(307,476)	(103,605)	(411,081)
Other expenses	40h	(1,847,028)	(369,558)	(2,216,586)	(1,250,833)	(235,712)	(1,486,545)	(1,146,513)	(200,728)	(1,347,241)
Non-interest expense		(4,360,351)	(878,216)	(5,238,567)	(3,507,022)	(679,876)	(4,186,898)	(3,110,634)	(609,131)	(3,719,765)
Profit before net impairment loss		4,914,544	1,242,728	6,157,272	4,743,930	453,359	5,197,289	4,233,205	652,711	4,885,916
Credit loss expense on financial assets and memorandum items	40i	441,735	(1,361,039)	(919,304)	(659,388)	(510,960)	(1,170,348)	(1,073,921)	(1,273,597)	(2,347,518)
Profit before income tax		5,356,279	(118,311)	5,237,968	4,084,542	(57,601)	4,026,941	3,159,284	(620,886)	2,538,398
Tax expense	40j	(682,660)	69,349	(613,311)	(509,396)	10,395	(499,001)	(456,661)	8,450	(448,211)
Profit for the year		4,673,619	(48,962)	4,624,657	3,575,146	(47,206)	3,527,940	2,702,623	(612,436)	2,090,187

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

c. Net interest income	Segment A 31-Dec 2023 MUR' 000	Segment B 31-Dec 2023 MUR' 000	Bank 31-Dec 2023 MUR' 000	Segment A 31-Dec 2022 MUR' 000	Segment B 31-Dec 2022 MUR' 000	Bank 31-Dec 2022 MUR' 000	Segment A 31-Dec 2021 MUR' 000	Segment B 31-Dec 2021 MUR' 000	Bank 31-Dec 2021 MUR' 000
Interest Income using the effective interest method									
Cash and cash equivalents	73,997	236,797	310,794	52,148	54,526	106,674	3,850	5,230	9,080
Loans to and placements with banks	-	111,099	111,099	5,496	31,975	37,471	4,269	38,920	43,189
Loans and advances to non-bank customers	7,652,862	862,450	8,515,312	4,829,983	610,088	5,440,071	3,896,934	697,306	4,594,240
Investment securities at amortised cost	2,000,197	356,041	2,356,238	1,410,815	267,533	1,678,348	995,717	76,675	1,072,392
Investment securities at FVTOCI	755,567	735,757	1,491,324	606,411	193,287	799,698	580,440	158,895	739,335
	10,482,623	2,302,144	12,784,767	6,904,853	1,157,409	8,062,262	5,481,210	977,026	6,458,236
Other interest and similar income									
Investment securities measured at FVTPL	44,375	40,634	85,009	28,400	4,877	33,277	15,906	1,197	17,103
Derivatives	110,826	18,459	129,285	95,427	9,164	104,591	108,315	77,419	185,734
	155,201	59,093	214,294	123,827	14,041	137,868	124,221	78,616	202,837
Total interest and similar income	10,637,824	2,361,237	12,999,061	7,028,680	1,171,450	8,200,130	5,605,431	1,055,642	6,661,073
Interest expense using the effective interest method									
Deposits from customers	(3,252,396)	(947,763)	(4,200,159)	(814,418)	(245,888)	(1,060,306)	(341,334)	(105,171)	(446,505)
Other borrowed funds	(87,817)	(48,269)	(136,086)	(14,836)	(9,695)	(24,531)	(58,265)	(30,186)	(88,451)
Lease finance charges	(10,777)	(1,795)	(12,572)	(10,531)	(1,556)	(12,087)	(11,569)	(1,575)	(13,144)
Other	-	(5,859)	(5,859)	-	(2,898)	(2,898)	-	(30)	(30)
	(3,350,990)	(1,003,686)	(4,354,676)	(839,785)	(260,037)	(1,099,822)	(411,168)	(136,962)	(548,130)
Other interest and similar expense									
Derivatives	(118,327)	(34,062)	(152,389)	(78,789)	(91,510)	(170,299)	(80,055)	(315,661)	(395,716)
Total interest and similar expense	(3,469,317)	(1,037,748)	(4,507,065)	(918,574)	(351,547)	(1,270,121)	(491,223)	(452,623)	(943,846)
Net interest income	7,168,507	1,323,489	8,491,996	6,110,106	819,903	6,930,009	5,114,208	603,019	5,717,227
d. Net fee and commission income									
Fee and commission income									
Retail banking customer fees	355,415	23,050	378,465	333,546	15,710	349,256	316,927	12,211	329,138
Corporate banking customer fees	390,650	170,511	561,161	317,468	150,765	468,233	245,754	166,654	412,408
Card income	456,521	6,510	463,031	418,628	1,066	419,694	354,265	3,246	357,511
Other income	31,893	70,355	102,248	33,595	38,899	72,494	21,863	30,929	52,792
Total fee and commission income	1,234,479	270,426	1,504,905	1,103,237	206,440	1,309,677	938,809	213,040	1,151,849

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

	Segment A	**Segment B**	**Bank**	Segment A	Segment B	Bank	Segment A	Segment B	Bank
	31-Dec 2023	**31-Dec 2023**	**31-Dec 2023**	31-Dec 2022	31-Dec 2022	31-Dec 2022	31-Dec 2021	31-Dec 2021	31-Dec 2021
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
d. Net fee and commission income (cont'd)									
Fee and commission expense									
Interbank transaction fees	**(3)**	**(54,792)**	**(54,795)**	(1)	(32,837)	(32,838)	(4,712)	(27,734)	(32,446)
Other fees	**(5,579)**	**(41,361)**	**(46,940)**	(5,515)	(26,871)	(32,386)	(9,852)	(11,332)	(21,184)
Total fee and commission expense	**(5,582)**	**(96,153)**	**(101,735)**	(5,516)	(59,708)	(65,224)	(14,564)	(39,066)	(53,630)
Net fee and commission income	**1,228,897**	**174,273**	**1,403,170**	1,097,721	146,732	1,244,453	924,245	173,974	1,098,219
e. Net trading income									
Profit arising on dealings in foreign currencies	**580,625**	**307,396**	**888,021**	922,783	128,886	1,051,669	509,646	332,599	842,245
Fair value movements on debt securities measured at FVTPL	**257,474**	**345,976**	**603,450**	167,900	(54,312)	113,588	107,242	(26,285)	80,957
Other interest rate instruments	**25,241**	**(49,453)**	**(24,212)**	(99,505)	115,896	16,391	111,445	(83,897)	27,548
	863,340	**603,919**	**1,467,259**	991,178	190,470	1,181,648	728,333	222,417	950,750
f. Net gains / (losses) from financial assets at fair value through profit or loss									
Financial assets mandatorily measured at fair value through profit or loss	**-**	**30,269**	**30,269**	-	(34,675)	(34,675)	-	57,629	57,629
Financial assets designated at fair value through profit or loss	**26**	**(10,514)**	**(10,488)**	-	10,341	10,341	-	170,454	170,454
	26	**19,755**	**19,781**	-	(24,334)	(24,334)	-	228,083	228,083
g. Personnel expenses									
Salaries	**1,513,941**	**310,796**	**1,824,737**	1,297,705	237,784	1,535,489	1,159,378	229,477	1,388,855
Other social security obligations	**70,130**	**12,788**	**82,918**	66,690	12,274	78,964	53,371	10,662	64,033
Contributions to defined contribution plans	**104,186**	**19,915**	**124,101**	96,019	19,356	115,375	82,762	18,182	100,944
Increase in liability for defined benefit plans	**67,152**	**6,153**	**73,305**	51,057	4,730	55,787	55,413	5,003	60,416
Residual retirement gratuities	**(21,415)**	**(4,093)**	**(25,508)**	105,385	21,246	126,631	20,112	4,418	24,530
Benefits under early retirement scheme	**21,789**	**1,741**	**23,530**	-	-	-	-	-	-
Staff welfare cost	**114,431**	**12,477**	**126,908**	62,322	6,872	69,194	44,709	5,309	50,018
Other	**66,898**	**12,632**	**79,530**	26,295	6,215	32,510	51,516	7,912	59,428
	1,937,112	**372,409**	**2,309,521**	1,705,473	308,477	2,013,950	1,467,261	280,963	1,748,224

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

h. Other expenses	**Segment A**	**Segment B**	**Bank**	Segment A	Segment B	Bank	Segment A	Segment B	Bank
	31-Dec 2023	**31-Dec 2023**	**31-Dec 2023**	31-Dec 2022	31-Dec 2022	31-Dec 2022	31-Dec 2021	31-Dec 2021	31-Dec 2021
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Software licensing and other information technology cost	**603,292**	**151,396**	**754,688**	439,919	122,502	562,421	358,871	103,016	461,887
Utilities and telephone charges	**60,513**	**9,020**	**69,533**	45,446	5,629	51,075	46,537	5,853	52,390
Professional charges	**206,204**	**38,061**	**244,265**	175,531	26,902	202,433	162,701	25,032	187,733
Marketing costs	**134,682**	**20,629**	**155,311**	86,169	13,202	99,371	38,203	6,122	44,325
Rent, repairs, maintenance and security charges	**233,958**	**17,239**	**251,197**	185,606	13,846	199,452	175,856	11,572	187,428
Licence and other registration fees	**25,226**	**2,385**	**27,611**	27,113	2,479	29,592	23,832	2,401	26,233
Postage, courier and stationery costs	**57,191**	**1,781**	**58,972**	51,966	1,376	53,342	45,928	2,046	47,974
Insurance costs	**43,177**	**11,462**	**54,639**	44,881	12,014	56,895	45,453	7,918	53,371
Other	**482,785**	**117,585**	**600,370**	194,202	37,762	231,964	249,132	36,768	285,900
	1,847,028	**369,558**	**2,216,586**	1,250,833	235,712	1,486,545	1,146,513	200,728	1,347,241
i. Credit loss expense on financial assets & memorandum items									
Portfolio and specific provisions	**(572,095)**	**1,286,354**	**714,259**	747,713	518,642	1,266,355	1,106,859	1,319,542	2,426,401
Bad debts written off for which no provisions were made	**111**	**-**	**111**	-	-	-	-	-	-
Recoveries of advances written off	**(8,791)**	**(3,239)**	**(12,030)**	(11,078)	-	(11,078)	(2,965)	(8,128)	(11,093)
Other financial assets	**139,040**	**77,924**	**216,964**	(77,247)	(7,682)	(84,929)	(29,973)	(37,817)	(67,790)
	(441,735)	**1,361,039**	**919,304**	659,388	510,960	1,170,348	1,073,921	1,273,597	2,347,518
Of which:									
Credit exposure	**(580,775)**	**1,283,115**	**702,340**	736,635	518,642	1,255,277	1,103,894	1,311,414	2,415,308
Other financial assets	**139,040**	**77,924**	**216,964**	(77,247)	(7,682)	(84,929)	(29,973)	(37,817)	(67,790)
	(441,735)	**1,361,039**	**919,304**	659,388	510,960	1,170,348	1,073,921	1,273,597	2,347,518
j. Tax expense									
Income tax expense	**472,983**	**(193,763)**	**279,220**	244,802	(81,058)	163,744	270,323	(64,369)	205,954
Underprovision in prior years	**301,214**	**-**	**301,214**	62,171	-	62,171	-	-	-
Deferred tax (credit) / charge	**(379,160)**	**124,414**	**(254,746)**	(61,559)	70,663	9,104	(102,923)	55,919	(47,004)
Corporate Social Responsibility	**101,207**	**-**	**101,207**	77,566	-	77,566	72,749	-	72,749
Bank levy	**186,416**	**-**	**186,416**	186,416	-	186,416	216,512	-	216,512
	682,660	**(69,349)**	**613,311**	509,396	(10,395)	499,001	456,661	(8,450)	448,211

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

k. Cash and cash equivalents

	Segment A	Segment B	Bank	Segment A	Segment B	Bank	Segment A	Segment B	Bank
	31-Dec 2023	31-Dec 2023	31-Dec 2023	31-Dec 2022	31-Dec 2022	31-Dec 2022	31-Dec 2021	31-Dec 2021	31-Dec 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash in hand	2,757,115	-	2,757,115	1,895,584	-	1,895,584	1,961,952	-	1,961,952
Foreign currency notes and coins	739,819	-	739,819	627,363	-	627,363	763,171	-	763,171
Unrestricted balances with central bank [1]	3,172,986	-	3,172,986	19,806,824	-	19,806,824	35,790,264	-	35,790,264
Loans and placements with banks [2]	7,800,493	-	7,800,493	165,117	527,612	692,729	-	-	-
Balances with banks	136,012	4,235,862	4,371,874	-	3,517,211	3,517,211	-	1,772,848	1,772,848
	14,606,425	4,235,862	18,842,287	22,494,888	4,044,823	26,539,711	38,515,387	1,772,848	40,288,235
Less: allowance for credit losses	(4,972)	(416)	(5,388)	(754)	(4,745)	(5,499)	(6,338)	(475)	(6,813)
	14,601,453	4,235,446	18,836,899	22,494,134	4,040,078	26,534,212	38,509,049	1,772,373	40,281,422

[1] Unrestricted balances with central banks represent amounts above the minimum cash reserve requirement.

[2] The balances above relate to loans and placements with banks having an original maturity of up to three months. Allowance for impairment losses relates only to stage 1.

l. Loans to and placements with banks

	Segment A	Segment B	Bank	Segment A	Segment B	Bank	Segment A	Segment B	Bank
	31-Dec 2023	31-Dec 2023	31-Dec 2023	31-Dec 2022	31-Dec 2022	31-Dec 2022	31-Dec 2021	31-Dec 2021	31-Dec 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans to and placements with banks									
- in Mauritius	-	-	-	-	-	-	-	-	-
- outside Mauritius	-	2,871,465	2,871,465	-	1,226,864	1,226,864	-	843,079	843,079
	-	2,871,465	2,871,465	-	1,226,864	1,226,864	-	843,079	843,079
Less: allowance for credit losses	-	(18,400)	(18,400)	-	(5,449)	(5,449)	-	(5,109)	(5,109)
	-	2,853,065	2,853,065	-	1,221,415	1,221,415	-	837,970	837,970
Remaining term to maturity									
Up to 3 months	-	576,871	576,871	-	658,677	658,677	-	-	-
Over 3 months and up to 6 months	-	667,405	667,405	-	219,627	219,627	-	-	-
Over 6 months and up to 12 months	-	1,554,256	1,554,256	-	223,536	223,536	-	-	-
Over 1 year and up to 2 years	-	72,933	72,933	-	-	-	-	653,378	653,378
Over 2 years and up to 5 years	-	-	-	-	125,024	125,024	-	189,701	189,701
	-	2,871,465	2,871,465	-	1,226,864	1,226,864	-	843,079	843,079

m. Derivative financial instruments

	Segment A 2023	Segment B 2023	Bank 2023	Segment A 2022	Segment B 2022	Bank 2022	Segment A 2021	Segment B 2021	Bank 2021
Derivative assets	193,026	104,849	297,875	350,396	287,507	637,903	320,197	259,749	579,946
Derivative liabilities	281,922	133,355	415,277	344,118	230,576	574,694	207,232	358,423	565,655

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

n. Loans and advances to non-bank customers

	Segment A	**Segment B**	**Bank**	Segment A	Segment B	Bank	Segment A	Segment B	Bank
	31-Dec	**31-Dec**	**31-Dec**	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2023	**2023**	**2023**	2022	2022	2022	2021	2021	2021
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Credit cards	**509,927**	**7,004**	**516,931**	505,116	9,620	514,736	487,962	4,502	492,464
Governments	**4,985**	**-**	**4,985**	72,232	-	72,232	9,713	-	9,713
Retail customers	**55,020,739**	**1,309,319**	**56,330,058**	48,352,388	1,168,714	49,521,102	42,632,593	2,365,227	44,997,820
Mortgages	**43,037,302**	**1,070,471**	**44,107,773**	37,086,006	835,046	37,921,052	29,920,268	712,691	30,632,959
Other retail loans	**11,983,437**	**238,848**	**12,222,285**	11,266,382	333,668	11,600,050	12,712,325	1,652,536	14,364,861
Corporate customers	**53,504,612**	**3,373,478**	**56,878,090**	53,034,842	4,696,272	57,731,114	43,587,558	5,637,793	49,225,351
Entities outside Mauritius	**-**	**5,340,181**	**5,340,181**	-	10,706,252	10,706,252	-	14,644,923	14,644,923
	109,040,263	**10,029,982**	**119,070,245**	101,964,578	16,580,858	118,545,436	86,717,826	22,652,445	109,370,271
Less allowance for credit impairment	**(3,638,770)**	**(3,313,565)**	**(6,952,335)**	(4,516,185)	(5,910,284)	(10,426,469)	(4,026,452)	(7,427,619)	(11,454,071)
	105,401,493	**6,716,417**	**112,117,910**	97,448,393	10,670,574	108,118,967	82,691,374	15,224,826	97,916,200
Remaining term to maturity:									
Up to 3 months	**10,421,302**	**2,749,189**	**13,170,491**	11,473,610	871,647	12,345,257	7,675,816	1,546,025	9,221,841
Over 3 months and up to 6 months	**5,977,605**	**21,497**	**5,999,102**	3,869,363	265,317	4,134,680	2,204,573	433,846	2,638,419
Over 6 months and up to 12 months	**3,081,346**	**1,038,313**	**4,119,659**	8,356,700	1,896,690	10,253,390	4,054,115	1,796,687	5,850,802
Over 1 year and up to 2 years	**6,763,056**	**1,491,349**	**8,254,405**	2,336,909	2,768,063	5,104,972	4,584,716	21,093	4,605,809
Over 2 year and up to 5 years	**13,227,634**	**2,636,192**	**15,863,826**	15,160,456	7,269,854	22,430,310	14,764,890	6,183,565	20,948,455
Over 5 years	**69,569,320**	**2,093,442**	**71,662,762**	60,767,540	3,509,287	64,276,827	53,433,716	12,671,229	66,104,945
	109,040,263	**10,029,982**	**119,070,245**	101,964,578	16,580,858	118,545,436	86,717,826	22,652,445	109,370,271

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

n. Loans and advances to non-bank customers (Cont'd)

Credit loss allowances on loans and advances by industry sectors

	31-Dec-2023					31-Dec-22	31-Dec-21
Segment A	**Gross amount of loans**	**Credit Impaired loans**	**Stage 3 allowance for credit loss**	**Stage 1 & 2 allowance for credit loss**	**Total allowances for credit loss**	Total allowances for credit loss	Total allowances for credit loss
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000
Agriculture and Fishing	**2,543,719**	**51,423**	**2,278**	**93,719**	**95,997**	195,074	28,873
Manufacturing	**3,765,081**	**58,933**	**54,979**	**9,602**	**64,581**	164,400	216,736
of which EPZ	***1,279,208***	***6,072***	***6,072***	***1,379***	***7,451***	*7,369*	*24,023*
Tourism	**12,061,076**	**32,926**	**11,075**	**388,236**	**399,311**	957,548	730,676
Transport	**332,367**	**17,693**	**16,455**	**5,526**	**21,981**	34,528	39,066
Construction	**15,052,499**	**813,184**	**586,630**	**452,952**	**1,039,582**	1,020,791	839,647
Financial and business services	**4,755,665**	**358,140**	**351,159**	**10,507**	**361,666**	128,464	85,423
Traders	**5,158,050**	**372,813**	**330,946**	**31,611**	**362,557**	515,939	524,670
Personal	**53,747,647**	**1,002,320**	**728,889**	**484,631**	**1,213,520**	1,139,313	1,285,022
Professional	**40,648**	**7,570**	**3,599**	**2,080**	**5,679**	83,931	86,904
Others	**11,583,511**	**55,352**	**47,023**	**26,873**	**73,896**	276,197	189,435
	109,040,263	**2,770,354**	**2,133,033**	**1,505,737**	**3,638,770**	4,516,185	4,026,452
Segment B							
Agriculture and Fishing	**561,599**	**561,599**	**561,599**	**-**	**561,599**	573,908	484,174
Tourism	**365,336**	**-**	**-**	**7,792**	**7,792**	38,055	37,113
Transport	**-**	**-**	**-**	**-**	**-**	208,588	7,034
Construction	**221,748**	**53,131**	**22,152**	**15,335**	**37,487**	78,761	72,791
Financial and business services	**706,104**	**-**	**-**	**14,955**	**14,955**	68,321	40,069
Traders	**1,099,883**	**582,011**	**582,011**	**60**	**582,071**	3,185,713	5,240,398
Personal	**1,306,552**	**78,610**	**56,325**	**8,357**	**64,682**	59,807	81,603
Global Business Licence holders	**3,373,479**	**2,199,401**	**1,998,491**	**2,693**	**2,001,184**	1,675,695	1,412,048
Others	**2,395,281**	**-**	**-**	**43,795**	**43,795**	21,436	52,389
	10,029,982	**3,474,752**	**3,220,578**	**92,987**	**3,313,565**	5,910,284	7,427,619
Total segment A and segment B	**119,070,245**	**6,245,106**	**5,353,611**	**1,598,724**	**6,952,335**	10,426,469	11,454,071

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

o. Investment securities

Remaining term to maturity

Segment A	Up to 3 months MUR' 000	3-6 months MUR' 000	6-9 months MUR' 000	9-12 months MUR' 000	1-2 years MUR' 000	2-5 years MUR' 000	Over 5 years MUR' 000	No specific maturity MUR' 000	Total MUR' 000	31-Dec-22 MUR' 000	31-Dec-21 MUR' 000
	31-Dec-2023										
(a) Investment securities mandatorily measured at FVTPL											
Government bonds and treasury notes	-	-	-	-	741	2,243,592	1,025,161	-	3,269,494	70,459	989,753
Treasury bills	20,379	149,368	-	303,210	-	-	-	-	472,957	676,937	141,980
Bank of Mauritius bills / Bonds	-	-	-	-	168,468	-	-	-	168,468	657,505	663,800
	20,379	149,368	-	303,210	169,209	2,243,592	1,025,161	-	3,910,919	1,404,901	1,795,533
(b) Investment securities measured at FVTOCI											
Government bonds and treasury notes	-	-	-	521,570	473,505	3,678,376	4,100,902	-	8,774,353	7,560,740	8,611,327
Treasury bills	-	-	-	-	-	-	-	-	-	1,316,683	9,936
Bank of Mauritius bills / Bonds	112,683	-	-	-	291,698	-	-	-	404,381	1,243,109	1,256,578
Bank bonds	-	-	-	-	-	789,776	-	-	789,776	18,105	-
Corporate bonds	-	430,011	218,351	241,922	-	4,309,966	834,199	-	6,034,449	5,727,435	7,564,467
	112,683	430,011	218,351	763,492	765,203	8,778,118	4,935,101	-	16,002,959	15,866,072	17,442,308
(c) Investment securities at amortised cost											
Government bonds and treasury notes	855,852	29,197	558,965	460,565	7,783,632	11,998,412	24,012,871	-	45,699,494	39,320,188	35,342,631
Treasury bills	1,787	-	-	-	-	-	-	-	1,787	-	-
Bank of Mauritius bills / Bonds	-	-	991,498	-	5,115,462	154,022	4,985,927	-	11,246,909	13,684,483	13,855,096
Corporate bonds	-	-	472,771	-	-	3,102,739	1,105,349	-	4,680,859	2,843,323	100,346
	857,639	29,197	2,023,234	460,565	12,899,094	15,255,173	30,104,147	-	61,629,049	55,847,994	49,298,073
Total Segment A	990,701	608,576	2,241,585	1,527,267	13,833,506	26,276,883	36,064,409	-	81,542,927	73,118,967	68,535,914
Less: allowance for credit losses									(48,509)	(8,882)	(284)
									81,494,418	73,110,085	68,535,630

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

o. Investment securities (Cont'd)

Segment B	-31-Dec-2023-										
	Up to 3 months MUR' 000	3-6 months MUR' 000	6-9 months MUR' 000	9-12 months MUR' 000	1-2 years MUR' 000	2-5 years MUR' 000	Over 5 years MUR' 000	No specific maturity MUR' 000	Total MUR' 000	31-Dec-22 MUR' 000	31-Dec-21 MUR' 000
(a) Investment securities mandatorily measured at FVTPL											
Government bonds and treasury notes	-	-	-	-	-	-	-	-	-	5,372,747	1,868,798
Treasury bills	-	6,497,056	-	-	-	-	-	-	6,497,056	880,299	2,392,037
Bank Bonds	-	-	-	-	-	-	-	-	-	-	85,250
Mutual Funds	-	-	-	-	-	-	-	951,301	951,301	1,022,515	2,046,812
	-	6,497,056	-	-	-	-	-	951,301	7,448,357	7,275,561	6,392,897
(b) Investment securities measured at FVTOCI											
Government bonds and treasury notes	-	1,339,871	-	-	3,325,435	2,159,392	-	-	6,824,698	2,162,133	7,496,704
Treasury bills	1,100,461	-	-	-	-	-	-	-	1,100,461	3,256,850	15,669,379
Bank bonds	2,632,057	1,870,751	529,605	713,495	4,925,933	5,831,839	-	-	16,503,680	9,792,750	16,322,457
Corporate Bonds	270,260	30,902	-	1,336,021	1,110,911	145,781	-	-	2,893,875	3,099,166	2,630,961
	4,002,778	3,241,524	529,605	2,049,516	9,362,279	8,137,012	-	-	27,322,714	18,310,899	42,119,501
(c) Investment securities measured at FVTOCI											
Other equity investments	-	-	-	-	-	-	-	9,053	9,053	8,400	6,869
	-	-	-	-	-	-	-	9,053	9,053	8,400	6,869
(d) Investment securities at amortised cost											
Government bonds and treasury notes	90,631	2,457,562	1,350,314	-	273,395	4,088,724	272,964	-	8,533,590	8,930,938	1,621,323
Treasury bills	-	-	-	-	-	-	-	-	-	4,789,957	-
Bank Bonds	-	416,279	-	-	45,238	88,247	87,084	-	636,848	636,245	750,715
	90,631	2,873,841	1,350,314	-	318,633	4,176,971	360,048	-	9,170,438	14,357,140	2,372,038
Total Segment B	4,093,409	12,612,421	1,879,919	2,049,516	9,680,912	12,313,983	360,048	960,354	43,950,562	39,952,000	50,891,305
Less: allowance for credit losses									(46,352)	(17,539)	(27,600)
									43,904,210	39,934,461	50,863,705
Total investment securities	5,084,110	13,220,997	4,121,504	3,576,783	23,514,418	38,590,866	36,424,457	960,354	125,493,489	113,070,967	119,427,219

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

p. Property, equipment and right-of-use assets

	Freehold land and buildings	Leasehold buildings	Other tangible fixed assets	Motor vehicles	Right-of-use assets	Progress payments	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Net book value at 31 December 2023							
Segment A	796,118	1,072,886	742,778	434	147,057	538,450	3,297,723
Segment B	13,365	199,613	43,158	103	27,291	32,998	316,528
	809,483	1,272,499	785,936	537	174,348	571,448	3,614,251
Net book value at 31 December 2022							
Segment A	807,476	1,136,150	713,599	961	200,522	164,734	3,023,442
Segment B	16,341	203,396	77,568	220	33,628	14,268	345,421
	823,817	1,339,546	791,167	1,181	234,150	179,002	3,368,863
Net book value at 31 December 2021							
Segment A	765,340	1,134,784	356,520	1,560	185,258	495,184	2,938,646
Segment B	14,206	183,552	37,058	371	26,779	30,612	292,578
	779,546	1,318,336	393,578	1,931	212,037	525,796	3,231,224

q. Intangible assets

SOFTWARE	31-Dec 2023	31-Dec 2022	31-Dec 2021
Net Book Value	MUR' 000	MUR' 000	MUR' 000
Segment A	1,217,104	1,139,073	1,358,690
Segment B	406,542	379,437	457,819
Total	1,623,646	1,518,510	1,816,509

r. Other assets

	Segment A 31-Dec 2023	Segment B 31-Dec 2023	Bank 31-Dec 2023	Segment A 31-Dec 2022	Segment B 31-Dec 2022	Bank 31-Dec 2022	Segment A 31-Dec 2021	Segment B 31-Dec 2021	Bank 31-Dec 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Accounts receivable	293,876	20,302	314,178	454,174	33,219	487,393	510,333	20,551	530,884
Balances due in clearing	1,963	-	1,963	4,833	-	4,833	3,033	-	3,033
Prepayments	235,344	-	235,344	175,390	-	175,390	156,694	-	156,694
Refund for income tax	20,430	-	20,430	20,430	-	20,430	-	-	-
Others	132,347	38,738	171,085	70,983	42,322	113,305	39,104	58,232	97,336
	683,960	59,040	743,000	725,810	75,541	801,351	709,164	78,783	787,947

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

	Segment A 31-Dec 2023 MUR' 000	Segment B 31-Dec 2023 MUR' 000	Bank 31-Dec 2023 MUR' 000	Segment A 31-Dec 2022 MUR' 000	Segment B 31-Dec 2022 MUR' 000	Bank 31-Dec 2022 MUR' 000	Segment A 31-Dec 2021 MUR' 000	Segment B 31-Dec 2021 MUR' 000	Bank 31-Dec 2021 MUR' 000
s. Deposits from banks									
Demand deposits	1,518,372	198,221	1,716,593	1,224,995	532,248	1,757,243	842,042	639,812	1,481,854
t. Deposits from non-bank customers									
(i) Retail customers									
Current accounts	23,634,842	3,491,187	27,126,029	24,083,239	3,872,113	27,955,352	22,245,969	3,759,692	26,005,661
Savings accounts	74,263,565	1,719,228	75,982,793	68,884,908	1,825,373	70,710,281	66,274,062	1,651,940	67,926,002
Time deposits with remaining term to maturity:									
Up to 3 months	2,635,328	813,231	3,448,559	1,526,998	692,534	2,219,532	1,250,285	576,534	1,826,819
Over 3 months and up to 6 months	573,120	518,365	1,091,485	646,817	413,505	1,060,322	656,225	621,968	1,278,193
Over 6 months and up to 12 months	1,923,482	375,527	2,299,009	1,271,416	679,525	1,950,941	1,036,818	428,437	1,465,255
Over 1 year and up to 5 years	3,069,447	276,177	3,345,624	2,270,110	315,877	2,585,987	1,986,349	513,793	2,500,142
Over 5 years	8,042	60	8,102	9,180	60	9,240	10,118	60	10,178
Total time deposits	8,209,419	1,983,360	10,192,779	5,724,521	2,101,501	7,826,022	4,939,795	2,140,792	7,080,587
	106,107,826	7,193,775	113,301,601	98,692,668	7,798,987	106,491,655	93,459,826	7,552,424	101,012,250
(ii) Corporate customers									
Current accounts	24,542,997	40,073,763	64,616,760	25,497,240	48,990,845	74,488,085	24,022,719	80,770,392	104,793,111
Savings accounts	4,080,451	-	4,080,451	4,475,182	-	4,475,182	3,463,515	-	3,463,515
Time deposits with remaining term to maturity:									
Up to 3 months	7,741,605	19,809,570	27,551,175	4,492,982	13,819,635	18,312,617	2,702,219	6,199,853	8,902,072
Over 3 months and up to 6 months	2,018,018	4,041,825	6,059,843	2,852,832	8,714,177	11,567,009	768,060	1,626,248	2,394,308
Over 6 months and up to 12 months	666,480	2,979,497	3,645,977	611,630	1,831,104	2,442,734	637,235	583,848	1,221,083
Over 1 year and up to 5 years	1,069,401	345	1,069,746	528,455	2,245,197	2,773,652	353,704	1,127,614	1,481,318
Over 5 years	170	-	170	170	-	170	-	-	-
Total time deposits	11,495,674	26,831,237	38,326,911	8,486,069	26,610,113	35,096,182	4,461,218	9,537,563	13,998,781
	40,119,122	66,905,000	107,024,122	38,458,491	75,600,958	114,059,449	31,947,452	90,307,955	122,255,407
(iii) Government									
Current accounts	6,659,776	-	6,659,776	6,592,814	-	6,592,814	10,252,546	-	10,252,546
Savings accounts	3,438,240	-	3,438,240	3,243,286	-	3,243,286	4,299,087	-	4,299,087
Time deposits with remaining term to maturity:									
Up to 3 months	5,996,122	-	5,996,122	65,703	-	65,703	126,022	-	126,022
Over 3 months and up to 6 months	1,930,294	-	1,930,294	1,607,635	-	1,607,635	1,600	-	1,600
Over 6 months and up to 12 months	305,760	-	305,760	4,014,432	-	4,014,432	3,304,794	-	3,304,794
Over 1 year and up to 5 years	551,965	-	551,965	810,353	-	810,353	277,000	-	277,000
Over 5 years	-	-	-	-	-	-	122	-	122
Total time deposits	8,784,141	-	8,784,141	6,498,123	-	6,498,123	3,709,538	-	3,709,538
	18,882,157	-	18,882,157	16,334,223	-	16,334,223	18,261,171	-	18,261,171
	165,109,105	74,098,775	239,207,880	153,485,382	83,399,945	236,885,327	143,668,449	97,860,379	241,528,828

40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

	Segment A	Segment B	Bank	Segment A	Segment B	Bank	Segment A	Segment B	Bank
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2023	2023	2023	2022	2022	2022	2021	2021	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
u. Other borrowed funds									
Borrowings from other financial institutions	-	652,356	652,356	-	757,808	757,808	-	916,692	916,692
Borrowings from banks									
in Mauritius	4,001,644	-	4,001,644	-	-	-	4,358,708	-	4,358,708
	4,001,644	652,356	4,654,000	-	757,808	757,808	4,358,708	916,692	5,275,400
v. Other liabilities									
Balance due in clearing	213,968	3,293,076	3,507,044	77,202	2,523,461	2,600,663	6,162	3,068,370	3,074,532
Bills payable	368,042	-	368,042	385,082	-	385,082	273,795	-	273,795
Accruals for expenses	1,400,157	-	1,400,157	708,843	-	708,843	701,293	-	701,293
Accounts payable	1,077,327	620,002	1,697,329	780,812	463,851	1,244,663	578,138	277,949	856,087
Deferred income	53,515	834	54,349	-	53,500	53,500	-	35,118	35,118
Balances in transit	1,014,838	1	1,014,839	997,023	-	997,023	1,012,925	-	1,012,925
ECL on memorandum items	203,370	1,958	205,328	252,286	2,400	254,686	283,482	12,678	296,160
	4,331,218	3,915,870	8,247,088	3,201,248	3,043,212	6,244,460	2,855,795	3,394,115	6,249,910
w. Memorandum items									
a Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers									
Acceptances on account of customers	149,946	10,984	160,930	235,978	103,423	339,401	271,263	19,843	291,106
Guarantees on account of customers	11,737,081	217,659	11,954,740	11,115,131	657,415	11,772,546	8,595,736	847,641	9,443,377
Letters of credit and other obligations on account of customers	708,702	-	708,702	1,373,675	6,417	1,380,092	1,076,673	67,574	1,144,247
Other contingent items	-	1,084,574	1,084,574	-	-	-	-	-	-
	12,595,729	1,313,217	13,908,946	12,724,784	767,255	13,492,039	9,943,672	935,058	10,878,730
b Commitments									
Undrawn credit facilities	18,480,063	176,569	18,656,632	14,680,724	265,055	14,945,779	11,137,465	337,349	11,474,814
	18,480,063	176,569	18,656,632	14,680,724	265,055	14,945,779	11,137,465	337,349	11,474,814