ANNUAL REPORT

YEAR ENDED 30 JUNE 2023

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The Governor

Bank of Mauritius
Port Louis

31 October 2023

Dr the Honourable Renganaden Padayachy
Minister of Finance, Economic Planning and Development
Government House
Port Louis

Dear Minister of Finance, Economic Planning and Development

Annual Report and Audited Accounts 2022-23

In accordance with the provision of Section 32(3) of the Bank of Mauritius Act 2004, I transmit herewith the fifty-sixth Annual Report of the Bank, which also contains the audited Consolidated and Separate Financial Statements of the Bank for the year ended 30 June 2023.

Yours sincerely

Harvesh Seegolam

HARVESH SEEGOLAM
Governor, Bank of Mauritius

SERVING THE ECONOMY AND THE PEOPLE OF MAURITIUS

The Bank of Mauritius is pleased to present its fifty-sixth Annual Report covering the Financial Year 2022-2023.

In line with its duties and responsibilities as the country's central bank, the Bank of Mauritius has unwaveringly pursued its mission during the past year to preserve and protect the best interests of the people of Mauritius. Despite having witnessed high inflation during the first half of this financial year, the Bank has spared no effort to bring inflation on a sustained downward trajectory.

The introduction of the new Monetary Policy Framework has equipped the Bank to better deal with price stability challenges. Similarly, improving the preconditions for financial stability has catalysed economic resilience and is significantly reducing output gaps. The gamut of decisive policy measures implemented across this financial year is ample testimony to the Bank's eagerness to contribute to building a prosperous and inclusive society which Mauritians from all walks of life aspire to.

PRICE STABILITY AND INFLATION

As the monetary authority of our country, the focus of the Bank of Mauritius over the last year has been to ensure that we deliver on our price stability mandate in the best interests of the people of Mauritius.

Price stability remains the sine qua non condition for a well-functioning economy. Mauritius being a small open economy relying heavily on imports, has no doubt been subject to the evolution of global commodity prices and other input costs. As a result, headline inflation rose considerably in the second half of 2022, reaching 10.8 per cent as at the end of December 2022.

However, through the decisions of the Monetary Policy Committee of the Bank, whereby the policy rate was raised on three occasions by a cumulative total of 225 basis points during the financial year 2022-2023, inflation expectations were successfully anchored, thus preventing second-round effects. As such, between January to June 2023, all indicators measuring inflation in the country have been on the downward trend. As at the end of June 2023, average headline inflation and core inflation (Core 1) stood at 10.5 per cent and 8.7 per cent respectively, coming down from an average of 10.8 per cent and 9.3 per cent in December 2022. The Bank forecast headline inflation to stand at 7 per cent at the close of this year and reach within our target range of 2 to 5 per cent in 2024. During Financial Year 2022-2023, the Bank has successfully balanced considerations between tackling inflation and maintaining a conducive macro-economic environment.

NEW MONETARY POLICY FRAMEWORK

I had announced in 2020 that our monetary policy framework required a complete re-engineering to reflect today's realities. The Bank therefore worked relentlessly together with international organisations, and in close collaboration with other central banks, to elaborate its new monetary policy framework. The new Monetary Policy Framework was introduced in January 2023.

Under the new framework, the Bank has introduced flexible inflation targeting in Mauritius, replaced the Key Repo Rate with the Key Rate in view of improving the transmission mechanism of monetary policy signals and anchor short-term money market rates. This has significantly reduced the level of excess rupee liquidity prevailing in the banking system as well.

With the implementation of the new Monetary Policy Framework, the 7-Day BoM Bills are issued at a fixed rate, equal to the Key Rate. Overnight Deposit and Lending Facilities are operated within a symmetric corridor around the Key Rate. In anticipation of the new Monetary Policy Framework, the Bank had started the issuance of the 7-Day BoM Bills on a competitive basis as from August 2022 to allow the market to adapt to this new instrument. Open market operations are now conducted with all banks unlike under the previous framework which relied on Primary Dealers. Following the implementation of the new monetary policy framework, the Guideline on the Operational Framework for Primary Dealers was revised effective 16 January 2023 to apply only to Government securities.

FOREIGN EXCHANGE MARKETS

On the FX front, I would like to remind all stakeholders that the Bank of Mauritius will leave no stone unturned to ensure that operators play by the rules of the game. You may recall that the Bank issued warning letters and imposed monetary sanctions on banks which were found to breach instructions with respect to the good running of the FX market.

Since March 2020 to October 2023, the Bank sold around USD 4 billion in the interest of our economy and the people of Mauritius. The Bank continues to closely monitor market conditions and will make use of its firepower to intervene when it is so required.

Our foreign exchange reserves continue to provide us with ample buffer against external shocks. Gross Official International Reserves stood at USD 6.7 billion as at end-June 2023, representing an import cover of 10.3 months. The reserves continued to be managed in accordance with the statutory provisions whereby security, liquidity and return are prioritised in that order. The reserve portfolio has benefitted from less unfavourable market dynamics since November 2022 when financial market volatility started to moderate.

At the Bank of Mauritius, our exchange rate policy is focused on ensuring the competitiveness and dynamism of the Mauritian economy, with the export of goods and services a critical element in this equation. The value of the Mauritian Rupee therefore reflects this equilibrium position.

ECONOMIC RECOVERY AND BALANCE OF PAYMENTS

As post-pandemic economic reconstruction gathers pace, the resiliency of our economy has also improved. Gross Domestic Product (GDP) grew by 8.9 per cent in 2022 and signs of renewed momentum are visible, with the Bank projecting growth of more than 7 per cent this year. The thrust from the tourism sector brought renewed vigour to domestic activity by supporting other sectors of the economy. Labour market conditions have also improved, with the unemployment rate falling to 6.4 per cent in 2023Q2, its lowest figure in over 25 years, while the female unemployment rate is currently at a record low.

Current account deficit, which amounted to 11.5 per cent of GDP in 2022, has improved markedly and is projected to narrow to 5.6 per cent in 2023. This performance is largely attributable to the buoyancy of the tourism sector as well as a larger surplus on the income account which is expected to benefit from higher interest rates in the US and Europe. As an international financial centre of repute, Mauritius continues to attract robust financial flows. Cross-border investment activities remain strong despite challenging global conditions, thus demonstrating strong investors' confidence in our jurisdiction. The country recorded an all-time high gross direct investment flow (excluding global business) in 2022, standing at Rs 27.7 billion.

The upturn in economic activity is also testimony to the reduced interventions on the foreign exchange market as compared to the last two financial years.

MAURITIUS INVESTMENT CORPORATION

The MIC remains a critical part of our broader strategy. Not only did it contribute to maintaining financial stability by protecting the banking system, and salvaging systemic corporates since the pandemic, but it also shielded the economic architecture and safeguarded thousands of Mauritian families. This financial year again saw a very good performance of the MIC, which contributed to further strengthening the financial position of the Bank. The MIC will continue to deliver on its mandate as set by its constitution. As at 30 June 2023, it had approved 50 projects with a total value of around Rs 54 billion, of which Rs 50 billion have already been disbursed.

FINANCIAL SECTOR SUPERVISION AND FINANCIAL STABILITY

During 2022-2023, the banking sector maintained its resilience against potential strains largely supported by the benefits of the Mauritius Investment Corporation. Solvency and liquidity buffers were well above regulatory limits, providing strong cushion against possible materialisation of risks and sustaining the credit flow to the economy. The aggregate Capital Adequacy Ratio was 19.9 per cent and the Liquidity Coverage Ratio reached 257.1 per cent as at end-June 2023. The Bank conducted regular stress testing exercises that confirmed the resilience of the banking sector against plausible macroeconomic shocks.

Surveillance of the banking system was carried out based on a broad set of macroprudential indicators, including composite indicators. The upgrading of the tools used to assess and monitor risks to the stability of the financial system has reached an advanced stage. A new Systemic Risk Indicator has been adopted by the Bank to better identify the sources and evaluate the level of systemic risk. The first phase of upgrading the stress test framework has been completed and comprises forward-looking, cross-border and new liquidity modules. Our work also continues towards ensuring a series of sustainable initiatives with respect to combatting and preventing money laundering and terrorism financing.

COLLABORATIVE TRANSFORMATION

As a modern central bank, it is imperative that we embrace the latest developments in our transformative journey. You will recall that the Future of Banking Report was launched in September 2022 on the occassion of the 55th anniversary of the Bank. The report sets out the broad contours for taking our banking sector and financial system to new heights during the next decade. The Bank initiated work on the execution of the roadmap in close partnership with the banking industry.

DIGITALISATION, INNOVATION, PAYMENTS SYSTEM AND CYBER RESILIENCE

In the pursuit of its ambition to bring to the people of Mauritius a more sophisticated, secure and efficient banking and payments landscape to further improve living standards, the Bank has put digitalisation and innovation very high on its agenda since 2020.

In this respect, the Bank has issued a number of guidelines looking at accompanying the development of a more advanced ecosystem which will bolster confidence and trust by Mauritians in the use of innovative banking and payments services. I have instituted the Mauritius Financial Sector Cyber Committee to monitor and protect our financial system against potential cyber threats.

The Bank continues with its ambition of promoting cashless transactions and levelling the competitive playing field in retail payments by lowering entry barriers for non-bank operators. In March 2023, the Bank completed the process for adoption of the ISO 20022 format and is now in a position to effect cross-border payments using this new messaging format on the MACSS.

The Government Payment Portal, a payment infrastructure developed on the MauCAS Instant Payment, went live on a pilot basis on 15 December 2022. The portal will infuse more efficiency in the economy by streamlining internal processes of organisations involved in the chain, as well as enabling digitisation of Government services.

We are also ensuring that cross-border payments are carried out more efficiently through the establishment of arrangements on a bilateral basis with relevant jurisdictions to provide faster and cheaper cross-border payments. This will foster the use of digital payments and enable settlement in domestic currencies, thereby reducing dependencies on international reserve currencies. To this end, the first such project we have embarked on is with the Reserve Bank of India and the National Payments Corporation of India to connect the National Switches of both countries.

Very soon, Mauritians travelling to India will be able to effect payments in India by scanning QR Codes with their Mauritian mobile apps and using RuPay cards issued by banks in Mauritius. Similarly, Indians travelling to Mauritius will be able to use their RuPay cards and mobile apps for payments in Mauritius.

With respect to our Central Bank Digital Currency, the 'Digital Rupee', the Bank will embark on its first proof of concept of the 'Digital Rupee' before the end of the year. Throughout 2024, the Bank will roll out a number of other proofs of concepts/pilots in line with the practice of other central banks.

OUR SUSTAINABILITY AGENDA

Supporting the development of the enabling environment for a sustainable and greener Mauritius is equally at the heart of our initiatives. When I assumed office in 2020, I initiated the process for the Bank to embark on dedicated initiatives to contribute to the greening of our financial system. Time has proved that it was the right call and climate change has now emerged as a priority for all central banks.

I am pleased to report that our Climate Change Centre, established in October 2021, already has some key accomplishments under its belt. Building on the Guideline on Climate-related and Environmental Financial Risk Management issued last year, we have this year completed pioneering work on sectoral risk identification and climate-related financial loss assessment. Of note, we have conducted a premiere exercise of climate-related financial loss data capture as well.

During the year under review, we focused our efforts on ensuring that financial institutions are on the right track in implementing climate-related risk management frameworks, bridging data gaps and honing our skills on climate-related risks for the sector as well as our internal resources.

The Bank, also formed part of the Technical Team, comprising the Ministry of Finance, Economic Planning and Development (MOFEPD) and stakeholders from the private sector, for the development of a Sustainable Finance Framework, which aligns with the core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, and Social Loan Principles 2023. Under this Sustainable Finance Framework, Mauritius will be able to issue Green, Social, Sustainability and Thematic Bonds, Loans or other debt instruments; or Sustainability-Linked Bonds, Loans or other debt instruments (collectively "Sustainability-Linked Finance Instruments").

OUR INTERNATIONAL AGENDA

I am firmly committed to the fact that our international relations remain an important forte for the success of Mauritius as a banking and financial centre. To this end, since 2020, we have relentlessly been working on building new ties and nurturing old ones with the global central banking community. The Bank continues to consolidate and nurture its relationships with other stakeholders, both locally and internationally as well. Our efforts have equally been recognised through a series of international accolades by prestigious, globally respected and long-established media houses.

As you will recall, the Bank turned 55 in September 2022 and hosted the Governors' Meet on this occasion. The event saw the participation of Governors and senior representatives from many central banks and international organisations.

The Bank also hosted several workshops that were attended by central bankers from various regions as well as international organisations like the IMF, the World Bank, the OECD and the BIS. We have also strengthened our cooperative ties with the French-speaking central banking community. Our efforts have been successful, culminating in my appointment as the Chairperson of the Groupe des Superviseurs Bancaires Francophones (GSBF) for a two-year term, until December 2024.

My priority is to continue to strengthen the mutually beneficial links between member supervisors and regulators and international institutions, particularly in the areas of AML/CFT, implementation of Basel standards, sustainable finance and supervisory issues surrounding digitalisation. The first plenary meeting under my Chairmanship was held on 30 and 31 March 2023 and focused on the growing role of banking supervisors in complying with the most stringent anti-money laundering and combating the financing of terrorism norms and standards.

PROFITABILITY OF THE BANK

Despite the challenging environment, the Bank has generated a profit of Rs 1.8 billion from its operations alone. At the domestic level, together with the operations of the MIC, our domestic assets have increased by Rs 6.8 billion.

WORDS OF APPRECIATION

I wish to convey my profound gratitude to the Honourable Pravind Kumar Jugnauth, Prime Minister, Minister of Defence, Home Affairs and External Communications, Minister for Rodrigues, Outer Islands and Territorial Integrity, for his trust in the Bank of Mauritius.

I also wish to express my sincere appreciation to Dr the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development for his unwavering support to the Bank in the discharge of its duties of maintaining price stability and financial stability.

I would like to also place on record the continuous support of my two Deputy Governors, the members of the Board of Directors and the members of the Monetary Policy Committee. They have all been strategic in accompanying the Bank in delivering on its mandate.

I cannot end my Statement without paying tribute to each and every member of the Bank of Mauritius team for their professional dedication and commitment. With their continued support, the Bank has been able to achieve many milestones over the last couple of years, and we shall achieve many more in the years to come. I know that the Bank of Mauritius team has the interest of the country at heart and that the Bank can rely on them to go the extra mile for the benefit of the people of Mauritius.

Harvesh Kumar Seegolam
Governor

31 October 2023

01

ABOUT BANK OF MAURITIUS

OUR MANDATE

The Bank of Mauritius was established under the Bank of Mauritius Ordinance 1966 and is, by statute, the central bank of the Republic of Mauritius. The Bank is governed by the Bank of Mauritius Act 2004.

Primary Object

- Maintain price stability and promote orderly and balanced economic development

Price Stability

Safeguards the purchasing power of the domestic currency and creates appropriate conditions conducive to long-term growth in a sound macroeconomic environment

Economic Development

Promotes orderly and balanced economic development

Other Objects

- Regulate credit and currency in the best interests of the economic development of Mauritius
- Ensure the stability and soundness of the financial system
- Act as central bank for Mauritius

Financial Stability

Prevents the occurrence of systemic risks and allows the financial system to fulfill its key intermediation goals, whilst preserving the resilience of the country's underlying financial infrastructure, including the payment systems

Key Functions of the Bank

- Conduct **monetary policy** and manage the **exchange rate** of the rupee
- **Regulate and supervise** financial institutions
- Manage the **clearing, payment and settlement systems** of Mauritius
- Collect, compile, disseminate, on a timely basis, **monetary and related financial statistics**
- Manage the **foreign exchange reserves** of Mauritius
- Safeguard the **rights and interests of depositors and creditors**
- Monitor **system-wide factors** affecting financial institutions
- Promote **public understanding** of the financial system
- Investigate and combat malpractices, market abuse and any **breach of the banking laws**

Board of Directors

The Board's statutory responsibility is to formulate the general policy of the affairs and business of the Bank other than the formulation and determination of monetary policy. The Board of Directors is chaired by the Governor and comprises the two Deputy Governors, and six other Directors appointed by the Minister of Finance, Economic Planning and Development.

The Board is statutorily required to meet at the seat of the Bank at least once every two months. The Board of Directors held 8 meetings during FY2022-23. At any meeting of the Board, six members constitute a quorum. Decisions are taken by simple majority. In the event of an equality of votes, the Chairperson has a casting vote.

Composition of the Board of Directors as at 30 June 2023

Harvesh Seegolam
Governor, Chairperson
[8/8]

Mardayah Kona Yerukunondu
First Deputy Governor
[8/8]

Hemlata Sadhna Sewraj-Gopal
Second Deputy Governor
[8/8]

Antoine Seeyave
Director
[7/8]

Saïd Toorbuth
Director
[5/8]

Ishwar Anoopum Gaya
Director
[8/8]

Christine Marie Isabelle Sauzier
Director
[4/8]

Piragalathan Chinnapen
Director
[8/8]

Melissa Prishni Ramsahye
Director
[8/8]

Note: Figures in square brackets represent number of meetings attended.

Audit and Risk Committee

The Audit and Risk Committee of the Bank provides oversight over the adequacy of the Bank's internal controls and compliance with legal requirements. The Committee comprises three non-executive Board Directors namely:

Chairman	*Saïd Toorbuth*
Member	*Ishwar Anoopum Gaya*
Member	*Piragalathan Chinnapen*

The Committee met on five occasions during FY2022-23. The Officer in Charge of the Internal Audit Division is in attendance at the meetings of the Committee.

Monetary Policy Committee

Composition of the Monetary Policy Committee as at 30 June 2023

Harvesh Seegolam
[4/4]

Mardayah Kona Yerukunondu
[4/4]

Hemlata Sadhna Sewraj-Gopal
[4/4]

Lim Chan Kwong Lam Thuon Mine
[4/4]

Professor Sanjeev Kumar Sobhee
[4/4]

Dr Streevarsen Narrainen*
[3/4]

Mohammad Mushtaq Namdarkhan
[4/4]

Christine Marie Isabelle Sauzier
[4/4]

Note: Figures in square brackets represent number of meetings attended.

** The contract of Dr Streevarsen Narrainen ended in February 2023.*

The Monetary Policy Committee (MPC) formulates and determines the monetary policy to be conducted by the Bank in order to maintain price stability, taking into account the orderly and balanced economic development of Mauritius. The MPC comprises the Governor, who is the Chairperson, the two Deputy Governors, two members appointed by the Prime Minister and three members appointed by the Minister of Finance, Economic Planning and Development. Five members, including at least four from members appointed by the Prime Minister and Minister of Finance, Economic Planning and Development, constitute the quorum. The MPC is required to publish a Code of Conduct to govern its meetings and report once a year to the Board of Directors regarding its compliance to the Code.

The MPC usually meets on a quarterly basis, but stands ready to meet in between its regular meetings, should the need arise. In its decision-making process, the MPC considers latest international economic developments, prevailing domestic economic conditions, staff projections for inflation and real GDP growth and evaluates the balance of risks to the economic outlook. The MPC signals its monetary policy stance through changes in the Bank's policy rate, which is the Key Rate (KR). After every MPC meeting, monetary policy decisions are communicated to the public through various channels: The Governor holds a press conference on the same day, to outline the rationale behind the MPC decisions. The press statement of the Governor, together with a media release, are published on the Bank's website. The Minutes of the MPC meetings are also posted two weeks following each meeting and contain the voting pattern of the MPC members.

During FY2022-23, the MPC met on four occasions. The Committee unanimously voted to raise the KR at its meetings held in September 2022, November 2022 and December 2022. In June 2023, the MPC decided to pause its tightening cycle, by keeping the KR unchanged at 4.50 per cent.

02

OUR ORGANISATION

"Sharing is good but with digital technology, sharing is easy."
Richard Stallman

Message from the First Deputy Governor

Today I opt to talk on Technology. Technology has completely changed the world and alongwith, our daily lives to a significant extent.

The Banking Sector also, with the impetus of the Bank of Mauritius (Bank), has known its own lot of developments, especially in the payment systems landscape. A safe and efficient national payment system is crucial for monetary policy, financial stability and the overall economic development of a country. The payment environment is constantly evolving and compelling regulators to react quickly to new developments, while balancing the need to preserve stability and allowing innovation.

The G20 New Delhi Leaders' Declaration emphasizes how technology can drive the development of digital public infrastructures and support sustainable economic development. One of the G20's commitments is to "improve access to digital services and digital public infrastructure, and leverage digital transformation opportunities to boost sustainable and inclusive growth".

At the Bank, we have already adopted a pathway to the declared objectives of the G20. When we came into office, we took some strategic decisions regarding the payment infrastructure in Mauritius and its capacity to support the digitization of the public as well as private sector services. During the past few years, one area of focus has been the adoption of technology to enhance the efficiency of our payment eco-system and the democratization of payment services.

While technology has the capacity to drive innovation in the payments arena, it raises new challenges and, accordingly requires a robust legal foundation with a view to curtailing entailing risks. A comprehensive legislation, the National Payment Systems Act 2018, was enacted in January 2019 to provide a regulatory framework for the development of digital payments and for non-bank payment service providers to operate in a regulated environment conducive to their line of business while ensuring the safety and soundness of the national payment system.

In August 2019, the central bank launched the Mauritius Central Automated Switch Instant Payment System, the MauCAS IPS. The MauCAS IPS is a major leap in our retail payments. Retail payments now operate on a 24/7 basis and nearly instantaneously. Anybody having an account with any bank or payment service provider in Mauritius can instantly transfer up to Rs100,000 to any other account in Mauritius.

The IPS does not limit itself to providing convenient and accessible payment facility. It also enables the development of other important services such as the MauCAS QR code, a national QR code developed by the Bank. The introduction of the MauCAS QR code marked an important turning point in our digitization journey. Previously, payment service providers had their own respective private QR codes which could be scanned only with their mobile applications. One can now use the mobile application of any payment service provider to scan any QR code. The MauCAS QR code allows instant payments from a person to a merchant or between two persons. The result is quite encouraging. An increased interest has been shown by small merchants who, until recently, could not afford expensive card payment points of sale, the machines through which cards are swiped, are now accepting payments through QR codes.

Lately, the Bank came up with the establishment of a portal to provide an instant digital form of payments for Government services. This is yet another major innovation made by using the IPS. The portal supports Government's digitization initiatives, provides a frictionless payment flow and a seamless user experience for e-payments of various Government services, on a 24/7 basis. Thus, the public will no longer be required to queue at counters for payment of Government services.

The Bank's digitization agenda will, however, not be complete without a digital customer on-boarding facility. The Bank of Mauritius Act provides for the establishment of a Central KYC system that facilitates the electronic verification of the identity of customers, with the aim of facilitating face-to-face or digital customer on-boarding. With the Central KYC, the costs of on-boarding a customer will also be reduced. The platform is based on international norms and in accordance with the recommendations of international standard setters such as the Financial Action Task Force. The first set of testing will start in October 2023 and a soft launch is expected by end-November 2023.

Technology is also transforming the cross-border payment landscape and enabling near real time, cheaper and secure payments, without reliance on correspondent banking networks. The Bank recently connected with the switch operated by the National Payments Corporation of India. Mauritian travellers will soon be able to use their mobile app to purchase goods in India and their accounts will be debited in Mauritian rupees in Mauritius. Similarly, Indian travellers to Mauritius will be able to use their mobile app to make purchases and pay in Mauritian rupees in Mauritius and their accounts will be debited in Indian rupees in India. This arrangement will allow the settlement of payments in our respective domestic currencies, and thus eliminate the need for international reserve currencies.

In the same vein, RuPay cards issued in India, would be used at Mauritius' ATMs and point of sale terminals; and likewise, RuPay card issued in Mauritius will be accepted at ATMs and point of sale terminals in India. Such collaboration will make payments between the two countries easy, fast and convenient.

The Bank started the CBDC journey two years ago. So far, the Bank has been issuing currency only in the form of bank notes and coins and digital payments are carried out only in commercial bank money. The Bank has been amongst the early movers on researching on a retail CBDC, the Digital Rupee. It has, with the help of the International Monetary Fund, progressed beyond conceptual discussions and the next logical step is the launch of a pilot that is programmed for end-2023. The cash-like Digital Rupee will be complementing physical notes and coins, and is expected to promote better transaction speed, security and access to payments to every citizen. It will, in due course, bring about new customer experiences that better meet the emerging payment needs of the public.

Internally, the Bank has progressed on the Information Technology overhaul on which it embarked in 2022. The project aims to automate and integrate the Bank's accounting, banking and currency, domestic treasury and payments functions. The new system has been designed to promote straight-through processing and strengthen internal controls. Staff are now fully engaged in testing the new system before implementation in early-2024.

During this journey, it has been a great privilege for me to work in tandem with the Governor, Mr Harvesh Kumar Seegolam, and the Second Deputy Governor, Mrs Hemlata Gopal. I also pay a special tribute to the Bank of Mauritius staff in general for their hard work and dedication.

The road does not stop here. We have more to go. We have the patience and the determination. We are on our way.

"A man may die, nations may rise and fall but an idea lives on."

John F. Kennedy

Mardayah Kona Yerukunondu
First Deputy Governor

Message from the Second Deputy Governor

The Russia-Ukraine war coupled with the rise in geopolitical tensions, increasing inflationary pressures and subsequent uncertainties around the world, set the tone for a challenging financial year 2022-23. The unexpected collapse of the Silicon Valley Bank and Signature Bank in the United States further put the global financial system on edge. However, important lessons were drawn from this event, namely the growing importance of social media as a means of communication and the fact that bank runs could now happen overnight considering the current developments in payment systems worldwide and digitalisation of the financial sector. The situation was exacerbated with the failure and sudden takeover of Credit Suisse, a globally systemically important bank. Against this backdrop, the Mauritian banking sector has remained unscathed. It stood robust and resilient as banks maintained a sound credit portfolio and stock of high-quality liquid assets.

At the Bank of Mauritius, we remain vigilant as we live in a globalized world characterized by interconnectedness. We are continuously striving to enhance our supervisory toolkit, in line with best international practices. During our yearly trilateral meetings, banks are requested to regularly conduct stress tests to assess their preparedness to macroeconomic and financial challenges and to demonstrate that they have adequate capital and liquidity buffers to withstand any potentially forthcoming adverse shocks.

In respect of our risk-based supervisory framework, all the risk modules have been rolled out and are expected to be fully functional in the upcoming financial year after some fine-tuning. We have also initiated the automation of risk-based supervision, which shall involve data collection and data analytics with automated reporting, as well as AI algorithms, such as machine learning or deep learning models.

We are expecting that these projects will enable us to streamline the number of returns made by banks. We are indeed conscious that compliance has unfortunately become a heavyweight in terms of costs and resources.

Much progress has been achieved on our climate agenda. We have, this year, built up a directory of climate-related risk drivers for Mauritius with the help of the Ministry of Environment, Solid Waste Management and Climate Change and we are among the few central banks in Africa that have set up a database for climate-related financial losses incurred by financial institutions. In addition, I wish to highlight that our initiatives are contributing towards improving the overall climate-related financial risk management framework in the banking sector. We are only at the start of this challenging journey and expect further achievements along the way, such as developing a system-wide stress test exercise.

The Bank enhanced its cyber supervisory and regulatory framework. As banks embrace digital transformation, cybersecurity has become of paramount concern. Indeed, cyber risk now ranks 8th among the top ten risks faced by banks worldwide. In this respect, we issued the Guideline on Cyber and Technology Risk Management, which stresses on the need for banks to have suitable strategy, framework and policies for cyber and technology risk management. The Boards of Directors of banks are expected to set the tone and promote a strong culture of awareness of cyber and technology risk management throughout their institutions. Moreover, we have started the process of establishing a Fintech Innovation Hub and Digital Lab by engaging with other central banks and international organisations. This project will provide a platform for the banking sector to find solutions to IT problems, as well as to test and develop innovative solutions in a controlled environment.

Another item which is high on the agenda of the Bank is the implementation of the finalised Post-Crisis Reforms to the Basel III Framework, which came into effect as from January 2023. The Bank considers that the adoption of these measures would contribute to a more resilient banking system. In particular, the Bank plans to introduce additional prudential metrics, namely the Net Stable Funding Ratio and the Leverage Ratio, and to align the regulatory risk weights for credit, liquidity, market and operational risk exposures with Basel III. The Bank has set the ball rolling for the implementation of these measures by hosting a 3-day training course on the Basel III reforms delivered by the Deutsche Bundesbank. The event was attended by representatives of banks, which demonstrates the collaborative approach of the Bank.

In this ever-evolving banking landscape, another priority of the Bank has been to continuously upgrade the knowledge and skills and enhance the capabilities of its supervisors. During the financial year under review, staff of the Bank strengthened their knowledge through several training programmes delivered by international organisations such as the College of Supervisors of the Reserve Bank of India and the IMF.

In respect of corporate services, the Bank embarked on an assessment of its carbon footprint. An energy efficiency audit is currently being carried out. The HR Division conducted a series of recruitment exercises, in line with the objective of the Bank to revamp its talent pool and have a proper succession planning strategy. With the opening of the borders, the Bank relaunched its overseas training programme and a number of our officers benefitted from this endeavour.

The Bank also enlisted the services of a consultant to conduct a review of salaries as well as the 'Terms of Conditions of Service of Employment' at the Bank.

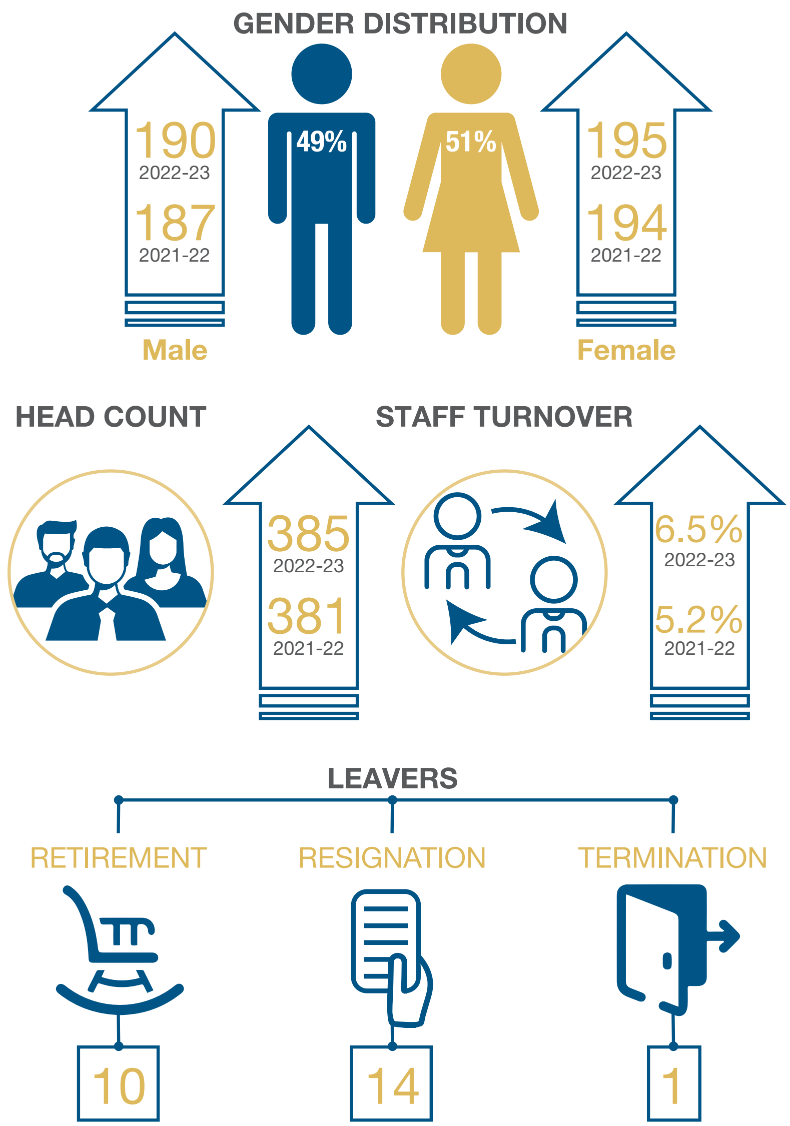
The Accounting & Budgeting Division, as usual, provided its unflinching support to the Bank.

To conclude, the above initiatives would not have been achievable without the support and guidance of Governor Harvesh Seegolam.

Last but not least, I also heartily thank the banking community for their cooperation and collaboration in ensuring that our jurisdiction remains sound and financially stable in this dynamic and globalized financial environment.

Hemlata Sadhna Sewraj-Gopal
Second Deputy Governor

Human Resources



The Bank remains committed to attracting and retaining a talented and diverse workforce to attain its strategic objectives. In September 2022, the Bank appointed a Consultant to review the Bank's Salary and Terms and Conditions of Employment. The report was submitted to the Bank in April and implemented following the approval of the Board. The importance of good practices and revision of several benefits were amongst the main highlights of the report.

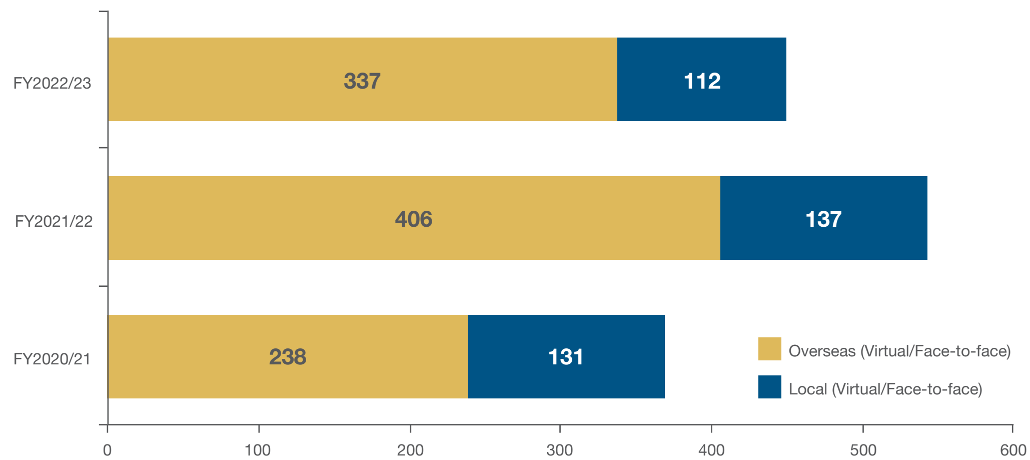
The future role of Human Resources goes beyond training and recruitment. Crucially, the function must act as a transformation partner in redesigning the organisation for speed, agility and adaptability. It needs to foster and actively drive change by breaking through traditional hierarchies and instilling an innovative mindset in the organisation.

A 'Strategic Thinking & Visioning' session for senior staff was organised in March 2023 as the Bank embarked on the journey of talent management and innovation.

Capacity Building

During FY2022-23, significant resources were devoted to equip staff with the necessary skills and capabilities to support the Bank in delivering effectively on its mandates. Since COVID-19, the Bank has adapted to the virtual environment through webinars, virtual workshops, and online training, which quickly became a key part of our capacity building programme and continue to be so today. As in-person capacity development resumed, staff members have been attending local and international training workshops and conferences for knowledge enhancement.

Training Courses/Seminars/Workshops



Among the in-person trainings hosted by the Bank was a two-week Foundation and Advanced Course for Supervisors delivered by a resource person from Financial Sector Supervision in the Expert panel of International Monetary Fund (IMF) with the concurrence of other experts.

A 3-day training was also delivered by specialist resource persons from the Deutsche Bundesbank on the Basel III Post-Crisis Reforms. The event kickstarted with the participation of Chief Executive Officers of commercial banks and was followed by technical sessions on different aspects of the latest reforms with the banking sector and staff of the Bank.

Bank staff equally benefitted throughout the year from online courses, such as the BIS-IMF Bank Resolution Online Course with certifications, the FSI Connect courses through the Bank for International Settlements (BIS) e-learning platform available to central banks and supervisory authorities, and the Climate and Environmental Risks Online Course developed by the Network for Greening the Financial System in collaboration with the BIS. Some staff of the Bank are also active participants in different regional and international working groups and workstreams at the level of the SADC Committee of Central Bank Governors and NGFS to cite but a few.

The Bank is continuously ensuring that its staff members remain abreast of new developments on the AML/CFT front. In this regard, staff members from the AML/CFT Unit of the Bank have undergone training on (i) Beneficial Ownership Registers; (ii) Targeted Financial Sanctions; (iii) Money Laundering and Terrorist Financing Risks arising from Migrant Smuggling; (iv) Proliferation Financing; (v) Supervision of Virtual Assets Service Providers; (vi) Risk-Based Supervision; (vii) Compliance Risk; and (viii) Crypto Asset and RegTech. These trainings were dispensed by various local and international organisations. Moreover, staff are provided with on-the-job training while focusing on a hands-on approach in their learning process.

The first batch of graduates, who were onboarded under the one-year training programme on AML/CFT and related matters as part of the Budget 2021-2022 measures, offered by the Bank and the Financial Services Commission in April 2022, completed their traineeship on 31 March 2023. Many of these graduate trainees have been successfully recruited in the Compliance Departments of local commercial banks and management companies. The feedback received from the financial sector with regard to this programme has been very positive. In line with Budget 2022-2023, the programme was renewed, and a second batch of graduate trainees was recruited on 16 January 2023. They are due to complete their traineeship on 15 January 2024.

Two staff members have also had the opportunity of undergoing an internship programme in the Climate Change Centre and the Fintech Innovation Hub and Digital Office of the Banque de France for a period of 6 weeks in early 2023. The training programme provided first-hand experience to these staff members and enhanced their knowledge about latest trends and technology.

In November 2022, the Bank also hosted the Plenary Meeting of the Group of International Financial Centre Supervisors jointly with the Financial Services Commission, Mauritius. The two-day meeting was an opportunity for discussions and sharing of experiences on key topical issues. For this meeting, speakers covered a range of topics related to virtual assets and the regulatory/supervisory response, supervisory approaches towards a meaningful ESG strategy, enforcement techniques and AML/CFT matters as part of the regulatory process. The meeting was attended by Heads of Regulatory Bodies and representatives from 22 countries.

The Bank equally hosted a two-day plenary meeting of the Groupe des Superviseurs Bancaires Francophones (GSBF) which is under its chairmanship for a two-year period effective November 2022. The event which was held from 30 to 31 March 2023 brought together supervisors from some 34 French-speaking countries and aimed at promoting discussions in areas of supervisory concerns. The focus in the current year was on the role and challenges of banking supervisors in the field of AML/CFT.

Employee Well-Being

The Bank attaches utmost importance to the safety, health and wellbeing of its staff members.

A staff dinner was organised in September 2022 to mark the Bank's 55th Anniversary. It was the first post-COVID-19 gathering of all staff members of the Bank.

The Bank celebrated the International Women's Day on 8 March 2023. The theme was "DigitALL: Innovation and technology for gender equality". A talk was delivered by a guest speaker with experience in IT and strategic field.

The Bank re-introduced weekly yoga classes since June 2023 with a view to promoting a culture of good health and overall well-being for staff members. The Bank also arranged for its staff to play football at MUGA, Phoenix every Friday afternoon. Several teams comprising staff from various Divisions of the Bank participated in the yearly Bank of Mauritius 6-aside Football Tournament, which was held on Saturday 12 November 2022.

Our staff also participated enthusiastically in ecological events organised by the Bank in June 2023. These events aimed at raising awareness about environmental sustainability and provided staff with an opportunity to actively engage in activities that contribute to the preservation of our natural ecosystem.

A Blood Donation Activity was successfully organised on 15 July 2022 and 23 June 2023 in partnership with the Blood Bank to promote its "Save Life Campaign" by encouraging staff of the Bank as well as commercial banks to donate blood.

Staff dinner to mark the Bank's 55th Anniversary. The Bank also celebrated its longest-serving employees.

World Environment Day: Staff members participating in cleaning of wetlands and coral nursery

Safety & Health

The Bank has always been committed to provide and maintain a safe and healthy working environment, with a view to continuous improvement and adherence to the legislations. Our staff members work in a relatively low-risk environment and are not exposed to significant occupational health and safety hazards.

The Bank solicited the help of the Fire Services to train its Fire Wardens on the use of fire extinguishers. The Bank also had its yearly Fire Drill on 25 November 2022. All staff and visitors were made to participate in the simulation and had to evacuate the Bank and proceed to the Assembly Point for the roll call process, as per the Fire and Emergency Plan.

Bank of Mauritius Knowledge Centre

Financial institutions are recognizing the importance of knowledge as a means to gain or sustain competitive advantage. For banks to remain resilient, it is essential that they add value to information already held to develop new services and products that meet the constantly changing needs of their customers.

To support the local banking community and academics in their quest to acquire new knowledge, the Bank's Knowledge Centre regularly disseminates information, in different formats, showcasing the latest strategic thinking, business models, case studies, best practices, and in-depth analysis of new thinking and practices on a wide range of issues facing banks and financial institutions.

Communication and Public Outreach

Financial Literacy

Bearing in mind that the Mauritian banking landscape is continuously evolving through technology and innovation, the Bank has left no stone unturned to ensure an appropriate level of financial education at all times.

Across the past financial year, the Bank has relentlessly focused on disseminating information on banking services and products and forthcoming seminal projects to all its target audiences by making use of a wide array of communication platforms comprising digital, print and electronic media and innovative social media solutions.

The objective is to enable customers to make informed decisions about the suitability of financial products and services to their specific situation. Concurrently, a robust financial consumer protection framework must be in place to shield consumers from abuse and make them become judicious users of financial products and services.

In line with its Financial Literacy Strategy, the Bank expanded its consumer education outreach initiatives and deepened its interaction with students at primary, secondary and tertiary levels to guide them in understanding the dynamics of the banking and financial world and accompany them in their academic research. The Bank also focused on furthering awareness around financial issues and conditions that may affect the material well-being of consumers, especially in this digital era.

From 20 to 26 March 2023, the Bank spearheaded the Global Money Week Initiative as National Coordinator. The Global Money Week is an annual global awareness-raising campaign on the importance of financial literacy, aiming to ensure that young people around the world are financially aware and equipped with the necessary skills to make sound financial decisions at an early age. The campaign is driven by the OECD's International Network on Financial Education, of which the Bank is a member.

For the 2023 Global Money Week campaign, under the theme 'Plan your money, Plant your future', the Bank organised visits to the Bank of Mauritius Museum. Lectures on topics comprising savings, investment and monetary policy were held to inculcate financial knowledge and money management skills to young Mauritians. The Communications and Museum team conducted various informative sessions with all visitors to the Museum as well as with college and university students. Across FY2022-23, the Bank was able to directly and indirectly reach out to some 20,000 families through its outreach programmes.

Editorial meetings with media partners

The Bank has always nurtured strong relationships with media partners. Since the media are the mediator between institutions and members of the public, it is important for the Bank to ensure that the right message is shared optimally.

This is justly at the core of the Bank's Editorial Meetings with its media stakeholders. The Governor has been meeting with senior media representatives on a quarterly basis to discuss topical issues and provide clarifications to journalists on matters pertaining to the Bank's mandate and developments in the banking sector. These interactions have contributed to cementing the Bank's image as a trusted and people-centric organisation.

One of the most important themes which was the object of an editorial meeting was the introduction of the Bank's new monetary policy framework. This specific engagement session entailed raising awareness about the tenets of the new framework, and the extent of its implications in terms of change in the transmission mechanism.

The Bank of Mauritius Museum

As custodian of economic history and numismatic heritage, the Bank of Mauritius Museum ran several nation-wide initiatives during FY2022-23. The multimedia awareness campaigns run by the Museum paid off. In effect, the Museum welcomed over 20,000 visitors across this financial year, which is twice the number recorded across the previous financial year.

From 28 July 2022 to 8 August 2022, the Bank of Mauritius Museum worked in collaboration with the Folk Museum of Indian Immigration on a temporary exhibition. The exhibition entitled the “115th Anniversary of Manilal Doctor’s visit to Mauritius and his 141st Birth Anniversary” aimed at illustrating the contribution of Manilal Doctor to the welfare of indentured labourers in Mauritius. Visitors also had the opportunity to discover the currencies used by sugar estates during that particular period.

The “International Museum Day 2023” was celebrated by the Bank’s Museum in May 2023 under the theme “Museum, Sustainability and Well-being”. In that context, during the week running from 15 to 19 May 2023, the Museum conducted guided tours for students on the evolution of currency in Mauritius. Talks on sustainable finance and climate-related and environmental financial risks were also organised.

The Bank expanded the boundaries of its financial literacy strategy to encompass students from pre-primary schools. The focus was to enable this very young audience to understand the role and value of money and to make responsible financial decisions as they progress through life. Guidance was also provided to students from tertiary academic institutions, particularly to support those contemplating to write their assignments or theses on matters pertaining to central banking.

Communication being key to attracting visitors, the Museum has also been very active on social media platforms and other news channels. Articles in online and print media, as well as television programmes in different languages on the evolution of currency, the importance of savings, information on banknotes’ security features amongst others, have helped the Museum garner even more visibility and cement its role as a custodian of the numismatic history of Mauritius.

IT Transformation at the Bank: BoM 2.0 - The Future is now

In February 2022, the Bank embarked on its IT Transformation journey. The ultimate objective of this initiative is to modernise the central bank's system, and address the existing challenges. These challenges pertain mainly to:

1. Legacy Infrastructure: Legacy systems and outdated infrastructure leading to inefficiencies, increased maintenance costs, and limited scalability.
2. Data Silos and Security Risks: Isolated data silos making it difficult to harness insights and increasing vulnerability to security threats.

The Bank's IT Transformation project, codenamed "BoM 2.0 - The future is now", aims at providing a modern and integrated infrastructure by leveraging the latest technologies. The project has been designed with a clear roadmap which focuses on several key objectives. These include:

1. Upgrading and modernising outdated technology and systems to improve operational efficiency, security, and scalability.
2. Streamlining processes to increase operational efficiency and reduce manual intervention through automation and integration of processes, straight-through processing, and better internal controls.
3. Ensuring that IT systems across departments communicate and integrate seamlessly, resulting in avoiding silos and enhancing collaboration.

Seamless collaboration between the solution provider, internal business champions and external stakeholders resulted in significant progress being made across FY2022-23 on several fronts.

Completion of the design and development of the system

The solution provider has tailored its solution to the Bank's needs and requirements through more than fifty workshops with business champions and external stakeholders.

Setting up of Working Groups to drive the implementation of the system

A Governance Team was set up to coordinate the overall execution of the project. Working groups were established to work on refreshing the Bank's policies and standard operating procedures and hands-on testing of the system.

Reviewing and updating policies will provide the regulatory backbone to support the adoption of the new system. Testing the platform will ensure that the solution meets the needs of both the Bank and external stakeholders before transitioning to the live platform and adopting new work methodologies and processes.

Continuous awareness sessions with internal stakeholders

Ensuring active stakeholder engagement throughout the project's execution is paramount during such a complex central banking transformation. This helps secure the commitment of all stakeholders whilst also bolstering the successful adoption of the solution. Thorough interaction also plays a key role in fostering the adoption of a new organisational culture and enhancing the project's long-term sustainability.

Communication is a pivotal element of the Change Management initiative. Two main channels, namely newsletters and feedback meetings have been used to disseminate information and take cognizance of views, expectations and concerns.

Monthly internal newsletters were published to provide the Bank's staff with the latest updates on the BoM 2.0 project, activities completed and forthcoming key milestones until project is live.

Open-door feedback meetings were also held to encourage innovative ideas and address apprehensions around new work methodologies.

Highlights of workshops conducted

Climate Change Centre

The Bank of Mauritius Climate Change Centre (CCC) was launched on 14 October 2021 and has been instrumental in taking forward the climate agenda of the Bank. The CCC has already completed several milestone projects geared towards embedding climate-related and environmental financial risk considerations in the risk management frameworks of financial institutions, as well as greening the domestic financial system.

The focus of the CCC this year has been particularly directed towards the achievement of some of its core objectives. The Bank remains fully committed to review its strategic plan in the light of further developments in its climate agenda.

(i) Ensuring that financial institutions are effectively implementing appropriate risk management frameworks for climate-related risks

The Bank had, in its Guideline on Climate-related and Environmental Financial Risk Management, released on 1 April 2022, set out its expectations for a prudent management of climate-related risks by financial institutions. In this respect, the Bank has provided a series of best practices and risk management requirements to financial institutions.

During the year under review, the Bank has been assessing the progress made by financial institutions in implementing the novel risk management requirements and, where relevant, provided direct guidance to them. The Bank will continue to support financial institutions in upgrading their risk management frameworks to mitigate the financial impacts of climate change and environmental degradation.

(ii) Bridging data gaps

Capturing the required climate-related data to conduct informative climate-related scenario analysis remains a common challenge for many central banks across the globe. The availability of climate-related data is sine qua non for the computation of forward-looking climate-related indicators for assessing climate-related risks in a timely manner.

The Bank has engaged with the Ministry of Environment, Climate Change and Solid Waste Management ("Ministry") with the objective of making climate-related data available to financial institutions. The Bank and the Ministry have collaborated on the development of a comprehensive database comprising historical and projected data points for a set of pre-identified climate-related risk drivers. This database has been made available to financial institutions since July 2023.

Furthermore, the Ministry has also released a report on the 'Impacts and Consequences of Climate Change' on the Republic of Mauritius. This report represents a cornerstone for guiding financial institutions in their climate risk assessment and management. Of note, the existing collaboration between the Bank and the Ministry has recently been formalised with the signing of a Memorandum of Understanding.

In terms of internal initiatives, the Bank had issued a template for the collection of climate-related loss data in December 2022. The loss data gathered therefrom have served as key inputs underpinning the Bank's preliminary analysis of climate-related financial losses incurred by financial institutions during the first half of 2023. The results have paved the way for the identification of specific underlying vulnerabilities in our financial sector stemming from exposures to climate-related risks. These results have further been disseminated to financial institutions in July 2023 to promote awareness on the panoply of risks to which they are exposed to.

Going forward, building on the recent progress in the data space, the CCC also envisages to devise a directory for climate-related metrics and in the same vein conduct the first climate-related scenario analysis for Mauritius.

(iii) Enhancing capacity building

The Bank has pursued its ongoing initiatives on capacity building, both internally and for the financial sector, during the year under review. The Bank remains committed to build on this momentum given the changing nature of climate-related risks and the need to build up expertise in this area.

To this end, the Bank had, in April 2023, hosted a capacity building and outreach event for banks and Non-Bank Deposit Taking Institutions (NBDTIs) in collaboration with the Ministry. During this event, the Ministry made a comprehensive presentation on climate change impacts and projections for Mauritius and showcased opportunities for private sector investments in climate adaptation and mitigation. The participants benefitted from the sharing of experience of an international bank on its journey culminating in the rolling out of its climate-related risk management framework.

Looking ahead, capacity building remains an integral part of the process to transform the financial system to an accelerated maturity pathway to successfully meet the climate agenda and goals of the CCC.

(iv) Supporting the development of sustainable finance

The Bank had released its Guide for the Issue of Sustainable Bonds in June 2021 and is pressing ahead for the development of sustainable financial markets with the objective of making Mauritius a regional leader for the issuance of sustainable financial products.

In August 2023, the Sustainable Finance Framework for Mauritius was officially released on the website of the Ministry of Finance, Economic Planning and Development (MoFEPD). This document, which has been worked jointly by the Bank, the Government and other stakeholders, governs the issue of green, social, sustainability and thematic bonds, loans or other debt instruments or sustainability-linked bonds, loans or other instruments.

With regard to management of its foreign reserves, the Bank holds in its portfolio investment allocations that are geared towards sustainable funds which invest in companies advocating low carbon footprints, sound labour relations and good governance. These funds also invest in fixed income securities which have a high sustainability score.

(v) Transforming the Bank into a greener and more sustainable organisation

The Green Bank of Mauritius Project (GBP) was initiated by the Bank to implement the mandate of the Task Force on Internal Strategy, which inter-alia, aims at devising suitable measures/policies to reduce the Bank's carbon footprint and greenhouse gas emissions from its physical operations and accordingly promote the protection of the environment.

The Bank is firmly committed to transition towards energy-efficient projects with the objective of mitigating any adverse environmental impact from its internal operations. To this end, in December 2021, the Bank completed the installation of two new chillers serving the Tower building, which resulted in a decline in energy consumption notwithstanding a noticeable increase in occupancy. In the same vein, all new apparatuses and products purchased are certified energy-efficient and existing fluorescent lighting fixtures in office areas are being replaced by LED fixtures in a phased manner.

As part of the Bank's waste management and recycling policy, defective electronic equipment are disposed of to companies engaged in recycling electronic waste. In addition, shredded banknote rolls are now being used for the moulding of souvenirs and accessories instead of being disposed of as ordinary trash. Building on these initiatives and with a view to further identifying performance improvement opportunities, the Bank had, in June 2023, enlisted the services of a Consultant to perform an extensive Energy Audit of existing building services and other systems within its premises.

Looking ahead, the Bank will continue to explore initiatives which would contribute to curb the environmental impact from its internal operations. The Bank intends to roll out a sustained awareness campaign on climate change and environmental issues for staff in the near future.

Climate Change Centre Key Accomplishments

Task Force on Regulation and Supervision

April 2022
Issue of Guideline on Climate-related and Environmental Financial Risk Management

May 2022
Conducted a Survey on Green & Sustainable Finance

December 2022
Issue of reporting template for climate-related loss data

December 2022
Release of list of relevant training programmes from external training providers

April 2023
Completion of first round of data capture on the impacts of physical and transition risk drivers

July 2023
Dissemination of information on physical and transition risk drivers for Mauritius

July 2023
Dissemination of information from April data capture exercise on climate-related loss data

Task Force on Sustainable Finance

June 2021
The Bank released a Guide for the Issue of Sustainable Bonds in Mauritius

August 2023
Release of the Sustainable Finance Framework on the website of the MoFEPD

Task Force on Monetary Policy

Environmental statistics are being collected from various sources to analyse their impact on key macroeconomic variables

A study is being carried out to capture firms' perceptions about climate risks

Climate-related considerations would be included as an integral part of the Bank's macroeconomic modelling and scenario analysis

Task Force on Internal Strategy

October 2021
Setting up of the Bank's Climate Change Centre

December 2021
Replacement of air-cooled water chillers with a new energy efficient system

March 2022
Launching of the Green Bank of Mauritius Project (GBP) to execute the Task Force on Internal Strategy mandate

June 2022
Linking staff access control cards with the Elevator System for a more efficient elevator usage

July 2022
Use of shredded banknotes to manufacture ecological stationaries and corporate gifts

October 2022
Submission of Draft GBP Report to Management outlining initiatives to transform the Bank into a greener and more sustainable organisation

May 2023
Promoting the recycling of old newspapers and magazines to manufacture ecological bins

June 2023
Participation of Bank staff in ecological activities (Farming & Cleaning of Coral Nursery and Wetlands)

July 2023
Conduct of an Energy Audit exercise by a Consultant to measure and assess the energy efficiency of existing building services, equipment, air tightness and fleet of motor vehicles

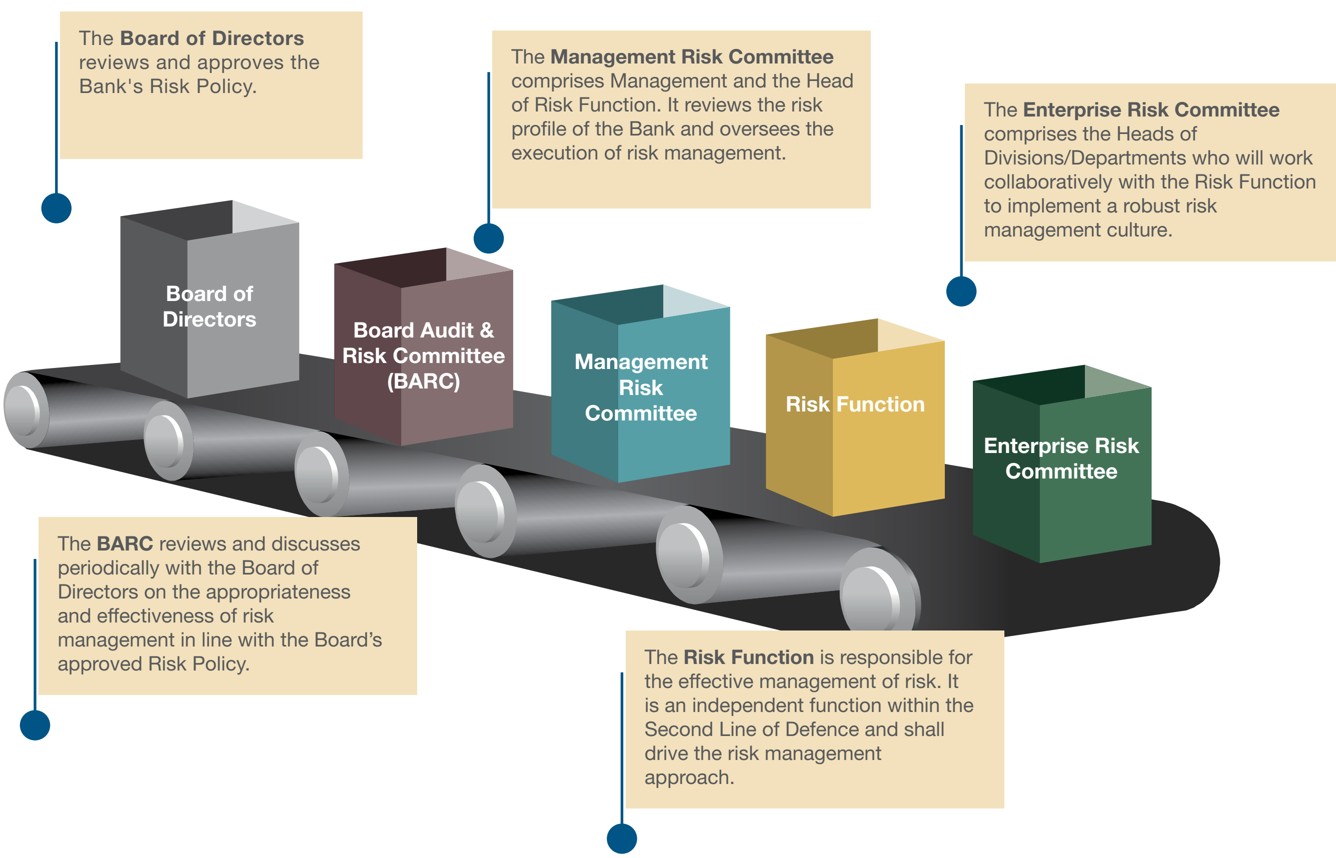
Enterprise Risk Management

Effective risk management plays a pivotal role within the Bank, given the increasingly complex and challenging economic environment in which the Bank operates. Risk prevails in each process, activity or decision and, therefore, staff are responsible for identifying, managing and reporting risk.

The Bank remains committed to a strong risk culture to ensure that risk management is integrated across all its functions. The adoption of the risk governance structure and the Institute of Internal Auditors "Three Lines of Defence" model, promoting a robust and systematic risk mechanism, are in the final stages of review. This will pave the way for the deployment of a full-fledged Risk Management Framework at the Bank.

Governance Structure

There is a strong focus on a sound governance arrangement to facilitate risk management and risk oversight within the Bank. A governance structure is depicted below to illustrate the role and responsibilities of the Bank's Board and Committees and their respective functions in the execution and embedding of a holistic risk management culture.



Enterprise risks cannot be managed on a stand-alone basis but rather modelled on an aggregated level and thereon assessed from a Bank-wide perspective. The Bank makes decisions by weighing and managing risks in a holistic manner in the pursuit of its mandate. Hence, it continues to maintain its focus on reputational, strategic, operational, financial, information technology and sustainability risks.

Aligned with the pace of the digital transformation, the Bank has embarked on the deployment of a Governance, Risk and Compliance management software. This solution will foster a strong risk management culture by allowing for the streamlining of the risk management processes in a systematic, structured and consistent manner.

Cyber Risk and Resilience Strategy

The Bank remains steadfast in its commitment to upholding cyber resilience in the banking industry. In this regard, the Bank has designed a comprehensive cyber risk and resilience strategy, with the assistance of the IMF. The strategy is divided into two key components: an internal strategy tailored for the Bank's operations and ecosystem; and an overarching strategy meant to supervise and regulate licensees and to foster collaboration with local and international stakeholders.

The internal strategy focuses on several critical areas, including:

Cyber Risk Management

The Bank rigorously enforces its cyber security policies and governance to strengthen the defence against cyber threats. These policies are periodically updated.

Enhancing Cyber Security Culture

The Bank has taken proactive steps to foster a robust cyber security culture among its workforce. In addition to standard awareness campaigns, it conducts regular staff assessments to gauge their understanding of security protocols, their ability to identify potential cyber threats and to inculcate appropriate responses. These frequent evaluations provide valuable insights in identifying weaknesses and for designing targeted training programmes. By actively involving employees, the Bank has successfully built a culture of vigilance against cyber threats.

Security Operations Centre

The Bank is currently in the process of establishing a Security Operations Centre (SOC) that operates round the clock. This strategic initiative is set to substantially enhance its capacity to respond to security incidents promptly and identify threats in real-time. Leveraging on advanced threat intelligence tools, the SOC will expedite the identification, investigation and resolution of potential security issues.

Security Infrastructure

The Bank's commitment to safeguarding its operations and stakeholders continues to drive investments in advanced security technologies. The constant exploration of emerging technologies ensures that the protection mechanisms evolve in parallel with the dynamic cyber landscape. This approach guarantees that the Bank's systems are reinforced and, thus, protected against emerging threats.

Capacity Building

The Bank remains dedicated to the advancement of professional growth for its personnel, offering professional training initiatives, alongside opportunities for targeted peer learning. Engagement with fellow central banks has proven particularly enriching, creating a shared platform for knowledge exchange and proactive defence against cybercrime.

With regard to the financial sector, the strategy focuses on three main areas:

- Oversight of financial institutions regulated by the Bank, by building an effective cyber supervisory and regulatory framework. The Bank has been actively testing on-site and risk-based supervision cyber security protocols. These protocols were developed by the IT Security team and the Supervision department. The design of the frameworks benefitted from insights gained through collaboration with reputed partners, including the World Bank. These protocols now form part of regular on-site assessments of banks' cyber security framework, which contribute to a more resilient financial ecosystem.
- Collective actions. The Mauritius Financial Sector Cyber Committee is being set up by the Bank, with banks as stakeholders. This forum will be the catalyst to develop a sector-wide information and intelligence sharing network, conducting market-wide cyber exercising, and developing a red-team testing framework.
- Besides, the Bank is a member of the National Cybersecurity Committee, under the aegis of the Ministry of Information Technology, Communication and Innovation, which has the vision to make the cyberspace in Mauritius more secure and resilient against cyber risks.
- Developing the market for cyber qualification, accreditation and certification. The Bank will develop the market for cyber qualification, accreditation and certification together with reputable firms.

Through vigilant adherence to our strategies and ongoing collaboration with partners, the Bank is confident in its ability to navigate the dynamic and complex landscape of cyber risk.

03

INTERNATIONAL AND INSTITUTIONAL RELATIONS

In light of the increasing globalisation of the economy and the banking system, International and Institutional Relations have become one of the key strategic pillars of the Bank.

1. Conferences, Workshops and Seminars hosted by the Bank

In order to promote international best practices and to foster experience-sharing on key economic and monetary matters, the Bank regularly hosts international conferences, workshops and meetings, in partnership with leading global organisations.

These high-level events have seen the participation of political and economic international leaders such as Mr Mathias Cormann, Secretary General of the OECD.

Since 2020, the Bank hosted/co-hosted among others:

- The Financial Action Task Force (FATF) Onsite visit to Mauritius from 13 to 15 September 2021
- The Workshop on Beneficial Ownership Disclosure Framework organized with EU AML/CFT Global Facility from 23 to 25 November 2021
- The Office of Financial Sanctions Implementation Workshop on Targeted Financial Sanctions organized under the aegis of the Inter-Agency Coordination Committee chaired by the Governor of the Bank from 5 to 6 May 2022
- The Workshop on de-risking best practices in correspondent banking relationships in Eastern and Southern Africa organized with EU AML/CFT Global Facility and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) from 11 to 12 May 2022
- Meeting of the Committee of Central Bank Governors (CCBG) in SADC, 7 and 9 September 2022
- Governor`s Meet, 8 and 9 September 2022
- OECD International Conference on Digital Economy and Digital Banking, 31 October to 1 November 2022
- Group of International Finance Centre Supervisors (GIFCS) Plenary meetings, 21 – 24 November 2022
- Réunion plénière du Groupe des Superviseurs Bancaires Francophones (GSBF), 30 – 31 March 2023
- IMF World Bank Group Committee of Central Bank Technologist Workshop on Central Bank Digital Currency (CBDC), 26 – 28 April 2023
- Pan-African Central Bank Conference, organized by GIZ and Allianz Global Investors, 19 – 22 June 2023
- Research Seminar - Bank of Mauritius and Toulouse School of Economics, 19-21 September 2023
- 2023 Plenary meeting of the Advisory Committee, 22 September 2023

2. International Recognitions

In view of the outstanding commitment and achievements of the Bank to overcome the Covid-19 crisis, comply with the highest international norms and proactively implement its international, digital and green transformation strategy, the Governor of the Bank, Harvesh Seegolam, has been awarded prestigious international awards, including:

- A-rated Governor of 2023, Global Finance Central Banker Report Cards 2023
- Central Banker of the year 2023, The Banker
- A-rated Central Banker of 2023, The Banker

2022 CENTRAL BANKER REPORT CARDS

HEAD OF THE CLASS Central bankers earning "A+" grades in 2022		
Iceland	Ásgeir Jónsson	A+
Central bankers earning "A" grades in 2022		
Brazil	Roberto Campos Neto	A
Paraguay	José Cantero Sienra	A
Peru	Julio Velarde Flores	A
Sweden	Stefan Ingves	A
China	Yi Gang	A
India	Shaktikanta Das	A
Taiwan	Yang Chin-long	A
Vietnam	Nguyen Thi Hong	A
Israel	Amir Yaron	A
South Africa	Lesetja Kganyago	A
Central bankers earning "A-" grades in 2022		
Colombia	Leonardo Villar Gómez	A-
Uruguay	Diego Labat	A-
Bulgaria	Dimitar Radev	A-
Georgia	Koba Gvenetadze	A-
New Zealand	Adrian Orr	A-
Philippines	Benjamin Diokno	A-
Mauritius	Harvesh Kumar Seegolam	A-
Morocco	Abdellatif Jouahri	A-
Saudi Arabia	Fahad Al-Mubarak	A-

Global Finance PRESS RELEASE

Global Finance's Central Banker Report Cards 2023

About Global Finance

3. Cooperation with International Organisations

Strengthening cooperative ties with major international organisations and their most senior representatives plays an important role in the Bank's strategy to achieve greater cooperation, recognition and integration from a global perspective.

In this context, the Bank has since 2020 embarked on a proactive collaborative journey and has built strong partnerships with multilateral organisations, with a particular focus on:

- The International Monetary Fund (IMF)
- The World Bank Group
- The Organisation for Economic Co-operation and Development (OECD)
- The Bank for International Settlements (BIS)
- The Financial Action Task Force (FATF)

4. Academic Cooperation

To foster scientific activities and economic research, the Bank entered in a Partnership Agreement with the prestigious Toulouse School of Economics-Partenariat Foundation (TSE-P) headed by Prof. Yassine Lefouili and Nobel Prize Laureate Prof. Jean Tirole.

Through this agreement, the Bank became the third central bank in the world to partner with TSE, after the Banque de France and the Banque centrale du Luxembourg.

The goal of the partnership, coordinated by Ms Pauline Charazac, Advisor on International and Institutional Relations, is to develop ambitious scientific and research activities covering the fields of monetary economics and financial stability. In view of its commitment on climate change, the Bank has also been granted the status of Partner of TSE's Centre for Sustainable Finance.

In September 2023, the Bank hosted TSE professors of economics and finance in Mauritius on the occasion of the first Research Seminar of the partnership. On 22 September 2023, Prof. Jean Tirole, Nobel Prize Laureate, gave a virtual high-level presentation of the main outcomes and recommendations of the Blanchard-Tirole report on "Les Grands Défis Economiques".

5. The Regional Centre of Excellence in collaboration with the OECD

The Regional Centre of Excellence (RCE), fully funded by the Bank of Mauritius and the Financial Services Commission, is one of the most concrete outcomes of the Memorandum of Understanding that was signed by the Hon. Pravind Kumar Jugnauth, Prime Minister of the Republic of Mauritius and the Secretary-General of the OECD in September 2018.

Having a regional mandate, the RCE aims at delivering capacity building programmes, conducting research on topical areas, and deliberating on minimum standards that need to be introduced in Southern and Eastern Africa.

To recommend the strategy and actions to be adopted by the RCE, the Governing Board of the RCE acts as an Advisory Board. The Governing Board, chaired by Governor Harvesh Seegolam, also comprises the First Deputy Governor, Mr Mardayah Kona Yerukunondu, the Director General of the ICAC, Dr Navin Beekarry, the Chief Executive of the Financial Services Commission (FSC), Mr Dhanesswurnath Thakoor, the Second Deputy Governor, Mrs Hemlata Sadhna Sewraj-Gopal and the Advisor on International and Institutional Relations of the Bank, Ms Pauline Charazac.

Since its setting-up, the RCE successfully organised more than 10 thematic conferences and delivered capacity building for over 3,000 participants from more than 100 countries.

Additionally, the grant agreement for conduct of the activities of the RCE for 2023 and 2024 was signed in Mauritius on 18 May 2023, in the presence of Mr Carmine Di Noia, Director of Financial and Enterprise Affairs of the OECD.

6. The Advisory Committee

In 2021, the Bank of Mauritius set up the Advisory Committee with the view to benefit from international experts on matters pertaining to central banking, anti-money laundering, regulatory environment, innovation, and technology, amongst others.

The Advisory Committee serves as a platform for the exchange of ideas, best practices and experiences and is chaired by the Governor of the Bank. The Deputy Governors of the Bank are members of the Committee. The coordination of the Advisory Committee is being held at the level of the International and Institutional Relations unit.

As at 30 June 2023, the international members of the Advisory Committee were:

- Prof. Lord Mervyn King, Former Governor of the Bank of England
- Dr Vera Songwe, former Executive Secretary of the United Nations Economic Commission for Africa
- Mr Robert Ophèle, Chairperson of the Autorité des Normes Comptables de France
- Dr Natacha Valla, Dean of the School of Management and Innovation of Sciences Po Paris and Former Deputy Director General of Monetary Policy at the European Central Bank
- Dr Robert Wardrop, Director Cambridge Centre for Alternative Finance, University of Cambridge
- Mr John Cusack, Chairperson of the Global Coalition to Fight Financial Crime

On 22 September 2023, the Advisory Committee met physically for the first time. The 2023 Plenary meeting of the Advisory Committee was graced by Prof. Jean Tirole, Nobel Prize Laureate and Scientific Director of TSE-P and Dr the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development.

7. Committee on International Developments

The Committee on International Developments was set up in July 2021 to provide updates on a wide range of economic and banking issues with a view to enhancing engagement with international organisations and rating agencies.

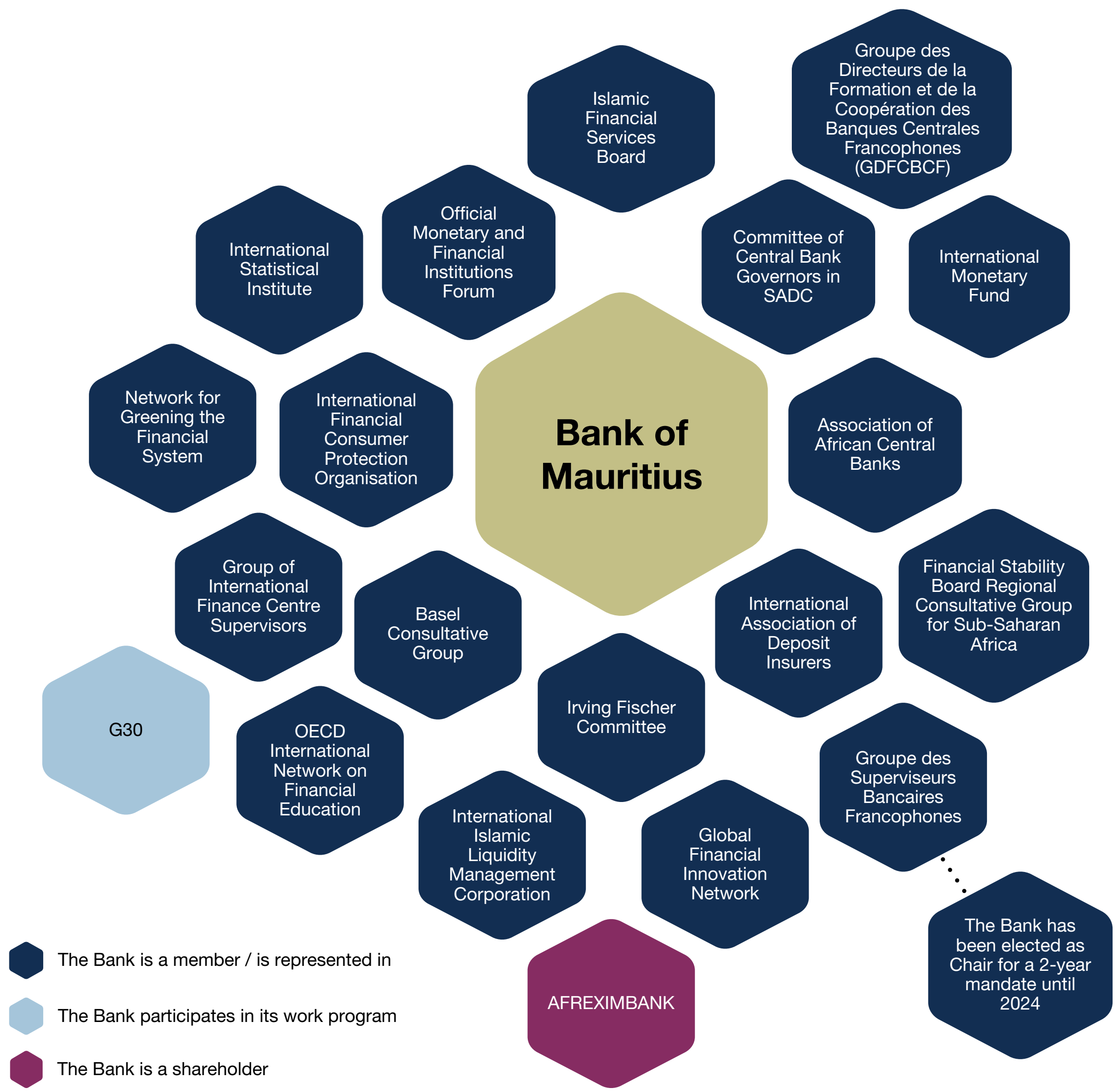
The Committee, chaired by the Governor, comprises the First Deputy Governor, the Second Deputy Governor as well as members of the senior management of the Bank. Additionally, representatives of the Ministry of Finance, Economic Planning and Development, the EDB, the MBA, Business Mauritius, MEXA and commercial banks form part of the Committee.

The Committee met on 7 occasions at the seat of the Bank on 6 July 2021, 23 July 2021, 1 October 2021, 17 January 2022, 23 February 2022, 26 April 2022 and 02 May 2023.

8. Representation of the Bank within International Organisations

As part of its strategy to both benefit from supranational platforms and present the work being conducted by the Bank on key matters, the Bank has strengthened its involvement, participation and visibility at both regional and international levels.

Since 2020, the Bank joined several international bodies such as the Network for Greening the Financial System (NGFS), the Groupe des Superviseurs Bancaires Francophones (GSBF), the Basel Consultative Group (BCG), the OECD International Network on Financial Education (OECD-INFE), the Global Financial Innovation Network (GFIN) and the Groupe des Directeurs de la Formation et de la Coopération des Banques Centrales Francophones (GDFCBCF).



In November 2022, the Bank of Mauritius was unanimously elected to chair the Groupe des Superviseurs Bancaires Francophones for a 2-year mandate.

In September 2023, the Bank of Mauritius became a member of the Groupe des Directeurs de la Formation et de la Coopération des Banques Centrales Francophones. Ms Pauline Charazac, Advisor on International and Institutional Relations of the Bank will act as Secretary and President of the Group in 2024 and 2025, respectively.

9. Cooperation Agreements

On a bilateral basis, the Bank has made unprecedented progress to secure formal cooperation agreements with its counterparts and key local institutions.

As at 30 September 2023, the Bank's network of partnerships covers 55 agreements of cooperation – Memorandum of Understanding, Memorandum of Cooperation, Partnership Agreements and Exchange of Letters – including 35 agreements reached with international institutions and 20 with local institutions.

In the span of 3 years, since 2020, the Bank has successfully managed to expand its network from 27 to 55 agreements.

Foreign Agreements of Cooperation signed by the Bank of Mauritius

Institution	Date Signed
Banque des États d'Afrique Centrale (BEAC)	18-Sept-23
Toulouse School of Economics	Jul-23
Tripartite Déclaration D'Intention between France, Bank of Mauritius and Bank of Djibouti	30-Mar-23
National Institute of Bank Management (NIBM)	19-Jan-23
Banco de Cabo Verde	10-Sep-22
Banque de France	21-Mar-22
Autorité de contrôle prudentiel et de résolution (ACPR)	21-Mar-22
Dubai Financial Services Authority (DFSA)	16-Mar-22
Central Bank of the United Arab Emirates (CBUAE)	15-Mar-22
Central Bank of Kuwait (EXCHANGE OF LETTERS)	13-Mar-22
Banque Centrale des Comores	18-Feb-22
Dubai International Financial Centre (DIFC)	24-Jan-22
Commission de Surveillance du Secteur Financier (CSSF)	14-Dec-21
Bank of Ghana	26-Nov-21
Central Bank of the Russian Federation	13-May-21
Bangko Sentral ng Pilipinas (BSP)	01-Mar-21
Deutsche Bundesbank	14-Dec-20
Bank Al-Maghrib (Controle Bancaire & Cooperation Generale)	18-Oct-19
China Banking and Insurance Regulatory Commission	22-Jan-19
Commission de Supervision Bancaire et Financière de Madagascar	01-May-15

Institution	Date Signed
Central Bank of Nigeria	04-Dec-14
Reserve Bank of Zimbabwe	01-Nov-14
Central Bank of Sudan	22-May-14
Registrar of Financial Institutions, Malawi	07-Dec-12
Reserve Bank of India	03-Dec-12
Maldives Monetary Authority	19-Dec-11
Central Bank of Kenya	09-Aug-11
Bank Negara Malaysia	07-Oct-10
Hong Kong Monetary Authority	18-Jun-08
Central Bank of Seychelles	02-May-06
The Bank Supervision Department of the South African Reserve Bank	25-Jan-05
Banco de Moçambique	15-Mar-04
State Bank of Pakistan	26-Jan-04
Commission Bancaire Française	02-Nov-99
Jersey Financial Services Commission	15-Jan-99

Local Agreements of Cooperation signed by the Bank of Mauritius

Institution	Date Signed
MoU between the Bank of Mauritius and the University of Mauritius	22-May-23
MoU between the Bank of Mauritius and the National Sanctions Secretariat	2-May-23
Tripartite MoU between the Bank of Mauritius, the Ministry of Information Technology, Communication and Innovation and the Mauritius Police Force	15-Apr-22
Tripartite MoU between the Bank of Mauritius, the Ministry of Information Technology, Communication and Innovation and the Registrar of Civil Status	15-Apr-22
Counter Terrorism Unit	04-Feb-22
Mauritius Research and Innovation Council	11-Oct-21
Information and Communication Technologies Authority (ICTA)	14-Jul-21
Financial Reporting Council	09-Dec-20
Economic Development Board	11-Nov-20
Local AML/CFT Supervisors (Memorandum of Cooperation)	27-Aug-20
Tripartite MOU between the Bank of Mauritius, the Financial Services Commission, and the Economic Development Board	19-May-20
Mauritius Police Force (Memorandum of Cooperation)	25-Jan-19
Tripartite MOU among the Financial Services Commission, Financial Intelligence Unit and Bank of Mauritius	19-Sep-18
Independent Commission Against Corruption	24-Nov-14
Registrar of Cooperative Societies	14-Aug-14
Competition Commission of Mauritius	26-Aug-10
Mauritius Revenue Authority	31-Dec-09
Financial Intelligence Unit	12-Nov-09
Statistics Mauritius (formerly Central Statistics Office)	01-Mar-09
Financial Services Commission	01-Dec-02

04

MACROECONOMIC AND FINANCIAL OVERVIEW

The Global Economy

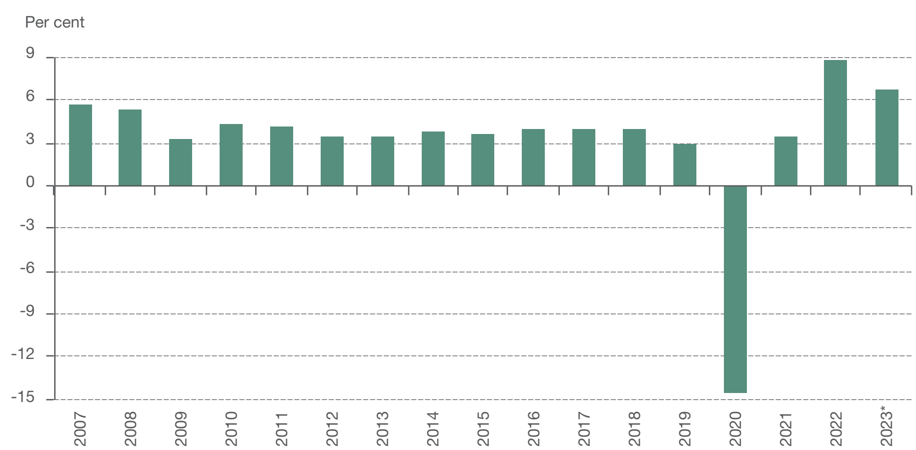
The global economy withstood strong headwinds better than expected during FY2022-23. Economic activity continued to expand despite the war outbreak in Ukraine, the ensuing increase in global commodity prices, and disruptions related to the resurgence of COVID-19 cases in China. These were nevertheless counterbalanced by higher consumer spending in some countries, easing supply bottlenecks and strong labour market conditions.

The global inflation surge that began in 2021 started to subside in the latter part of FY2022-23. In most countries, however, inflation remained above central banks' targets. Much of the progress in lowering inflation came from falling commodity prices, normalising supply chains as well as many central banks embarking on monetary policy tightening cycles, which became more aggressive in the second half of 2022. Though tighter financial conditions were necessary to tame inflation, these led to some stress in financial markets which were promptly addressed by authorities.

Domestic Economic Performance

FY2022-23 marked a year of strong recovery for the Mauritian economy. Real GDP growth accelerated from 3.4 per cent in 2021 to 8.9 per cent in 2022. The economy remained on a robust growth trajectory in 2023H1, with an average growth of 5.9 per cent. The growth momentum is expected to be sustained throughout 2023, with output expanding by 6.8 per cent for the year (Chart 4.1).

Chart 4.1: Real GDP Growth



Source: Statistics Mauritius.

**Forecast*

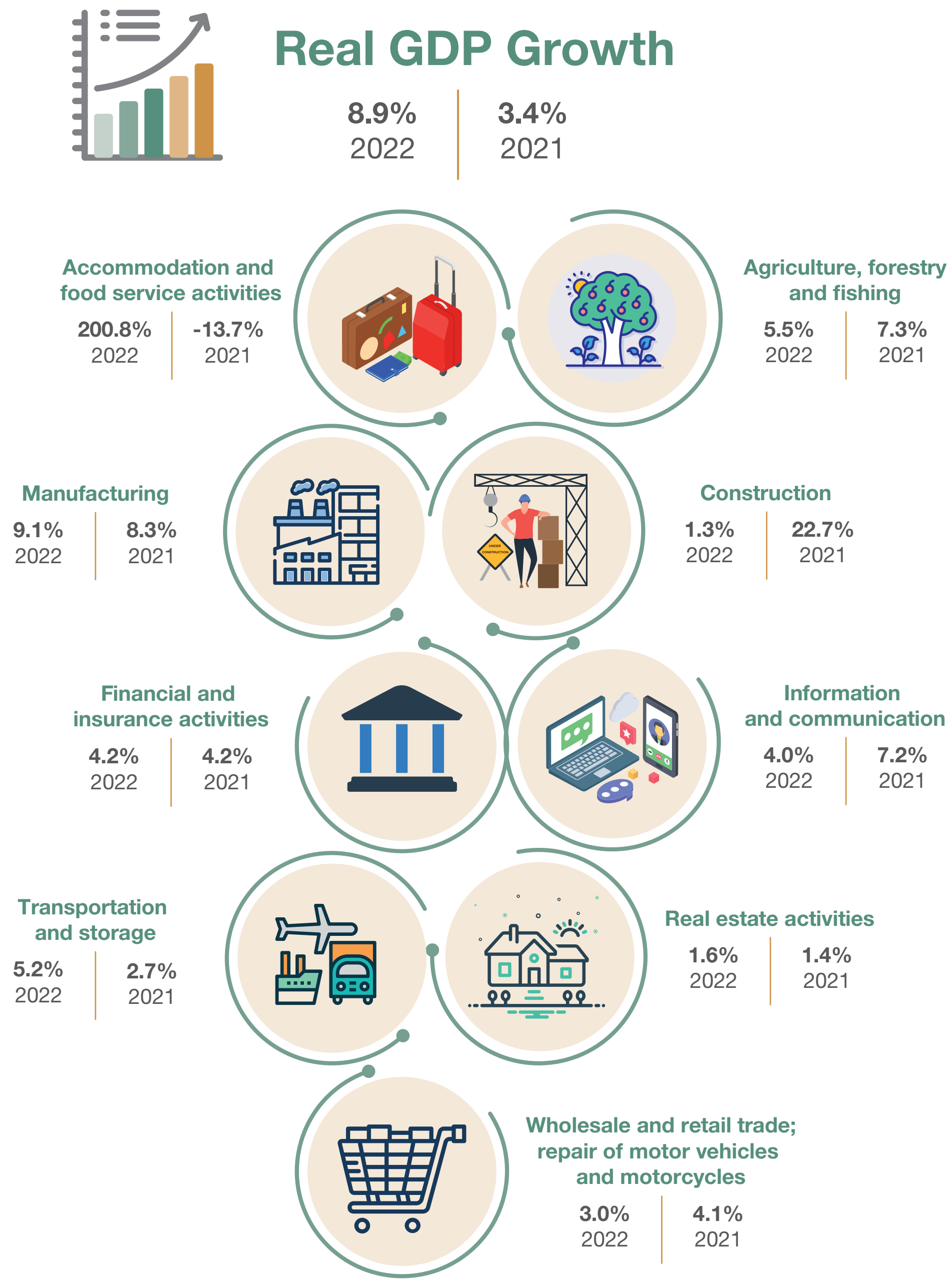
The dynamism in the tourism sector remained a bright spot for domestic economic activity, underpinned by strong demand for the Mauritian destination. The *'Accommodation and food service activities'* sector posted an impressive expansion of 200.8 per cent in 2022, contributing 5.1 percentage points to real GDP growth. Around 997,300 tourists visited Mauritius in 2022, representing 72 per cent of the pre-pandemic level, while tourism earnings reached a high of around Rs65 billion.

The buoyancy in tourism persisted during 2023H1. Tourist arrivals totalled 596,466 for the first semester of 2023 while tourism earnings reached almost Rs42 billion. Tourist arrivals are projected at 1.3 million for 2023, amidst increased flight connectivity, encouraging forward bookings and diversification of markets.

Other economic pillars also maintained appreciable growth performances, benefiting from positive spillovers from the tourism sector. After expanding by 5.2 per cent in 2022, activity in the *'Transportation and storage'* sector grew by 10.2 per cent in 2023H1.

The *'Agriculture, forestry and fishing'* sector maintained its momentum, with growth of 5.5 per cent in 2022 and 6.3 per cent in 2023H1, albeit a subdued performance from the *'sugarcane'* sub-sector.

Sectoral Performance



The *'Financial and insurance activities'* sector sustained a robust growth momentum of around 4 per cent over the period under review, reflecting strong prospects for the global business segment. Growth rates for the *'Wholesale and retail trade'* and *'Information and communication'* sectors have also moved closer to their respective pre-pandemic averages.

Growth in *'Manufacturing'* remained sustained at 9.1 per cent and 2.4 per cent in 2022 and 2023H1, respectively. Activity within *'Manufacturing'* was mostly driven by *'food'* and *'other manufacturing'*. Growth in the *'Construction'* sector improved from 1.3 per cent in 2022 to 9.5 per cent in 2023H1, supported by a number of public and private infrastructure projects.

Domestic demand gained impetus on the back of resilient consumption and investment spending. Final consumption expenditure expanded by 3.9 per cent in 2022, but recorded a slower growth of 1.2 per cent in 2023H1, partly attributable to the dampening effects of tighter monetary policy. Household consumption spending eased from 3.3 per cent in 2022 to 2.3 per cent in 2023H1. Government consumption expenditure grew by 6.4 per cent in 2022. However, it contracted by 2.8 per cent in 2023H1.

Robust economic activity and sustained business optimism impacted favourably on overall capital spending. Gross Fixed Capital Formation posted a solid growth of 7.8 per cent in 2022 and 9.6 per cent in 2023H1, owing to various large-scale infrastructure projects that included the construction of smart cities, property development schemes, and renovation of hotels, among others. Much of the strength in investment was generated through substantial acquisition of *'machinery and equipment'*, with remarkable growth rates of 20.5 per cent in 2022 and 11.1 per cent in 2023H1. Growth in investment on *'building and construction work'* also rose from 1.3 per cent in 2022 to 9.5 per cent in 2023H1.

On the external front, net exports of goods and services rebounded over the period under review, with a positive contribution to overall economic activity. The dynamism in inbound tourism, coupled with the recovery in external demand, resulted in higher exports of goods and services. Exports of goods and services grew by 40.2 per cent and 8.9 per cent in 2022 and 2023H1, respectively. Imports of goods and services also registered notable expansions of 10.2 per cent in 2022 and 6.4 per cent in 2023H1, led by higher domestic demand.

Labour Market

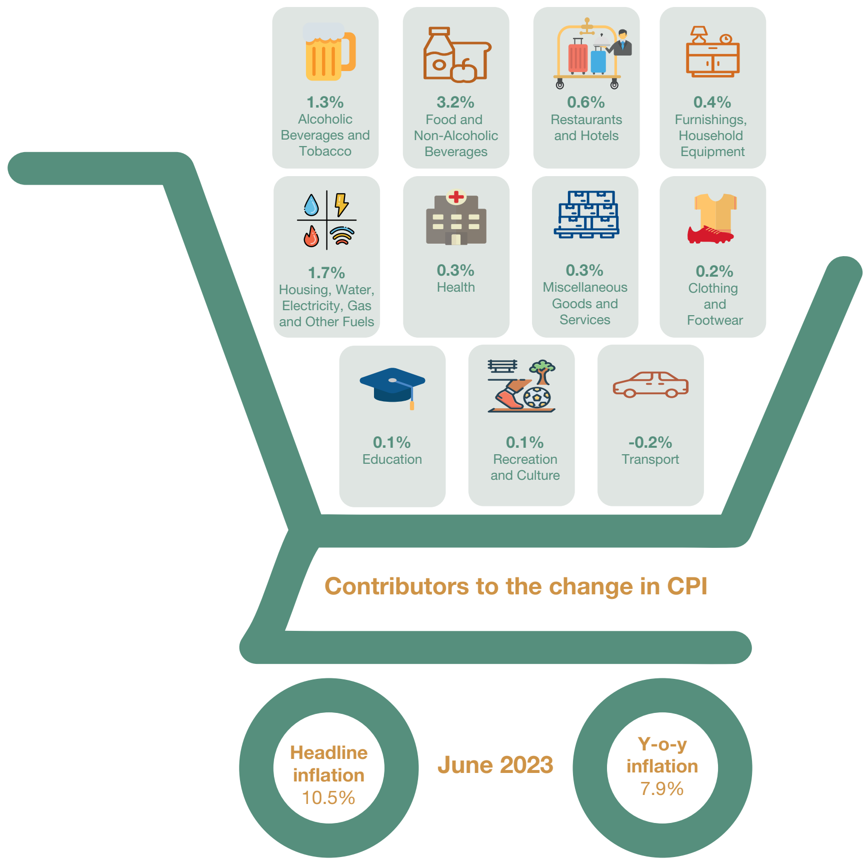
The strength in domestic economic activity helped to maintain robust labour market conditions. The unemployment rate fell from 9.1 per cent in 2021 to 7.7 per cent in 2022 and further to 6.6 per cent in 2023H1. The female unemployment rate has set a new record low, dropping from 10.2 per cent in 2022 to 8.8 per cent in 2023H1. A sizeable decline was also noted in the youth unemployment rate from 25.1 per cent in 2022 to 19.1 per cent in 2023H1, the lowest reading since 2010. Labour market conditions are expected to improve further, underpinned by efforts to address structural imbalances. These include bold measures announced in the 2023-2024 Budget, such as the provision of facilities for work-based childcare and the *"Prime à l'emploi"* Scheme, in an attempt to boost female and youth labour participation. The government's focus on improving productivity, alleviating labour shortages and attract new talents through revision of migration rules, will equally prove beneficial for the labour market over the longer term.

Inflation

Inflation developments were mixed during FY2022-23. Lingering effects of the COVID-19 pandemic and the Ukraine-Russia war related shocks, including supply-side disruptions, higher commodity prices and soaring freight costs, kept price pressures elevated for the earlier part of the financial year. Subsequently, price dynamics indicated an easing of domestic inflationary pressures, reflecting a combination of favourable factors, such as the normalisation of global supply chains and decline in commodity prices. The different measures of inflation have progressively come off their peaks.

Headline inflation, as measured by the percentage change in the yearly average Consumer Price Index (CPI), rose from 8.0 per cent in June 2022 to a high of 11.3 per cent in February 2023, but subsided to 10.5 per cent in June 2023. Year-on-year (y-o-y) inflation, defined as the percentage change in the CPI of a given month compared to the same month of the preceding year, accelerated from 9.6 per cent in June 2022 to 12.2 per cent in December 2022, before retreating to 7.9 per cent in June 2023.

CPI developments



The main contributors to the y-o-y inflation stemmed from the 'Food and non-alcoholic beverages' (3.2 per cent), 'Housing, water, electricity, gas and other fuels' (1.7 per cent), 'Alcoholic beverages and tobacco' (1.3 per cent) and 'Restaurants and hotels' (0.6 per cent) divisions.

Core measures of inflation also indicated some softening of underlying price pressures. On a 12-month average basis, CORE1 inflation increased from 6.6 per cent in June 2022 to a peak of 9.9 per cent in March 2023 before coming down to 8.7 per cent in June 2023. CORE2 inflation followed a similar pattern, dropping to 7.0 per cent in June 2023. On a y-o-y basis, CORE1 inflation closed the financial year at 3.6 per cent, markedly lower from 10.9 per cent recorded in June 2022, while CORE2 inflation eased from 8.2 per cent to 5.0 per cent over the same period.

Monetary Developments

Annual growth in bank loans[1] to the private sector[2] gathered momentum, accelerating from 5.0 per cent in June 2022 to reach a peak of 9.5 per cent in January 2023, before closing at 7.5 per cent in June 2023 (Chart 4.2). Bank loans to corporates[3] recovered from a contraction of 0.8 per cent in June 2022 to a positive growth of 3.2 per cent in June 2023, while growth in bank loans to households somewhat eased from 13.3 per cent to 12.9 per cent over the same period.

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[1] *Loans include only facilities extended by banks in the form of loans, overdrafts and finance leases.*

[2] *Private sector comprises of Other Nonfinancial Corporations ('ONFCs'), households and Non-Profit Institution Serving Households (NPISH) sectors.*

[3] *Corporates refer to ONFCs.*

As at end-June 2023, the household sector contributed 5.7 percentage points to the growth in bank loans to the private sector, largely driven by housing loans. Household loans extended for *'other purposes'*, representing around one-third of total loans to households, contributed around 0.5 percentage point to the annual growth in total loans to the household sector. The corporate sector contributed around 1.8 percentage points to growth in total bank loans to the private sector in June 2023, mostly driven by the *'Wholesale and retail trade'* and *'Real estate activities'* sub-sectors.

Chart 4.2: Contribution to Private Sector Loan Growth

External Sector Developments

The current account deficit narrowed significantly in FY2022-23, as renewed dynamism in the tourism sector and elevated global interest rates led to improvements in the services and primary income accounts of the balance of payments. The lower deficit in the secondary income account also contributed to the improvement in the current account balance. The current account deficit is estimated to have declined from Rs71.0 billion in FY2021-22 (or 13.6 per cent of GDP) to Rs45.3 billion (or 7.4 per cent of GDP) in FY2022-23, with higher surpluses in the services and primary income accounts as well as lower deficit in the secondary income account mitigating the impact of the widening trade deficit.

The deficit in the goods account rose by Rs23.3 billion to Rs163.2 billion in FY2022-23, reflecting a more pronounced rise in imports of goods relative to exports of goods. The services account posted a record high surplus of Rs40.2 billion resulting primarily from the considerable gain in gross tourism earnings that more than doubled from Rs39.6 billion in FY2021-22 to Rs81.3 billion in FY2022-23. The primary income account surplus rose to Rs98.8 billion, benefitting from higher interest rates and continued growth in residents' net foreign assets. The deficit on the secondary income account was estimated at Rs21.3 billion.

The country recorded an overall balance of payments deficit of Rs44.2 billion in FY2022-23 as against a surplus of Rs29.3 billion in FY2021-22. Net inflows in the financial account have been estimated at Rs47.4 billion in FY2022-23, mainly driven by 'direct investment' and 'other investment' net inflows. The direct investment account, inclusive of Global Business Licence Holders' (GBLHs) transactions, registered net inflows of Rs85.4 billion. Excluding GBLHs' transactions, direct investment by non-residents in Mauritius, net of repatriation, amounted to Rs28.6 billion while direct investment abroad, net of repatriation, amounted to Rs0.9 billion. On the portfolio investment side, net outflows of Rs113.3 billion were recorded, resulting largely from banks' investment in debt securities abroad. The 'other investment' account registered net inflows of Rs33.3 billion in FY2022-23, mostly reflecting non-resident deposits at resident banks and external borrowings. General Government and the Central Bank received net disbursement of external loans amounting to Rs8.4 billion and Rs9.2 billion in FY2022-23, respectively.

Current Account

Rs billion	FY2021-22	FY2022-23
	-71.0	**-45.3**
Goods Account	-139.8	-163.2
Services Account	7.2	40.2
Primary Income	94.3	98.8
Secondary Income	-32.6	-21.3

Financial Account

Rs billion	FY2021-22	FY2022-23
	-70.3	**-47.4**
Direct Investment	-181.4	-85.4
Portfolio Investment	298.5	113.3
Financial Derivatives	23.3	2.3
Other Investment	-239.9	-33.3

Reserve Assets

Rs billion	FY2021-22	FY2022-23
	29.3	**-44.2**

Net Errors and Omissions

Rs billion	FY2021-22	FY2022-23
	0.03	**-3.9**

Reserves

The Gross Official International Reserves of the country, principally comprising the gross foreign assets of the Bank and reserve position in the IMF, stood at Rs306.0 billion (USD6.7 billion) as at end-June 2023. The external reserves of the country remained adequate as a buffer against external shocks, representing 10.3 months of imports as at end-June 2023, based on the value of imports of goods (f.o.b.) and non-factor services for the calendar year 2022.

During FY2022-23, the reserves portfolio was impacted by rising yields, amidst tighter monetary policy stances by most central banks in the fight against inflation. The crisis in the US regional banking sector also weighed on markets, but the prompt intervention of regulators helped to rapidly clear concerns over broader contagion effects. Recent softening in inflation also helped in improving market sentiments, as reflected in the improved performance of equity markets and receding volatility levels during FY2022-23.

The Bank manages the FX reserves of the country in line with the statutory mandates of security, liquidity and return. The investment objectives, risk budget and asset class eligibility are set out in the Board-approved Foreign Exchange Reserves Investment Policy and Guidelines and Strategic Asset Allocation framework.

International Investment Position

The net creditor position of Mauritius vis-à-vis non-residents remained comfortable in 2022, mainly reflecting GBLH residents' net claims on non-residents. The International Investment Position indicated that the country's net foreign asset position stood at Rs1,432 billion as at end-December 2022, down from Rs1,819 billion as at end-December 2021. Claims on non-residents rose from Rs25,112 billion as at end December 2021 to Rs25,734 billion as at end-December 2022 while liabilities due to non-residents rose from Rs23,293 billion to Rs24,303 billion over the same period.

Monetary Policy

The MPC met on four occasions during FY2022-23. In 2022H2, the MPC pursued an aggressive tightening of the monetary policy stance in a bid to combat persisting inflationary pressures, raising the policy rate by a cumulative 225 basis points to 4.50 per cent per annum in December 2022. With recent price dynamics showing an easing of inflationary pressures, the policy rate was kept unchanged at the June 2023 MPC meeting.

Monetary Policy Decisions

The MPC's decisions were motivated by the global economic context as well as by domestic economic conditions and were taken by weighing the risks to the growth and inflation outlook.

Tightening of the Monetary Policy Stance – September 2022, November 2022 and December 2022

The onset of the Russia-Ukraine war in late February 2022 added new layers of uncertainty to global growth. While most economies were returning to their pre-pandemic level, the growth momentum thereafter slowed down through the most of 2022, on the back of mounting uncertainties surrounding the war, rising inflation and recurring COVID-19 restrictions in China as well as the effects of the synchronised monetary policy tightening.

Global inflation, which was already on an upward trajectory before the war, surged further amidst the geopolitically-induced upward pressures on prices of energy and other commodities. The delayed pass-through of past increases in food and energy prices kept inflation higher for longer across many countries, while price pressures became more broad-based and fueled core inflation. Central banks across both advanced and emerging economies became aggressive in tightening their monetary policy to prevent high inflation from becoming more entrenched and anchor inflation expectations over the medium term, albeit the magnitudes of rate hikes have differed based on their idiosyncratic economic conditions.

On the domestic front, the economic recovery progressed well, supported by greater dynamism across key sectors of the economy. The services sector strengthened further in 2022Q2, underpinned by the buoyancy in tourism, with positive spill-over effects to other areas of the economy, and helped in boosting consumer and business confidence. The performance across most economic sectors was expected to be sustained throughout the year, with the manufacturing, financial services, construction and wholesale and retail trade sectors facing improved prospects. The recovery in economic activity also impacted favourably on the labour market. Against this backdrop, the Bank projected growth at above 7 per cent for 2022. The MPC took note that this robust performance on the growth side had given it more room to maneuver on the inflation side.

Inflation in Mauritius remained pronounced through 2022 due to a mix of international and domestic factors. The openness of the economy and the relatively high propensity to import implied greater vulnerability to external pressures, alongside influences from seasonal factors that impact on the prices of domestically-produced food products. Core inflation, a measure of inflation excluding prices of highly volatile items and a more reliable indicator of whether inflationary pressures are broad-based and permanent, also remained elevated.

The MPC weighed the downside risks to the growth prospects and upside risks to the inflation outlook and acknowledged that monetary policy should respond to mounting inflationary pressures, while not putting at risk macroeconomic conditions. The Committee also recognised that the normalisation process should be pursued so as to ensure proper anchoring of inflationary expectations in the medium term. With major central banks maintaining their tightening stances, yield differentials may persist and, if unaddressed through appropriate policy locally, may contribute to further inflationary pressures.

Unchanged Monetary Policy Stance – June 2023

The global economy continues to recover despite a challenging economic environment amidst tightening of financial conditions. Leading economic indicators, such as the Purchasing Managers Indices are pointing towards an improvement in global economic activity in the first half of 2023. A strong expansion is noted in the services sector amidst higher output growth and rising intakes of new orders, the recovery in the manufacturing sector remains more sluggish. The IMF, in its April 2023 World Economic Outlook, projected global growth at 2.8 per cent for 2023.

Inflation is declining in many countries, partly as a result of aggressive interest rate hikes by central banks. The easing of price pressures also reflects the fall in shipping costs and lower global energy and food prices as global supply chains are improving. Food prices declined on the back of ample world supplies and subdued global demand. Energy prices maintained their general downward trajectory, amidst worries over weakening demand from China. However, underlying core inflation is yet to peak in most economies and remains well above pre-pandemic levels. The cooling effects of monetary policy tightening on core inflation are expected to be felt in the latter part of 2023. The IMF forecasts global inflation to recede from 8.7 per cent in 2022 to 7.0 per cent in 2023.

Towards the end of the first quarter of 2023, it has been noted that many central banks have preferred to maintain status quo given the growing trade-off between inflation and output growth. The US Federal Reserve kept its policy rate unchanged at its June meeting, citing that the pause is out of caution and that it would, in the interim, assess the need for hikes, and that such hikes, if any, would not be as aggressive as before. Going forward, many central banks are likely to leave their interest rates unchanged with inflation being on a downward trend.

The Mauritian economy maintained its recovery path in 2022, buoyed by sustained dynamism in key economic sectors, including services and manufacturing. The tourism sector posted an exceptional growth of around 200 per cent, after two consecutive years of contraction. Prospects for the tourism sector remain strong amidst improved air connectivity and ongoing promotional and marketing efforts. This, alongside the positive ripple effects onto other related sectors, will further underpin economic activity in 2023. On the demand side, growth in private and public sector consumption and investment spending is expected to be sustained. The recovery in economic activity thus continues to positively influence the domestic labour market. The Bank is forecasting growth to be more than 6 per cent for 2023.

Recent price dynamics have indicated an easing of domestic inflationary pressures, helped by normalisation of global supply chains and decline in commodity prices. Core measures of inflation also indicate a sustained softening of underlying price pressures. A further easing of global supply and logistics disturbances, will enable a faster normalisation in global commodity prices and subsequent downward adjustment in domestic food and fuel prices. The Bank thus projects inflation to decline in the coming months and reach 6.8 per cent in December 2023.

The gradual normalisation of monetary policy is expected to work through the economy and keep core inflation in check. Inflation expectations are expected to be well anchored. The MPC noted that the growth projection remains subject to headwinds stemming from current global uncertainties and also discussed the latest developments on the macro-financial landscape, both globally and on the domestic fronts. The MPC balanced the risks to the inflationary and to the growth outlooks, and accordingly decided that a further increase in the policy rate is not warranted at this stage.

Financial Markets

The New Monetary Policy Framework

The Bank of Mauritius introduced its new Monetary Policy Framework (MPF) with effect from 16 January 2023. The new MPF is expected to further strengthen monetary policy operations and the monetary policy transmission mechanism; anchor inflation expectations; and enable the Bank to gain more traction on inflation. Bringing inflation under control in the medium-term is a priority for the Bank, in line with its price stability mandate. Price stability is necessary for a healthy economy and is beneficial for the public over time.

The new MPF continues to rely on the interest rate channel to steer economic variables and expectations, while focusing on a number of key operational and strategic elements, such as a well-defined and flexible inflation target; prominent role for inflation forecasts as intermediate targets; review of the operational target; and greater clarity on the foreign exchange and money markets nexus.

Under the new framework, an inflation target in a range of 2-5 per cent has been explicitly stated, with the aim of achieving the mid-point of 3.5 per cent in the medium-term. This contributes towards the formation of inflation expectations and facilitates decision-making in financial markets, by providing a concrete indication as to the future direction of policy actions. The framework also promotes greater transparency on the monetary policy decision-making process, while adopting a forward-looking approach. Additionally, the framework encourages stronger communication about the stance of monetary policy and the operations undertaken by the Bank.

Under the new framework:

- the “Key Rate” replaced the “Key Repo Rate” as the policy rate used to signal the stance of the monetary policy and was set at the same level as the Key Repo Rate, i.e. at 4.50 per cent;
- the overnight interbank rate replaced the yield on the 91-Day Bill as the operational target for monetary policy. The Bank undertakes open market operations as required to steer the overnight interbank rate close to the Key Rate;
- the main instrument of monetary policy is the 7-Day BoM Bill, which is issued by the Bank every Friday at a fixed rate equal to the Key Rate and on full allotment basis;
- the Bank maintains a symmetric interest rate corridor of 200 basis points around the Key Rate through standing facilities. An Overnight Lending Facility is made available to banks with shortage of liquidity, at their discretion at the Key Rate plus 100 basis points. Banks with excess liquidity may use the Overnight Deposit Facility at their discretion at the Key Rate minus 100 basis points.

Moreover, the maintenance period for reserve requirements was raised from 14 to 28 days to enable banks to better manage their liquidity. The daily requirements on both the rupee and foreign currency Cash Reserve Ratios (CRR) was discontinued and the foreign currency CRR was increased from 6.0 per cent to 9.0 per cent. The renumeration of the foreign currency CRR is no longer applicable.

Implementation of Monetary Policy

The Bank pursued open market operations to curtail excess liquidity in the banking system, with the objective of steering the operating target within the interest rate corridor and close to the Key Rate.

An aggregate amount of Rs90.5 billion of Bank of Mauritius (BoM) Bills was issued in the 91-Day, 182-Day and 364-Day tenors in 2022H2. The Bank started the issue of 7-Day BoM Bills on a tender basis as from August 2022. Between 16 January and 30 June 2023, a weekly average amount of Rs64.7 billion of 7-Day BoM Bills was issued. An amount of Rs2.0 billion of 182-Day BoM Bills was also issued to all banks in February 2023.

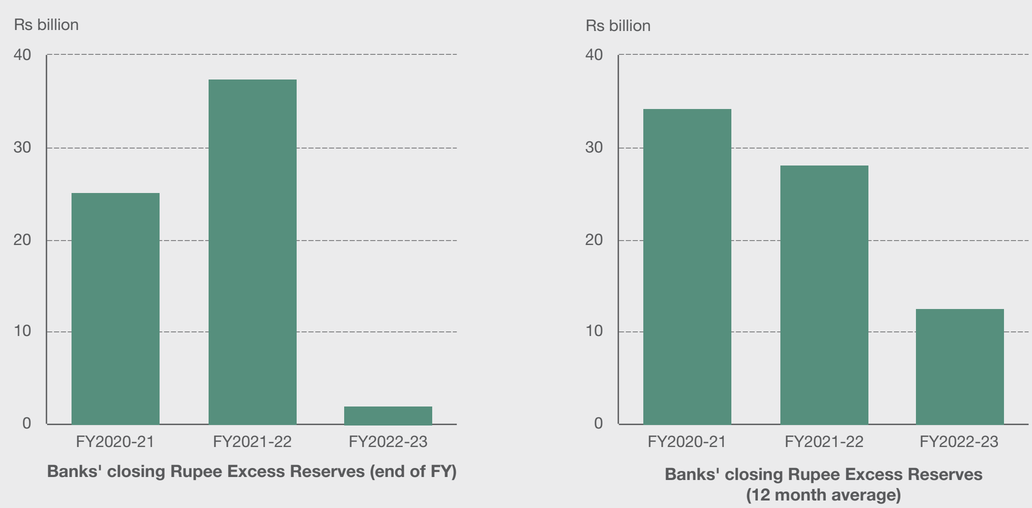
During the period under review, banks availed of the Overnight Deposit Facility for a daily average amount of Rs6.4 billion at the rate of 3.50 per cent. However, no bank availed of the Overnight Lending Facility.

Given the significant increase in open market operations conducted by the Bank, the level of outstanding BoM instruments surged from Rs107.5 billion as at end-June 2022 to Rs138.5 billion as at end-June 2023.

In addition, an aggregate amount of Rs25.2 billion was mopped up through the sale of US dollars on the domestic foreign exchange market in FY2022-23.

As a result of these open market operations, in accordance with the implementation of the new Monetary Policy Framework, rupee excess liquidity dropped from an average of Rs28.1 billion in FY2021-22 to an average of Rs12.5 billion in FY2022-23.

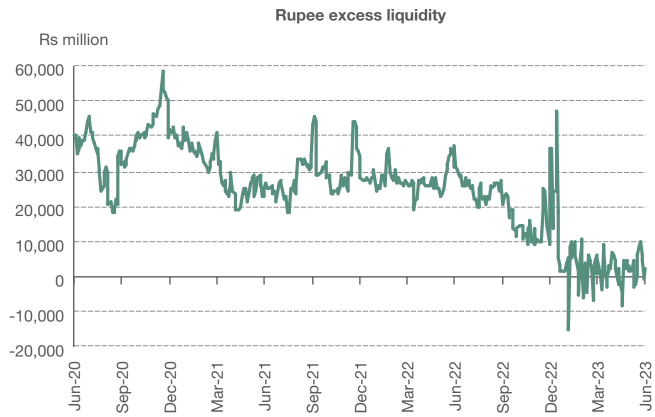
Banks' Rupee Excess Reserves

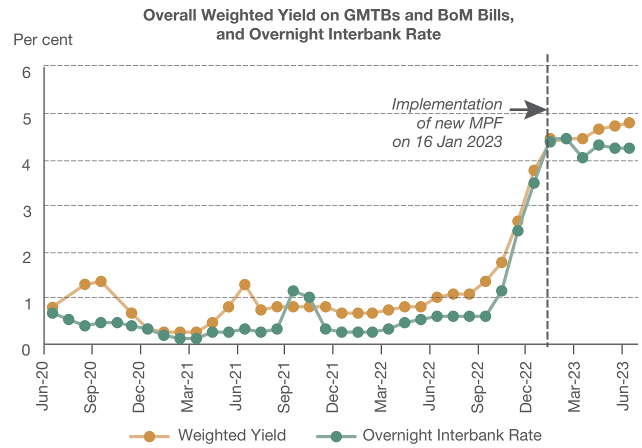


Movements in short-term yields broadly reflected the prevailing level of rupee excess liquidity and adjustments to the policy rate. The 91-Day Bill yield, the former operational target, hovered within the interest rate corridor, increasing from 1.00 per cent as at end-June 2022 to 4.35 per cent as at end-December 2022, reflecting the successive increases in the policy rate. With the implementation of the new Monetary Policy Framework, the 91-Day Bill yield eventually settled at 4.72 per cent as at end-June 2023.

The overnight interbank rate, set as the current operational target under the new framework, moved between the range of 3.88 per cent and 4.50 per cent. The overall weighted average interbank rate thus rose from 0.64 per cent in June 2022 to 4.30 per cent in June 2023 (Chart 4.3). Turnover on the interbank market declined by 13 per cent, from Rs270.0 billion in FY2021-22 to Rs233.7 billion in FY2022-23.

Chart 4.3: Excess Liquidity and Money Market Rates





Issue of Government Securities

During FY2022-23, the Bank issued Treasury Bills on behalf of Government for an aggregate amount of Rs35.0 billion in the 91-Day, 182-Day and 364-Day tenors, against maturing Treasury Bills totalling Rs36.2 billion. All auctions conducted during the period were oversubscribed, with aggregate bids received of Rs88.9 billion against a total tender amount of Rs34.1 billion (Table 4.1).

Government maintained the issuance of Treasury Certificates to Non-Financial Public Sector Bodies on tap for an aggregate amount of Rs29.8 billion at rates ranging between 1.25 per cent and 5.00 per cent. In addition to benchmark issues of Three-Year Treasury Notes and Five-Year Bonds, Government introduced Seven-Year Bonds in FY2022-23. These benchmark issues were re-opened to create sufficient liquidity in these securities and to prevent bunching. A total amount of Rs38.9 billion for these maturities was issued during the period under review. Concurrently, Government continued with the issuance of longer-term Bonds in the Ten-Year, Fifteen-Year and Twenty-Year maturities.

55th Anniversary

On the occasion of the Bank's 55th Anniversary, a Five-Year Bank of Mauritius Emerald Jubilee Bond was issued at the rate of 4.0 per cent, to resident individuals and Non-Profit Making Organisations in Mauritius. A total amount of Rs8.1 billion of these securities was issued over the period 18 July to 30 September 2022.

In the context of the country's 55th Independence Anniversary, the Bank issued a One-Year Certificate and a Two-Year Note linked to the Key Rate, with a margin of 10 basis points and 25 basis points, respectively. The issue was open to residents, domestic non-bank corporates and locally registered Non-Profit Making Organisations. A total amount of Rs7.5 billion was invested in these instruments over the period 3 April 2023 to 24 May 2023.

Table 4.1: Auctions of Government of Mauritius Securities

		FY2021-22	FY2022-23
(i)	**Three-Year Treasury Notes**		
	Amount of Notes put on Tender (Rs million)	28,000	17,000
	Value of Bids Received (Rs million)	67,150	48,040
	Value of Bids Accepted (Rs million)	28,300	18,600
	Weighted Average Yield of Bids Accepted (% p.a)	1.97-2.81	2.88 - 5.17
(ii)	**Five-Year Government of Mauritius Bonds**		
	Amount of Bonds put on Tender (Rs million)	22,000	10,000
	Value of Bids Received (Rs million)	55,650	27,870
	Value of Bids Accepted (Rs million)	21,350	10,200
	Weighted Average Yield of Bids Accepted (% p.a)	2.66-3.22	3.46 - 5.16
(iii)	**Seven-Year Government of Mauritius Bonds**		
	Amount of Bonds put on Tender (Rs million)		11,600
	Value of Bids Received (Rs million)	Nil	28,980
	Value of Bids Accepted (Rs million)		10,050
	Weighted Average Yield of Bids Accepted (% p.a)		4.14 - 5.40
(iv)	**Ten-Year Government of Mauritius Bonds**		
	Amount of Bonds put on Tender (Rs million)	4,500	6,900
	Value of Bids Received (Rs million)	12,250	17,170
	Value of Bids Accepted (Rs million)	4,500	6,900
	Weighted Average Yield of Bids Accepted (% p.a)	4.36-4.39	4.79 - 5.93
(v)	**Fifteen-Year Government of Mauritius Bonds**		
	Amount of Bonds put on Tender (Rs million)	6,500	4,800
	Value of Bids Received (Rs million)	17,350	12,140
	Value of Bids Accepted (Rs million)	6,500	4,800
	Weighted Average Yield of Bids Accepted (% p.a)	4.45-4.96	5.43 - 5.48
(vi)	**Twenty-Year Government of Mauritius Bonds**		
	Amount of Bonds put on Tender (Rs million)	7,000	7,300
	Value of Bids Received (Rs million)	19,100	19,840
	Value of Bids Accepted (Rs million)	7,000	8,700
	Weighted Average Yield of Bids Accepted (% p.a)	4.61-5.31	5.24 - 6.19

Source: Financial Markets Operations Division.

Foreign Exchange Market

During FY2022-23, liquidity on the domestic Foreign Exchange (FX) market continued to improve, amidst sustained dynamism in various economic sectors, including services and manufacturing. Total FX turnover, including spot and forward transactions but excluding interbank transactions, increased by 37 per cent to USD11.5 billion in FY2022-23. Total purchases by banks and foreign exchange dealers rose by 44 per cent while total sales increased by 31 per cent over the same period. While most FX transactions were denominated in US dollar, FX purchases denominated in euro surged from an equivalent of USD856.5 million in FY2021-22 to USD1,437.6 million in FY2022-23, reflecting larger volume of transactions by hotels, in consonance with a recovering tourism industry (Table 4.2).

Table 4.2: Foreign Currency Transactions[1]

(USD million)

	Purchases by Banks and FX Dealers				Sales by Banks and FX Dealers				
	Spot				Spot				
Period	Miscellaneous[2]	More than USD 20,000 or equivalent	Forward	Total	Miscellaneous[2]	More than USD 20,000 or equivalent	Forward	Total	Turnover
FY2021-22	1,282.9	2,168.3	322.8	3,774.0	1,557.9	2,866.7	258.0	4,682.6	8,456.6
FY2022-23	2,129.2	2,528.0	765.4	5,422.7	2,146.5	3,161.4	817.6	6,125.5	11,548.2

[1] *Transactions conducted by banks and foreign exchange dealers, excluding interbank and swap transactions.*

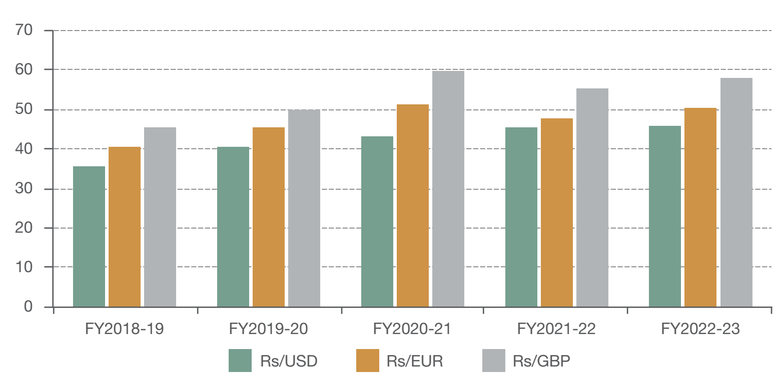
[2] *Includes transactions below USD20,000 or equivalent.*

Source: Financial Markets Operations Division.

Given improved liquidity conditions on the FX market, the Bank reduced its interventions. An aggregate amount of USD555 million was sold to banks, compared to USD730 million in FY2021-22. The Bank ceased all sales to the State Trading Corporation in FY2022-23, as the latter was able to source its FX requirements directly from the market.

The rupee exchange rate continued to be influenced by movements in major currencies on international markets, as well as domestic demand and supply conditions. The US dollar generally strengthened during the year as a result of monetary policy tightening which underpinned its relative strength versus the rupee. The latter depreciated by 1.1 per cent against the US dollar, 4.8 per cent against the euro and 4.6 per cent against the Pound sterling in FY2022-23 (Chart 4.4).

Chart 4.4: Average Rupee Exchange Rate



Lines of Credit

The Bank continued to provide support to key economic operators facing financial difficulties stemming from the COVID-19 pandemic. During FY2022-23, an aggregate amount of Rs700 million was disbursed to the Development Bank of Mauritius for on-lending to economic operators. A first disbursement of Rs500 million was made to the Industrial Finance Corporation of Mauritius under the Modernisation and Transformation Fund, for which a total amount of Rs5.0 billion has been allocated.

Market Development

Following the implementation of the new Monetary Policy Framework in January 2023, the Guideline on the Operational Framework of Primary Dealers was revised to apply only to issuances of Government securities.

Turnover on the secondary market improved significantly, from Rs206 billion in FY2021-22 to Rs264 billion in FY2022-23. This increase was mainly driven by the trading of 7-Day BoM Bills for an aggregate amount of Rs128 billion, representing a share of 48 per cent of total securities traded. Insurance companies were the main buyers of the 7-Day BoM Bills to the tune of Rs83 billion.

Money Market Instruments

The Guideline on the Issue of Money Market Instruments (MMIs) issued by the Bank in August 2019 has helped to create awareness among issuers of the possibility to diversify sources of short-term funding. Investors benefitted from an additional short-term financial instrument in which to invest, with market-determined rates of return, within the Bank's regulatory purview and subject to a credit rating. New applicants registering as Issuing and Paying Agents with the Bank help in the complex process of bringing new issues to the market. A new MMI License was granted during FY2022-23 for the issuance of a short-term instrument for an amount of Rs2.0 billion. Since the introduction of the guideline, four licenses have been issued for a total amount of Rs5.6 billion.

Sustainable Finance Framework

The Bank, as part of a Technical Team comprising the MoFEPD and stakeholders from the private sector, contributed to the development of a Sustainable Finance Framework, which aligns with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, and Social Loan Principles 2023. The Framework, which is in the final stage of development, may be revised or updated anytime to remain consistent with the sustainability strategy of Mauritius as well as with best market practices and regulatory developments. Under the Sustainable Finance Framework, Mauritius will be able to issue:

- Green, Social, Sustainability and Thematic Bonds, Loans or other debt instruments; or
- Sustainability-Linked Bonds, Loans or other debt instruments (collectively "Sustainability-Linked Finance Instruments).

Financial Stability

Risks to financial stability remained elevated in FY2022-23, mostly due to uncertainties on the global economic and financial fronts coupled with high domestic interest rates and inflation. In line with its statutory mandate, the Bank closely monitored, and regularly assessed, the resilience of the banking system using its financial stability toolkits, including its stress testing framework and a comprehensive set of macroprudential indicators. It also engaged with other financial sector regulators and agencies in its assessment of risk and policy response.

High inflation and increasing debt servicing costs exerted strains on households' financial positions. However, macroprudential metrics for the household sector – such as the debt-service-to-income ratio – were broadly comparable to pre-pandemic levels. The asset quality of the household sector also improved in FY2022-23. This indicates that the household sector withstood financial strains relatively well despite increased vulnerability of households at the lower spectrum of the income ladder as they faced higher debt-service-to-income ratios. Targeted measures helped to alleviate the burden on households to a large extent. Going forward, risk to financial stability from the household sector is expected to subside as household credit growth continues to moderate, while macroprudential metrics improve further, in line with strong economic momentum and the impact of targeted measures.

Risk from corporates was relatively low as conditions in the corporate sector improved in FY2022-23, bolstered by higher earnings and declining leverage to the banking sector. Corporate indebtedness, measured relative to GDP, returned to pre-pandemic trends. Risk from the growth of bank credit to the corporate sector, both in rupee and foreign currency terms, was assessed to be moderate. Risks from the commercial real estate segment remained well contained. The asset quality of the corporate sector remained broadly sound, hovering within pre-pandemic levels.

Financial Stability Committee

The Financial Stability Committee, which is mandated to review and ensure the soundness and stability of the financial system in Mauritius, met in April 2023 to discuss risks to the stability of the financial system and the appropriate policy response. It assessed that robust economic momentum, improving labour market conditions and the sound prudential framework mitigated risks. Overall, there were no signs of system-wide financial distress – including from the household and corporate sectors. Targeted policy initiatives provided support to the vulnerable segments of the economy.

Financial Soundness Indicators of Deposit-Taking Institutions

Financial Soundness Indicators affirmed the sustained resilience of deposit-taking institutions. These entities continued to remain financially sound and stable, despite rapid and aggressive interest rate hikes globally and banking sector woes in specific countries that were proactively contained. Strong capital and liquidity buffers, supported by stable asset quality and profitability level, underpinned the good performance of deposit-taking institutions. They maintained capital and liquidity buffers above the regulatory norms, which helped them to ensure the flow of credit to the economy. Earnings and profitability levels also rose as economic activity gathered pace.

Capital Adequacy

Deposit-taking institutions maintained robust capital levels, implying high loss-absorption capacity. They consolidated their capital positions, as better economic prospects bolstered profitability. The Capital Adequacy Ratio of deposit-taking institutions strengthened to 20.9 per cent as at end-June 2023, from 20.3 per cent as at end-June 2022. Regulatory capital – comprising mainly Common Equity Tier 1 capital – increased by 14.8 per cent from end-June 2022. Similarly, risk-weighted assets expanded by 11.7 per cent over the financial year. Banks – including Domestic-Systemically Important Banks (D-SIBs) – and NBDTIs sustained their capital ratios, with adequate headroom above their respective regulatory threshold.

Asset Quality

The asset quality of deposit-taking institutions was contained, as economic activity as well as business confidence gained further traction. The ratio of Non-performing loans (NPL) to total loans was at 5.6 per cent as at end June 2022 and June 2023. The coverage ratio - measured by specific provisions as a percentage of NPL - stood at 51.3 per cent as at end-June 2023 compared to 60.0 per cent as at end-June 2022. The ratio of NPL net of specific provisions to capital moved to 10.3 per cent as at end-June 2023, from 8.8 per cent a year ago.

Liquidity

Deposit-taking institutions held strong liquidity buffers, shielding them against possible liquidity strains. Liquid assets – comprising currency, deposit, and Government/BoM securities – stood at Rs1.1 trillion as at end-June 2023, up by 7.6 per cent from end-June 2022. The ratio of liquid assets to short-term liabilities was at 52.8 per cent as at end-June 2023.

Earnings and Profitability

Profitability levels of deposit-taking institutions improved, resulting mostly from the rise in global and domestic interest rates. Profitability ratios moved above pre-pandemic levels, driven by soaring interest income in the first half of 2023. Annualised profit before tax expanded significantly to Rs58.6 billion in FY2022-23, from Rs27.4 billion in FY2021-22. Pre-tax return on asset and post-tax return on equity of deposit-taking institutions stood at 2.6 per cent and 22.1 per cent, respectively, a major improvement from 1.3 per cent and 11.2 per cent, respectively, in FY2021-22.

Market Risk

The ratio of net open position in foreign exchange to capital – which indicates exposure to foreign exchange risks – remained below the prescribed ceiling of 15 per cent. This ratio came down to 1.1 per cent as at end-June 2023, from 1.8 per cent as at end-June 2022.

Stress Testing the Banking Sector

The Bank regularly assessed the resilience of the banking sector to plausible macroeconomic and idiosyncratic shocks using its stress testing toolkit. The evaluation was based on hypothetical adverse shocks to credit portfolios, the interest rate, exchange rate, and liquidity positions of banks. The purpose of the stress tests is to measure the capacity of the banking system to continue fulfilling its functions to the economy during periods of economic and financial strains.

Three hypothetical scenarios were constructed to test the resilience of the banking sector: namely, the baseline, moderate and severe scenarios. The baseline scenario projected that the economy would grow by 5 per cent in 2023 on the back of buoyant activity in key economic sectors. The moderate scenario assumed a stagnating economy, with near-zero growth in 2023 while the severe scenario hypothesized an economic contraction of 3 per cent in 2023.

The stress test results demonstrated improved resilience of the banking sector in June 2023 relative to June 2022, though risks to financial stability remained elevated. This outcome was mainly due to higher capital and liquidity buffers maintained at the aggregate level. Most banks showed commendable soundness, with only a few banks exhibiting signs of vulnerabilities under the harshest scenarios. Weaknesses were addressed, as necessary, to ensure the soundness of the banking sector. The reverse stress test results also confirmed the capacity of the banking sector to absorb additional impairment to credit portfolios. The ongoing economic momentum – backed by sustained credit flow to the economy – and the current financial environment are not anticipated to bring any significant increase in risk to financial stability in the short term.

Stress Testing Framework Upgrade

The Bank continuously enhances its financial stability assessment toolkit to track and respond to risks in an economic and financial environment prone to more frequent adverse events. One ongoing project relates to the review of the Bank's stress testing framework. The current framework – in place since 2018 – allows for detailed scenario as well as sensitivity analyses. These scenarios include an assessment of how banks fare against shocks engineered to their credit portfolios, as well as to interest rate, exchange rate and liquidity parameters.

The upgraded stress testing framework addresses the evolving structure of the macro-financial and financial landscape of Mauritius. The first phase of the upgrade has been completed with new modules in place. The solvency sensitivity stress tests have been expanded to embed risks from cross-border activities of banks, which represent a growing share of banks' balance sheet. The liquidity sensitivity stress test has been revamped to measure plausible financial strain to sectoral shocks, given bank-specific funding structures. The framework has also been extended to produce solvency stress tests for at least two quarters ahead. Moreover, the parameters used to assess the sensitivity of banks' credit portfolios to macroeconomic shocks are now periodically re-estimated, using a suite of econometric models. The next phase will include an assessment of the feedback loop between the banking system and the real economy, as well as other sectoral shocks.

Upgrading the Systemic Risk Indicator

The Bank has upgraded its Systemic Risk Indicator (SRI) used for surveillance of systemic risk in light of the dynamic economic and financial landscape of Mauritius. The methodology applied to construct the new SRI is aligned to those of several leading central banks. The revised SRI captures various sources of risk to the financial system – notably, sectoral, financial market, macro-financial, banking system and external causes – as well as the degree of vulnerability and risk from each source. This new composite indicator forms part of the Bank's upgraded macroprudential policy framework. It enhances the capacity of the Bank to proactively identify, assess and monitor existing as well as emerging risks to financial stability.

Other initiatives to enhance surveillance of financial stability

Tracking and responding to risks to financial stability in an international financial centre is a complex task that requires a multi-pronged and inclusive approach. Collaboration with other financial sector regulators is a prerequisite to design and execute appropriate surveillance frameworks. These initiatives are focused on preserving the resilience of the financial system and that of the broader economy.

The Working Group on Financial Stability (WGFS), under the Joint Coordination Committee between the Bank and the FSC, has set up a taskforce to monitor risks that the global business sector could pose to the stability of the financial system. The WGFS has come up with a framework consisting of key sources and types of risks specific to the global business sector that can undermine the financial system and, ultimately, the real economy. Timely identification of risks will help formulate and guide policy responses to contain any spillover of risks from the global business sector. The taskforce has already commenced work on the deployment of the framework.

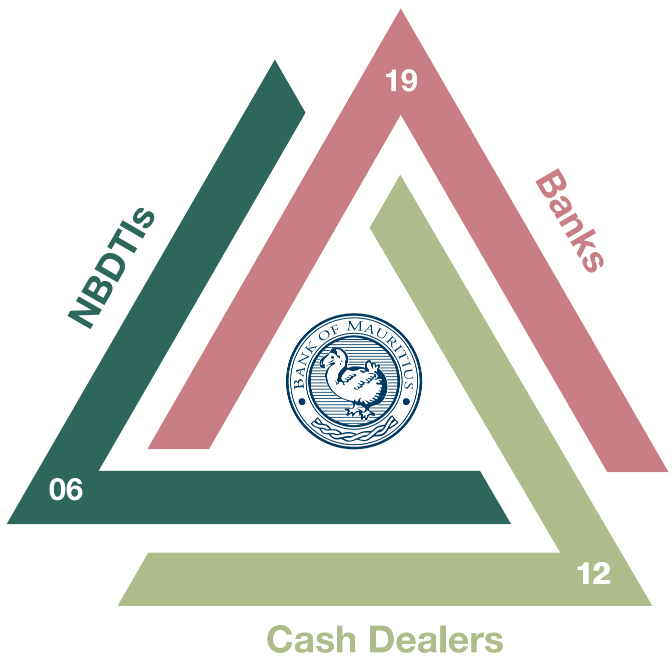
The WGFS has also initiated work to expand the coverage of selected macroprudential indicators, used for surveillance of systemic risk in the banking system, to the whole financial system. This work is ongoing in close collaboration with the FSC. While the banking sector represents around 90 per cent of the domestic financial sector, it is important to capture risks from other segments of the sector given the intricate interconnectedness between the banking system, the rest of the financial sector, the global business sector and the economy. The objective is to capture the sources, types and degree of risk to financial stability in order to design suitable policy responses.

05

REGULATION AND SUPERVISION

As at end-June 2023, the Bank was the regulator and supervisor of 37 financial institutions, which were in operation in the Republic of Mauritius. These comprised 19 banks, 6 NBDTIs and 12 cash dealers.

As at end-June 2023



19 **Banks** | 6 Domestic-owned banks, 10 Foreign-owned banks & 3 Branches of foreign banks
151 Branches
Total assets: Rs2,255.0 billion
Total employees: 8,673

12 **Cash Dealers**
65 Branches
Total assets: Rs723.1 million
Total employees: 286

06 **NBDTIs**
16 Branches
Total assets: Rs71.5 billion
Total employees: 471

Banking Sector Developments

The global banking sector faced a challenging macroeconomic environment in FY2022-23, mostly due to on-going geopolitical tensions, a relatively high inflation environment and rising interest rates in most economies. Against this backdrop, banks continued to be financially and operationally resilient in Mauritius on the back of solid capital levels, robust liquidity positions and sustained earnings levels. In addition, banks' asset quality was maintained at a fairly healthy level. The domestic banking sector assets, deposit base and credit portfolios recorded robust expansion, amidst strong economic recovery.

Banking Sector Assets[1]

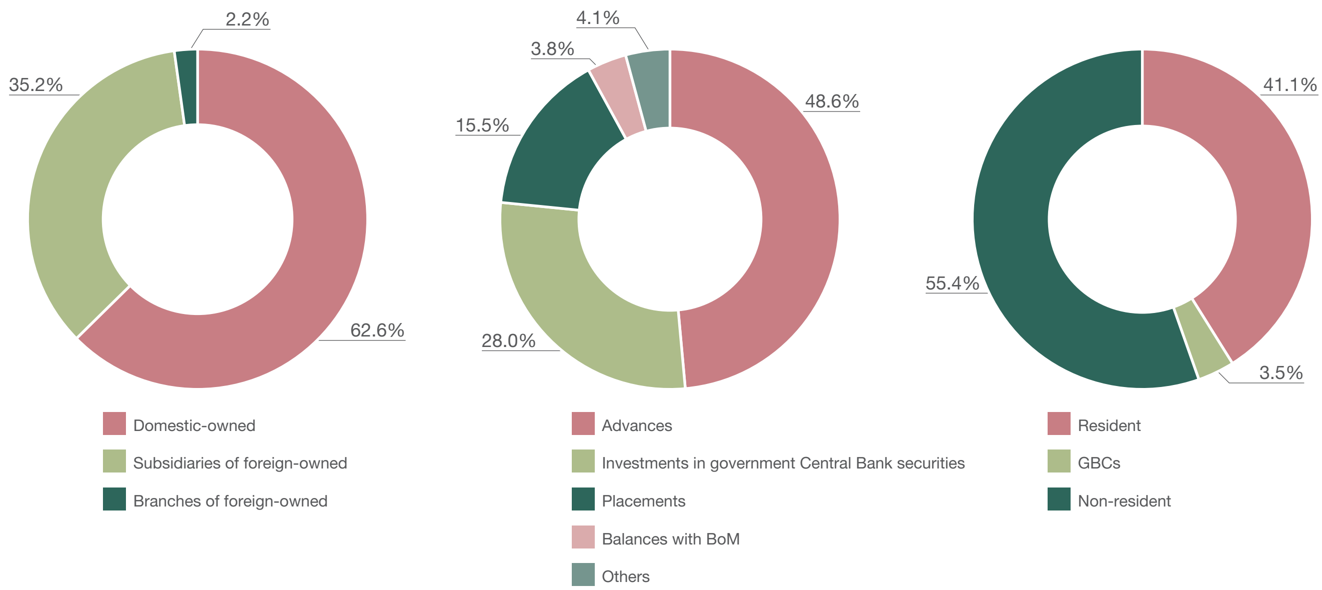
As at end-June 2023, total assets of the banking sector grew by Rs198.0 billion, or 9.6 per cent y-o-y, to reach Rs2,255.0 billion. Nearly 62.6 per cent of total banking sector assets were held by domestic-owned banks, followed by 35.2 per cent by foreign-owned subsidiaries and the remaining 2.2 per cent by foreign branches (Chart 5.1).

[1] *Figures for 2022 have been revised.*

Domestic Systemically-Important Banks

The five banks identified as Domestic Systemically-Important Banks (D-SIBs) in FY2021-22, maintained their status during FY2022-23. This group remained relatively concentrated, with the two largest domestic banks altogether accounting for over nearly 70 per cent of total D-SIBs' assets. As at end-June 2023, total assets of these five D-SIBs stood at Rs1,527.3 billion, representing 67.7 per cent of total assets, 68.8 per cent of total deposits and 66.9 per cent of total advances of the banking sector.

Chart 5.1: Banking Sector Assets as at end-June 2023



Investment in Government/BoM securities soared by 20.6 per cent, from Rs523.4 billion as at end-June 2022 to Rs631.4 billion as at end-June 2023. The asset mix of banks shifted from relatively risky to less risky assets during the year. Advances grew by Rs117.1 billion (or 12.0 per cent) to Rs1,094.3 billion over the same period while placements increased by Rs45.1 billion (or 14.9 per cent) to Rs348.5 billion.

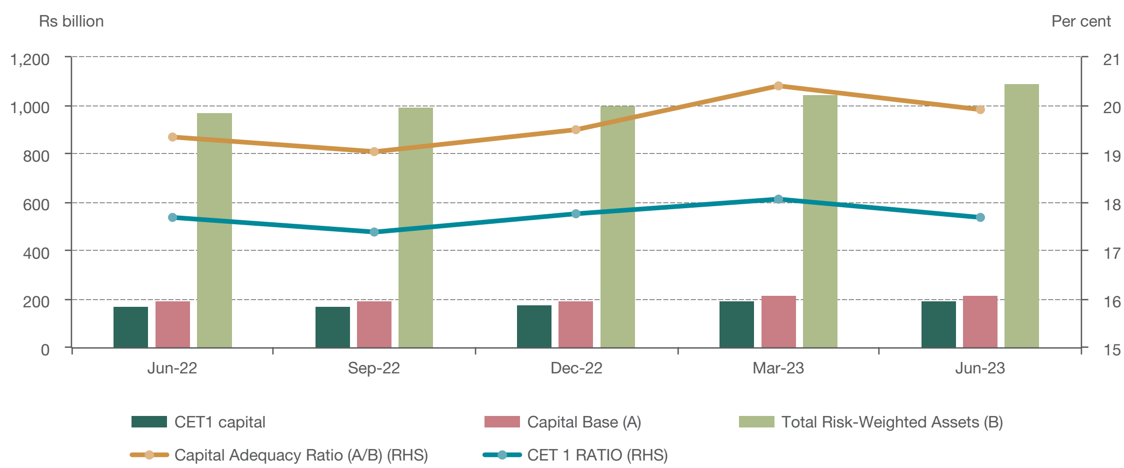
Resident assets (excluding advances to GBC) increased by 2.8 per cent, from Rs901.1 billion as at end-June 2022 to Rs926.2 billion as at end-June 2023. However, their share of total assets declined from 43.8 per cent to 41.1 per cent. Non-resident assets grew by 15.4 per cent, from Rs1,083.3 billion as at end-June 2022 to Rs1,250.2 billion as at end-June 2023, such that their share of total assets grew from 52.7 per cent to 55.4 per cent.

Capital Adequacy

The Capital Adequacy Ratio (CAR) measures the adequacy of a bank's capital resources in relation to its risk-weighted assets. A strong capital base reduces the risk of bank failure by providing a cushion against potential unexpected losses. Following a phased implementation of the Basel III capital standards in Mauritius since July 2014, banks have been called on to strengthen their capital framework. In Mauritius, banks are required to maintain, at all times, a minimum capital adequacy ratio of 12.5 per cent, inclusive of the capital conservation buffer. The five D-SIBs have to maintain an additional capital buffer ranging from 1.0 to 2.5 per cent.

The combined risk-weighted CAR of banks rose from 19.4 per cent as at end-June 2022 to 19.9 per cent as at end-June 2023. This can be explained by a higher rise in their capital base of about 14.9 per cent relative to the expansion of 11.8 per cent in their risk-weighted assets. Over the period end-June 2022 to end-June 2023, the capital base of banks (net of adjustment and capital deductions) increased from Rs188.1 billion to Rs216.2 billion (Chart 5.2). Tier 1 capital rose by 11.4 per cent to Rs195.5 billion, which represented 90.4 per cent of capital base as at end-June 2023. Tier 2 capital increased by 64.0 per cent to Rs20.7 billion as at end-June 2023, with its share to the capital base representing 9.6 per cent.

Chart 5.2: Risk-Weighted Capital Adequacy Ratio



Risk Profile of On-Balance Sheet Assets

Total on-balance sheet assets of banks increased by 10.4 per cent, from Rs1,972.5 billion as at end-June 2022 to Rs2,177.9 billion as at end-June 2023. The risk profile of on-balance sheet assets of banks as at end-June 2023 indicated that 27.6 per cent of total assets were allocated in the 100 per cent risk-weight bucket while 39.0 per cent and 14.2 per cent were in the 0 and 20 per cent risk-weight buckets, respectively (Table 5.1).

The Risk-Weight Density of banks rose from 38.3 per cent as at end-June 2022 to 38.7 per cent as at end-June 2023. The rise in the Risk-Weight Density indicates a slight increase in the risk profile of banks (Table 5.2).

Table 5.1: Risk-Weights of On-Balance Sheet Assets

Risk Weights (%)	On-balance sheet assets (Rs million) Jun-22*	Percentage to total on-balance sheet assets (Per cent) Jun-22	On-balance sheet assets (Rs million) Jun-23	Percentage to total on-balance sheet assets (Per cent) Jun-23
0	807,445	40.9	850,168	39.0
20	254,414	12.9	309,291	14.2
30	16,138	0.8	17,233	0.8
35	83,706	4.2	97,021	4.5
50	122,201	6.2	160,201	7.4
75	44,437	2.3	52,382	2.4
100	584,876	29.7	600,816	27.6
125	20,279	1.0	26,708	1.2
150	33,697	1.7	58,031	2.7
250	5,333	0.3	6,028	0.2
1250	0	0.0	0	0.0
	1,972,526	100.0	2,177,879	100.0

**Restated figures for June 2022*

Table 5.2: Risk-Weight Density of Banks' Assets

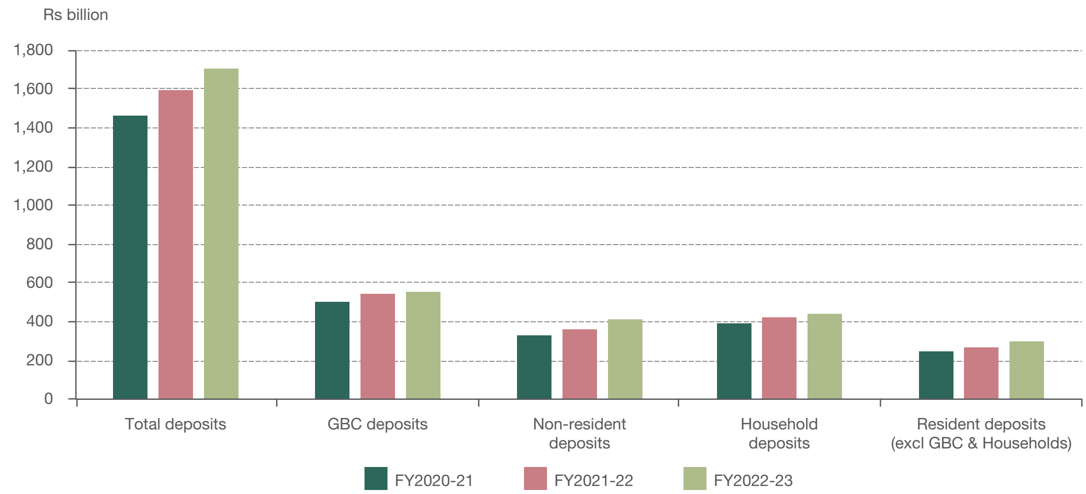
		End-June 2022*	End-June 2023
	Total On-Balance Sheet Assets (Rs million)	1,972,526	2,177,879
	Total Off-Balance Sheet Assets (Rs million)	559,990	627,353
A	Total On and Off-Balance Sheet Assets (Rs million)	2,532,517	2,805,232
B	Total Risk-Weighted Assets (Rs million)	971,141	1,086,167
C	Risk Weight Density (B/A) (Per cent)	38.3	38.7

**Restated figures for June 2022*

Deposits

Deposits remained the primary source of funding for banks throughout FY2022-23. Total deposits of the banking sector increased by 7.2 per cent, from Rs1,590.8 billion as at end-June 2022 to Rs1,704.6 billion as at end-June 2023 (Chart 5.3). However, the share of deposits in total liabilities declined from 77.3 per cent to 75.6 per cent over the same period. The share of Global Business Companies (GBC) and non-resident deposits was relatively stable at around 57 per cent. Accordingly, Mauritius continues to be an attractive jurisdiction for global businesses and non-residents. The FSC licensed 845 new GBCs in 2023H1.

Chart 5.3: Breakdown of Deposits



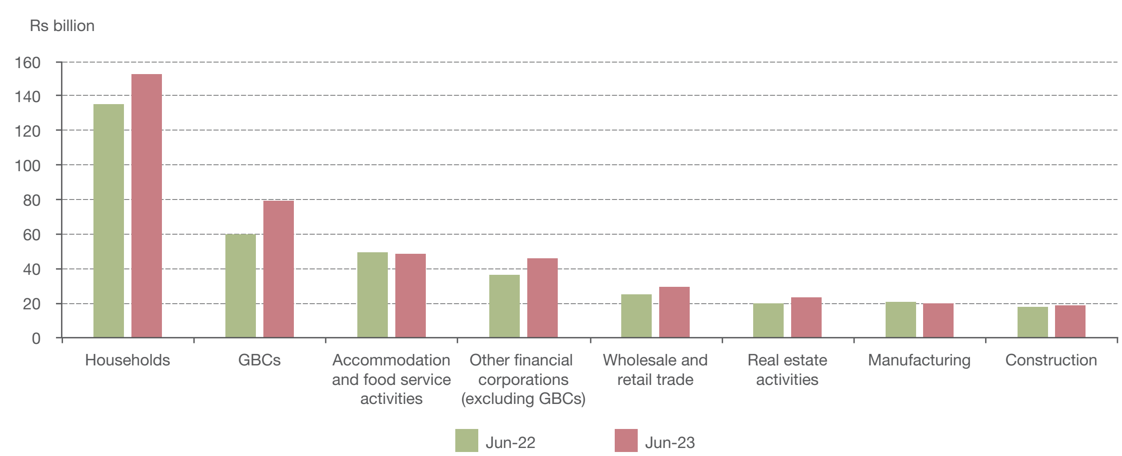
Advances

Total advances, which include debentures and fixed-dated securities, registered, in the wake of economic recovery, an increase of Rs117.1 billion, or 12.0 per cent y-o-y, to Rs1,094.3 billion as at end-June 2023.

Advances both in local currency (MUR) and in foreign currencies (FCY) rose in FY2022-23. Advances in MUR, which represented 33.4 per cent of total advances, increased by Rs34.9 billion (or 10.6 per cent) to Rs365.8 billion as at end-June 2023. Similarly, advances in foreign currency rose by Rs82.2 billion (or 12.7 per cent) to Rs728.5 billion over the same period.

Advances to residents (excluding GBCs) grew by 11.7 per cent, from Rs424.7 billion to Rs474.4 billion over the same period while advances to GBCs increased by 8.1 per cent, from Rs72.7 billion to Rs78.6 billion. The main contributors to the increase in credit facilities during the period under review were 'Households', 'GBCs' and 'Other financial corporations (excluding GBCs)' (Chart 5.4). Nevertheless, the share of loans to 'Households' (including mortgages) declined from 32.8 per cent as at end-June 2022 to 32.3 per cent as at end-June 2023 while the share of GBC loans to total loans increased from 14.5 per cent to 16.7 per cent over the same period. Given the economic recovery, banks have readjusted their credit portfolios by shifting slightly to relatively riskier credit portfolios.

Chart 5.4: Loans (advances excluding debt securities) to the Private Sector in Mauritius



Moratorium on Loans

Loan restructuring measures, such as moratorium on capital and interest, helped in containing risks to financial stability and to the economy at large. With the phasing out of support measures, credit facilities under moratorium decreased and represented only 12.0 per cent of restructured credit facilities as at end-June 2023 compared to 27.2 per cent as at end-June 2022. The moratorium granted to the 'Accommodation and food service activities' sector constituted 77.5 per cent of moratoriums to all sectors as at end-June 2023.

Credit Concentration Risk

Credit concentration risk, one of the major risks faced by banks in Mauritius, refers to the risk of loss arising from a bank's overexposure to particular sectors of the economy and/or groups of connected counterparties.

Non-exempt large exposures in the banking sector, that is, exposures above 10 per cent of a bank's Tier 1 capital, totalled Rs597.6 billion, representing 46.6 per cent of total fund based and non-fund based facilities extended as at end-June 2023. The aggregate large exposures to borrowers represented 305.8 per cent of banks' Tier 1 capital as at end-June 2023 compared to 336.8 per cent of Tier 1 capital as at end-June 2022.

Asset Quality

Banks maintained relatively healthy asset quality, with the Non-Performing Loan (NPL) ratio remaining unchanged at 4.6 per cent as at end-June 2023.

The NPL ratio in Mauritius improved from 6.0 per cent as at end-June 2022[1] to 5.4 per cent as at end-June 2023 on account of a larger credit portfolio base, as evidenced by the expansion of 14.0 per cent in outstanding credit facilities, which offset the increase of 2.7 per cent in gross non-performing advances as at end-June 2023.

The NPL ratio of loans extended outside Mauritius went up to 3.8 per cent as at end-June 2023 as the level of gross non-performing advances increased by 32.6 per cent relative to the growth of credit facilities extended outside Mauritius of 11.7 per cent.

The ratio of specific provisions to non-performing advances, also known as the Coverage Ratio, decreased from 58.6 per cent as at end-June 2022[1] to 51.3 per cent as at end-June 2023, mostly due to higher non-performing advances.

As at end-June 2023, the aggregate level of Stage 1 and Stage 2 provisions represented around 1.0 per cent of total exposure (Table 5.3).

Table 5.3: Stages of Provisioning

Rs million

	Jun-22	Sep-22[1]	Dec-22	Mar-23[1]	Jun-23
Provision:					
Stage 1	6,412	6,411	6,873	6,639	6,884
Stage 2	5,855	6,505	6,259	6,769	6,304
Stage 3	25,255	25,952	25,506	23,305	23,333

[1] *Revised figures*

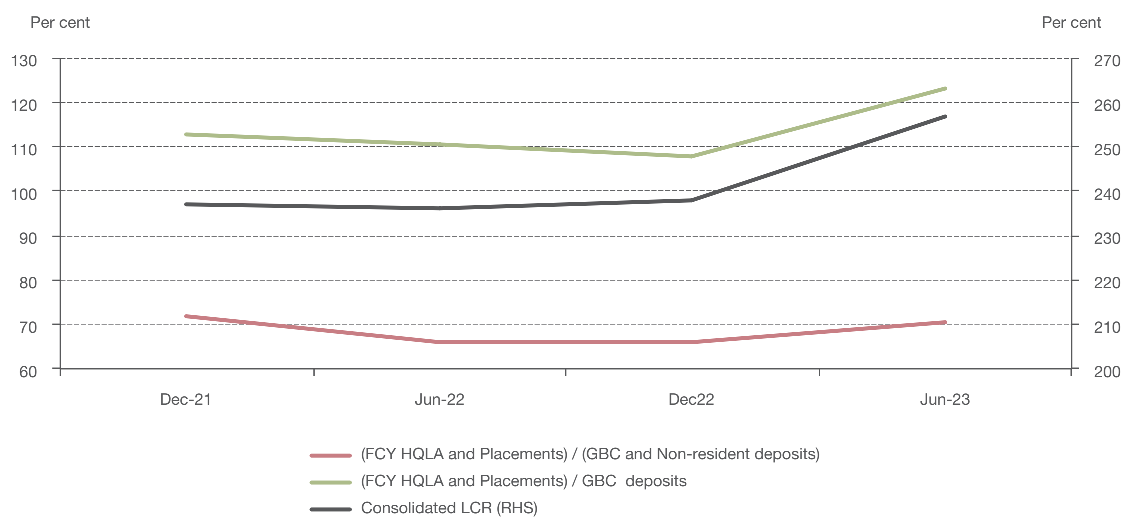
Liquidity

The banking sector in Mauritius remained adequately liquid in FY2022-23. The Liquidity Coverage Ratio (LCR) rose from 235.8 per cent as at end-June 2022 to 257.0 per cent as at end-June 2023, and was well above the minimum regulatory requirement of 100 per cent. Further, the stock of High Quality Liquid Assets (HQLA) held by banks on a consolidated basis increased by 35.5 per cent, from Rs588.0 billion as at end-June 2022 to Rs796.6 billion as at end-June 2023.

Banks had sufficient HQLAs and placements to withstand liquidity shocks, such as sudden and unexpected withdrawals of GBC and non-resident deposits, which are considered as relatively volatile deposits. As at end-June 2023, total FCY HQLAs and placements in the banking sector accounted for over 123 per cent of GBC deposits and roughly 70 per cent of GBC and non-resident deposits (Chart 5.5).

The Bank constantly assesses the liquidity positions of banks to identify any liquidity problems that might develop at any one bank or throughout the entire system, and is prepared to take any corrective action deemed necessary.

Chart 5.5: Coverage for GBC/Non-Resident Deposits in terms of FCY HQLA & Placements



Profitability

Twelve banks close their accounts on 31 December, four on 30 June and three on 31 March. The consolidated position of the profit and loss accounts of banks is thus based on the combined audited data available at these different financial year-ends and is referred to as FY2022-23.

Aggregate pre-tax profits of banks went up by Rs16.7 billion, or 74.0 per cent, from Rs22.6 billion in FY2021-22 to Rs39.3 billion in FY2022-23 mainly on account of the growth of net interest income (Table 5.4).

Net interest income, that is, interest received on advances, placements and investments net of interest paid on deposits and borrowings, expanded by 50.6 per cent or Rs16.8 billion, from Rs33.2 billion in FY2021-22 to Rs50.0 billion in FY2022-23. This rise was mainly attributable to the increase in total interest income of Rs34.9 billion which was partly offset by a rise of Rs18.1 billion in total interest expense.

Table 5.4: Consolidated Income Statements of Banks

Rs million

	FY2020-21*	FY2021-22*	FY2022-23
Interest Income	**42,256**	**39,722**	**74,627**
Interest Expense	**8,726**	**6,556**	**24,663**
Net Interest Income	**33,530**	**33,166**	**49,964**
Non-Interest Income	**15,006**	**17,861**	**20,987**
Net Fee Income and Commission	*7,820*	*10,147*	*11,149*
Profit from Dealings in Foreign Currencies	*3,829*	*4,605*	*6,189*
Other Non-Interest Income	*3,357*	*3,109*	*3,649*
Operating Income	**48,536**	**51,027**	**70,951**
Non-Interest Expense	**21,159**	**23,119**	**26,921**
Staff Costs	*10,433*	*11,447*	*13,424*
Operating Expenses	*10,726*	*11,672*	*13,497*
Operating Profit before Provisions	**27,377**	**27,908**	**44,030**
Provision and Adjustments to Income from Credit Losses	*14,051*	*5,294*	*4,692*
Profit before Tax	**13,326**	**22,614**	**39,338**
Provision for Income Taxes	*2,042*	*3,120*	*5,376*
Profit after Tax	**11,284**	**19,494**	**33,962**

** Revised figures*

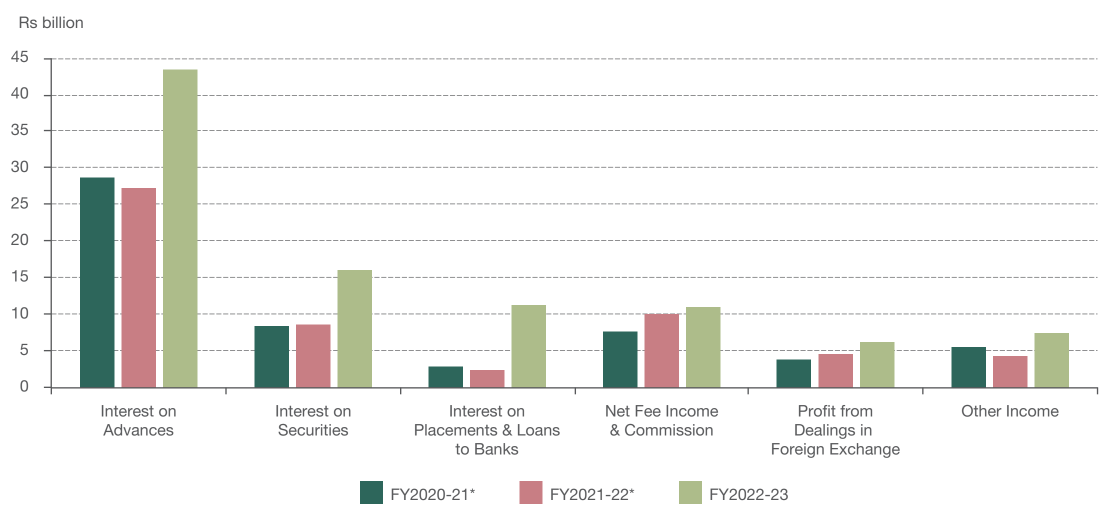
12-month period for which the accounts were audited and are different for different banks

Figures may not add up to totals due to rounding

The operating income of banks escalated up by 39.0 per cent, from Rs51.0 billion in FY2021-22 to Rs71.0 billion in FY2022-23, which was largely attributed to a rise in net interest income of 50.6 per cent.

Non-interest expense recorded a rise of 16.4 per cent to Rs26.9 billion in FY2022-23 compared to Rs23.1 billion in FY2021-22, on the back of a rise in staff costs and operating expenses of 17.3 per cent and 15.6 per cent, respectively.

Chart 5.6: Components of Income of Banks



Based on combined audited data for financial years ended 30 June, 31 December and 31 March

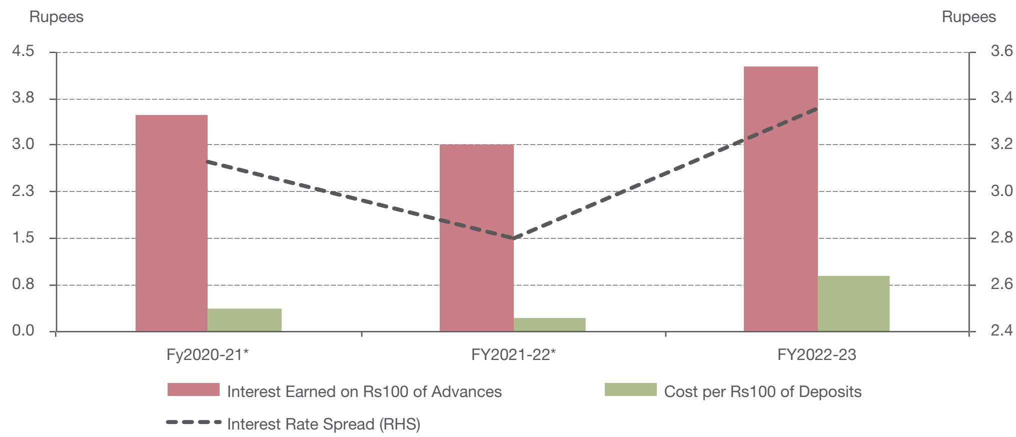
**Revised figures*

Likewise, total income (interest and non-interest income) rose by 66.0 per cent to Rs95.6 billion in FY2022-23, leading to a rise in the share of interest income to total income from 69.0 per cent in FY2021-22 to 78.0 per cent in FY2022-23 (Chart 5.6). Interest earned on advances, representing 45.5 per cent of total income, increased by 59.2 per cent to reach Rs43.5 billion as at end-June 2023, amidst the high interest rate environment.

Non-interest income, which is an important source of banks' revenue, expanded by 17.5 per cent following a rise of 34.4 per cent in the profit generated from dealings in foreign currencies. However, the share of fee-related income and profit generated from dealings in foreign currencies combined, have remained unchanged at 82.6 per cent of total non-interest income in both FY2021-22 and FY2022-23.

Overall, the cost-to-income ratio for the banking sector improved from 45.8 per cent in FY2021-22 to 38.2 per cent in FY2022-23 reflecting an enhancement in the efficiency of banks.

Chart 5.7: Interest Rate Spread of Banks



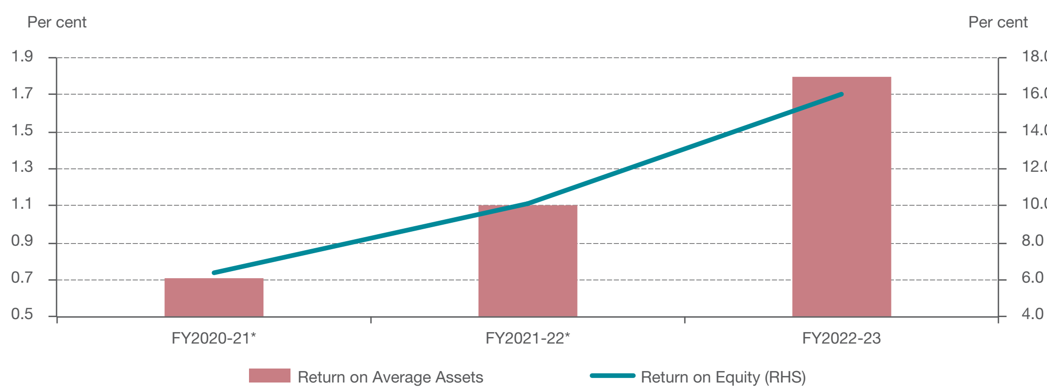
Based on combined audited data for financial years ended 30 June, 31 December and 31 March

**Revised figures*

During FY2022-23, interest earned by banks on Rs100 of advances increased by Rs1.25 from Rs3.01 to Rs4.26 and the cost per Rs100 of deposits rose by 69 cents from Rs0.21 to Rs0.90. The interest rate spread increased from Rs2.80 to Rs3.36 during the period under review (Chart 5.7).

Post-tax, the level of profits increased significantly by 74.2 per cent in FY2022-23, mainly due to the higher operating income earned by banks. The improvement in the profitability of banks was reflected in the steady increase in Return on Average Assets and Return on Equity (Chart 5.8).

Chart 5.8: Return on Average Assets and Equity of Banks



Based on combined audited data for financial years ended 30 June, 31 December and 31 March

**Revised figures*

Non-Bank Deposit Taking Institutions

As at end-June 2023, there were six NBDTIs in operation in Mauritius, with a combined asset base of Rs71.5 billion. This represented a small fraction of banks' total assets (3.2 per cent). Three NBDTIs engaged only in leasing activities, two in lending activities, and one in both leasing and lending activities.

All NBDTIs were, as at end-June 2023, in compliance with the minimum regulatory required capital of Rs200 million and the capital adequacy ratio of 10 per cent.

Profit before tax of NBDTIs increased by 4.6 per cent to Rs2,096 million during FY2022-23 as a result of an increase in net interest income as well as non-interest income which offset the rise in operating expenses.

NBDTIs are required to maintain liquid assets representing a minimum of 10 per cent of their deposit liabilities. As at end-June 2023, liquid assets held by NBDTIs represented 23.5 per cent of their deposits compared to 21.2 per cent in the previous year.

Deposits remained the main source of funding for NBDTIs, standing at Rs41.1 billion as at end-June 2023. The advances-to-deposits ratio increased to 138.9 per cent while the leases-to-deposits ratio increased to 91.0 per cent. Outstanding credit facilities by NBDTIs and gross non-performing advances rose by 5.9 per cent and 1.2 per cent, respectively, in FY2022-23. This resulted in an improvement in the NPL ratio from 5.1 per cent to 4.9 per cent.

Cash Dealers

There were six money changers and six foreign exchange dealers in business as at end-June 2023. Money changers primarily deal in the exchange of foreign currency notes while foreign exchange dealers are, in addition, permitted to conduct spot and forward exchange transactions, as well as provide remittance services. As at end-June 2023, cash dealers, comprising of both money changers and foreign exchange dealers, held assets equivalent to 0.1 per cent of GDP and 0.03 per cent of total banking sector assets.

Total assets increased by 16.4 per cent to Rs723.1 million and were mostly made up of the assets of foreign exchange dealers that increased from Rs571.8 million to Rs664.6 million during the year. The bulk of cash dealers' assets consisted of cash in hand, balances held with financial institutions and Government/Bank of Mauritius securities, representing 26.4 per cent, 26.7 per cent and 24.3 per cent, respectively, of their assets.

Cash dealers registered profit after tax amounting to Rs150.6 million in FY2022-23 compared to profit of Rs41.7 million registered in FY2021-22. This indicated a pickup in their activities following the recovery in the tourism sector, and was reflected by the rise of 139.5 per cent in gains from their foreign currency dealings.

Regulatory Developments

Digitalisation of the Financial Sector

The financial sector has witnessed an unprecedented digital transformation over the recent years. The COVID-19 pandemic has further accelerated the trend in digitalisation and fostered the use of technology in the provision of financial services. The Bank is fully supportive of this transformation and, accordingly, continuously enhances its regulatory and supervisory framework, while ensuring that associated risks are duly assessed and mitigated by financial institutions. In this context, three guidelines were issued during the year under review. The Bank has concurrently developed a comprehensive Cyber Risk and Resilience Strategy with the assistance of the IMF to ensure the cyber resilience of the financial sector. Further, the Bank has achieved key milestones with respect to the implementation of the Fintech Innovation Hub and Digital Lab.

Guideline on Use of Cloud Services

On 7 September 2022, the Bank issued a Guideline on the Use of Cloud Services. The Guideline applies to all cloud-based arrangements entered into by any financial institution licensed by the Bank under the Banking Act 2004 and the National Payment Systems Act 2018. Financial institutions are expected to follow a risk-based approach considering the materiality of the services provided and adopt a phased and prudent deployment for material cloud services.

Guideline for Virtual Asset Related Activities

The Bank issued a draft Guideline for Virtual Asset Related Activities for public consultation on 30 November 2022. The Guideline sets out the framework for a sound and prudent approach by banks when dealing with virtual asset-related activities. The Guideline is being finalised in light of comments received from different stakeholders.

Guideline on Cyber and Technology Risk Management

The Bank issued a Guideline on Cyber and Technology Risk Management on 29 May 2023, following extensive consultation with several stakeholders. The Guideline sets out the Bank's expectations with regard to cyber and technology risk management to ensure that associated risks are well understood and managed appropriately by its licensees. Financial institutions regulated by the Bank will have to fully comply with all the provisions of the Guideline by end-June 2024. Gaps with respect to critical processes, functions, systems, services, infrastructures and other assets will, however, have to be addressed at the earliest.

Fintech Innovation Hub and Digital Lab

The Bank is in the process of establishing a Fintech Innovation Hub and Digital Lab to foster innovation and the use of emerging technologies for the banking and other related services sector in Mauritius. The Fintech Innovation Hub and Digital Lab will also provide a testing environment for the development of fintech solutions and will facilitate the hosting of ideations, hackathons and exploratory programming sessions, amongst others. An Expression of Interest for the provision of a cloud-based infrastructure for the Fintech Innovation Hub and Digital Lab was launched and a Request for Proposal will be floated subsequently.

The Bank has engaged with other central banks and international organisations in relation to its Fintech Innovation Hub and Digital Lab. To this end, training was arranged for one staff of the Bank with Banque de France. The training programme comprised hands-on experience in setting up a digital lab and innovation hub and fostered an understanding of the entire innovation process, from ideation to implementation.

The Bank is exploring the possibility of conducting a proof of concept exercise with the Reserve Bank Innovation Hub for the processing of letters of credit using Distributed Ledger Technology. The establishment of a memorandum of understanding with the Reserve Bank Innovation Hub is also under consideration. Further, similar collaborative arrangements are being explored with other institutions.

Risk-Based Supervision

During FY2022-23, all remaining prudential risk-related modules were rolled out for testing and fine-tuning. The Bank also initiated the review of existing prudential guidelines with the assistance of the World Bank, to incorporate all the requirements of the Risk-Based Supervision framework and latest international norms.

The Bank has, with the assistance of the World Bank, improved its Risk-Based Regulatory and Supervisory Framework to reflect the emerging risks that virtual assets pose to the sector. The Framework will enable the collection of information on virtual assets and virtual asset service providers to better monitor associated risks.

Use of Innovative Technology for Supervision

The Bank is looking into the automation of its data collection and data analytics processes for Risk-Based supervision. To this end, the Bank has engaged with several other central banks and will shortly issue two expressions of interest for the provision of a data management system and an advanced data analytics system, comprising artificial intelligence and machine-learning solutions.

Basel III Implementation

The Bank adheres to international regulatory best practices and recommendations of the Basel Committee on Banking Supervision (BCBS) and other international standard-setters. The Bank continuously updates its regulatory and supervisory framework to keep pace with latest developments.

The Group of Central Bank Governors and Heads of Supervision, the oversight body of the BCBS endorsed the finalised Post-Crisis Reforms to the Basel III Framework in December 2017. The standards have come into effect as from January 2023, with a five-year phase-in period for some elements. In light thereof, the Bank has initiated work for aligning its regulatory framework with the Basel III Post-Crisis Reforms.

AML/CFT

Compliance with AML/CFT Requirements

At the 22nd ESAAMLG Council of Ministers meeting held on 2 September 2022, the technical compliance re-rating of Mauritius on the Financial Action Task Force ("FATF") Recommendation 15 was upgraded from "Partially Compliant" to "Largely Compliant" on the basis of the progress made by Mauritius in addressing underlying deficiencies. The successful re-rating of Mauritius comes upon the enactment of the Virtual Asset and Initial Token Offering Services (VAITOS) Act 2021 on 7 February 2022, after relentless collective efforts by regulatory authorities, among which the Bank of Mauritius and the FSC, in designing and implementing a regulatory framework for new and developing activities regarding Virtual Assets (VAs) and Initial Token Offerings (ITOs) services in Mauritius, as well as to safeguard against money laundering and financing of terrorism associated with VAs. Mauritius is now "Largely Compliant" or "Compliant" with all the 40 Recommendations of the FATF.

International delegations hosted by the Bank

The Bank hosted a number of international delegations during FY2022-23 to share experience on AML/CFT matters.

(a) The Bank welcomed representatives from the *Ministère de l'Economie et des Finances of Madagascar,* SAMIFIN (the Malagasy Financial Intelligence Unit) and the Banque Centrale de Madagascar from the 31 October to 4 November 2022.

(b) A delegation comprising representatives from the Bank of Namibia, the Financial Intelligence Centre and the Namibia Financial Institutions Supervisory Authority visited the Bank from 5 to 9 December 2022.

(c) A working session was held with a delegation from the Democratic Republic of Congo (DRC) comprising representatives from the *Cellule Nationale des Renseignements Financiers,* the Ministry of Finance of DRC, the Court of Cassation of DRC, the *Autorité de Régulation et de Contrôle des Assurances*, the Central Bank of the DRC and a member of the Congolese Association of Bankers, at the seat of the Bank on 18 January 2023.

(d) The Governor of the Central Bank of Samoa and her delegation visited the Bank on 30 January 2023.

Public-Private Partnership in combating financial crime

The Independent Commission Against Corruption, in collaboration with the Mauritius Bankers Association and the Bank, organised a forum on public-private partnership in combating financial crime on 8 December 2022. This forum is the first step towards the establishment of a public-private partnership between regulatory authorities and reporting persons in Mauritius in order to further enhance the country's capacity in fighting financial crime and promoting continued open dialogue. The Bank ensures that its licensees continue to adhere to best AML/CFT practices with a view to enhancing trust and confidence in Mauritius as a premier International Financial Centre.

Central KYC System & Digital Onboarding

The Bank is collaborating with several institutions, of which, the Civil Status Division, the Traffic Branch of the Mauritius Police Force, Corporate and Business Registration Department amongst others, for the implementation of the Central KYC System. The service provider for the Central KYC System project has already started technical works in relation to the Central KYC System. It is further noted that during FY2022-23, a number of banks have embarked on the journey to digitally onboard their customers.

Interagency Coordination Committee

The Interagency Coordination Committee (ICC) was established in August 2020 for the optimal implementation of the AML/CFT regime in Mauritius and regroups, amongst others, regulators and supervisors overseeing the financial services sector and the Designated Non-Financial Businesses and Professions ('DNFBP').

The ICC has effectively contributed to the national effort for Mauritius to exit the FATF List of Jurisdictions under Increased Monitoring in October 2021, which paved the way for Mauritius's exit from the EU and UK lists of High-Risk Third Countries.

Since its inception, the ICC has looked into cross-sector issues and the promotion of collaboration, coordination and supervisory cooperation amongst its member agencies. The ICC has also been instrumental in promoting capacity building in the industry and, to this effect, has collaborated with competent authorities in Mauritius and various international organisations to conduct quality outreach and training sessions for the industry.

All ICC members have, through their engagement, demonstrated their commitment to meet upcoming challenges and maintain the sustainability of reforms over both the medium-and long-term on the AML/CFT front.

ICC members have gained in maturity on AML/CFT matters by pooling together their resources and coordinating their approach through, among others, conducting joint examination, training and outreach sessions, and consulting on cross-cutting legislative amendments on AML/CFT measures affecting both the financial and DNFBP sectors.

Upholding an effective AML/CFT Regime

An effective AML/CFT regime helps to mitigate the factors that facilitate financial abuse and is essential to protect the integrity of the financial sector. In recognition thereof, the Minister of Finance, Economic Planning and Development reiterated, in the Budget Speech 2023-2024 that Mauritius must continue to remain at par with the highest levels of international standards and best practices. To this effect, it was announced that Mauritius will:

(a) undertake a National Risk Assessment of money laundering and terrorism financing risks with the assistance of the World Bank;

(b) introduce a new set of legislative amendments to reinforce the existing AML/CFT legal framework to sustain the fight against corruption; and

(c) commission an independent assessment of the effectiveness of our AML/CFT system ahead of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) mutual evaluation in 2025.

The ICC members are gearing up to ensure that Mauritius delivers proactively on these budgetary announcements. To this effect, the three Technical Sub-Committees, comprising representatives of all ICC members, help the ICC fulfil its mandate and sustain the effectiveness of the country's national AML/CFT framework.

With the continuous support of its Technical Sub-Committees, the ICC is proactively engaging with relevant stakeholders, as well as competent authorities, to prepare for the forthcoming independent assessment of the effectiveness of the national AML/CFT system of Mauritius which would enable stakeholders and competent authorities to identify and address any residual gaps before the formal mutual evaluation exercise is conducted by the ESAAMLG.

The Technical Sub-Committees are also providing assistance to the authorities in the finalization of the National Risk Assessments currently underway as well as coordinating with the relevant authorities in the finalization of the relevant enactments which would assist Mauritius in becoming fully compliant on all the 40 Recommendations of the FATF.

Interagency Cooperation Committee

On 26 August 2020, the following agencies entered into a Memorandum of Cooperation ('Memorandum') to sustain the effectiveness of the national AML/CFT framework and uphold the highest standards of compliance to AML/CFT legislations and international best practices:

1. Bank of Mauritius
2. Attorney General's Office
3. Financial Services Commission
4. Financial Intelligence Unit
5. Registrar of Companies
6. Gambling Regulatory Authority
7. Mauritius Institute of Professional Accountants
8. Registrar of Associations

The Memorandum formalises supervisory cooperation and information sharing arrangements related to AML/CFT matters among member agencies and further, ensures the effective cooperation and exchange of supervisory information in AML/CFT matters, for the performance of the AML/CFT Supervisors' respective supervisory powers over supervised entities.

In addition, the Memorandum aims at facilitating policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation.

The Memorandum provides for the establishment of an Interagency Coordination Committee ('ICC'). The ICC is chaired by Mr Harvesh Seegolam, Governor of the Bank of Mauritius and the Vice-Chairperson is Mr Rajeshsharma Ramloll, SC, Solicitor General and comprises of Heads of all member agencies.

The inaugural meeting of the ICC was held on 28 August 2020.

Overview of the three Technical Sub-Committees of the ICC

(i) Technical Sub-Committee on Supervision (TSS)

The objectives of the TSS include the establishment of an efficient and robust AML/CFT supervisory framework and the implementation of a risk-based approach to supervision of the financial services sector and the DNFBP sector.

During the FY2022-23, the TSS discussed, amongst others, the findings of the National Risk Assessment on Virtual Assets/Virtual Asset Service Providers ('VA NRA') and other developments in the virtual assets space in Mauritius, and reviewed the internal AML/CFT supervisory policies and procedures of supervisors. An action plan was also put in place to address the threats and vulnerabilities identified in the VA NRA. The TSS further provided support and assistance to its members on the effective implementation of a risk-based approach to supervision.

(ii) Technical Sub-Committee on Coordination (TSC)

The TSC focuses on the effective coordination amongst ICC members, as well as with the Financial Intelligence Unit and law enforcement authorities.

During the FY2022-23, the TSC focused on the coordination of representations and reporting made to the ESAAMLG and FATF. The TSC also assisted in the coordination between AML/CFT regulators and other authorities, including law enforcement authorities. The TSC thus ensures that a standard approach is adopted when making reporting and providing inputs. The TSC also identifies areas where coordination is required, for example for joint onsite inspections, drafting of compliance letters and inspection reports, amongst others.

(iii) Technical Sub-Committee on Legal and Regulatory requirements, Training and Outreach (TSL)

The TSL adopts a coordinated approach to the revision of existing laws and regulations related to AML/CFT, and regularly organises joint outreach sessions for regulated entities, and training sessions for staff of ICC members. The TSL also discusses proposals for legislative amendments pertaining to cross-cutting AML/CFT issues.

During the FY2022-23, the TSL has conducted 13 outreach and 14 training sessions on various trending/emerging areas such as virtual assets, beneficial ownership, risk-based approach, targeted financial sanctions and independent AML/CFT audits. Refresher courses on key aspects of AML/CFT, such as the role of compliance officers and MLROs, were also conducted for the benefit of the industry.

Training on Targeted Financial Sanctions and Supervision

1. From 15 to 21 June 2023, the Interagency Coordination Committee ('ICC') in collaboration with the Ministry of Financial Services and Good Governance ('MFSGG') organized face-to-face training sessions on *'Targeted Financial Sanctions and Supervision',* conducted by the UK HM Treasury, as part of the Technical Assistance Programme between Mauritius and the United Kingdom.

2. The training sessions were hosted jointly by the Bank of Mauritius ('Bank') and the Financial Services Commission.

3. The training sessions saw the active participation of staff from AML/CFT Supervisors, the National Sanctions Secretariat, Counter Terrorism Unit, Mauritius Police Force, Co-operatives Division, and the MFSGG. The main topics covered during the sessions included Risk based Supervision, Sectoral and Entity Risk Assessments, Implementation of Sanctions on VASPs, Enforcement and Sanctions, and Red flags and techniques to detect TFS evasion/PF. Practical exercises were also conducted in groups.

4. At the opening session which was held at the Bank, in the presence of the First Secretary at the British High Commission in Mauritius, Governor Harvesh Seegolam, Chairman of the ICC, underscored the commitment of the ICC and its members in ensuring sustainability of their actions and continuous efforts to combat money laundering, terrorism financing and proliferation financing. Governor Seegolam emphasized that *"the Authorities are fully committed to having the upper hand in this combat against money laundering and terrorism and proliferation financing".*

06

PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

Payment Systems

Payment systems play an integral role in a country's financial market infrastructure and constitute the bedrock of an efficient financial system. Globally, technological advancements and growing demand for more efficient payment means are paving the way for digitisation of payment systems. In line with these trends, the payments landscape in Mauritius is evolving rapidly, with an increasing role for digital payments.

The Bank's role in the improvement of the payments infrastructure is critical in the discharge of its objectives of price and financial stability, and promoting orderly and balanced economic development. Accordingly, the Bank constantly endeavours to level up the domestic payment infrastructure, by fostering a conducive environment for innovations in the ecosystem.

Payment infrastructure operated by the Bank

Mauritius Automated Clearing and Settlement System

The Bank operates the Mauritius Automated Clearing and Settlement System (MACSS), a multi-currency Real-Time Gross Settlement (RTGS) infrastructure, which is used for:

1. Domestic interbank transfers, settlement for money market instruments and Government securities.
2. Settlement of:
   - low value electronic transfers and cheque clearing positions of the Port-Louis Automated Clearing House (PLACH) on a net deferred basis;
   - clearing positions of the MauCAS Card Payment System (CPS) and Instant Payment System (IPS); and
   - the Central Depository System for transactions on the Stock Exchange of Mauritius.
3. Final settlements of the Contribution Network Project revenue collections for the accounts of the Mauritius Revenue Authority (MRA) and other Government agencies.

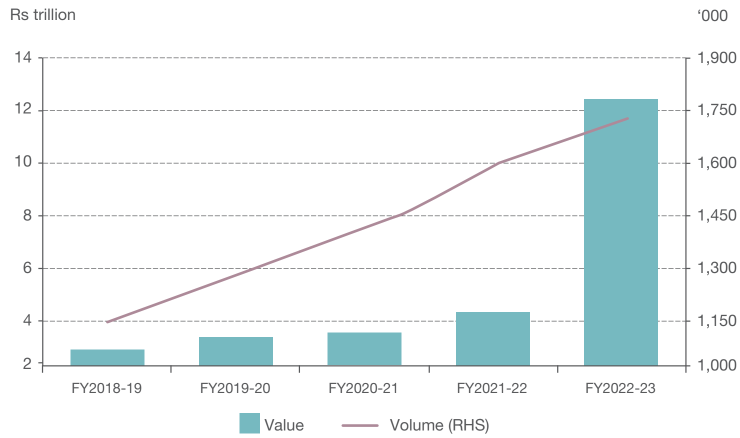
MACSS settles transactions in Mauritian Rupee, US Dollar, Pound Sterling, Euro, Swiss Franc, South African Rand, Japanese Yen and Singapore Dollar. The Singapore Dollar (SGD) was added as a settlement currency on MACSS during FY2022-23, and a total value of SGD14.0 million was settled, mainly for payment of taxes to the MRA (Table 6.1).

Table 6.1: Value of transactions settled on MACSS by currency (million)

Currency	FY2021-22	FY2022-23
USD	34,848	31,713
GBP	421	1,283
EUR	2,304	5,095
CHF	6	45
ZAR	620	1,480
JPY	2,929	1,598
SGD	-	14

During FY2022-23, MACSS processed payments with same day finality without any downtime, confirming the high resilience of the system. Throughput on MACSS, measured in terms of volume and value of transactions, increased by 8.0 per cent and 210.0 per cent, respectively, compared to FY2021-22. A total number of 1,716,132 transactions with an aggregate value of Rs13.8 trillion were processed in FY2022-23, compared to 1,588,599 transactions for a total value of Rs4.5 trillion during FY2021-22 (Chart 6.1). The daily average volume and value of transactions settled on MACSS stood at 6,865 and Rs17.6 billion, respectively, compared to 6,324 and Rs55.8 billion in FY2021-22. The surge in the value of transactions is mainly attributed to the implementation of the new monetary policy framework effective 16 January 2023, wherein new instruments such as the 7-Day BoM Bills and overnight Deposit Facility were offered to banks at their discretion for effective liquidity management.

Chart 6.1: Transactions on MACSS



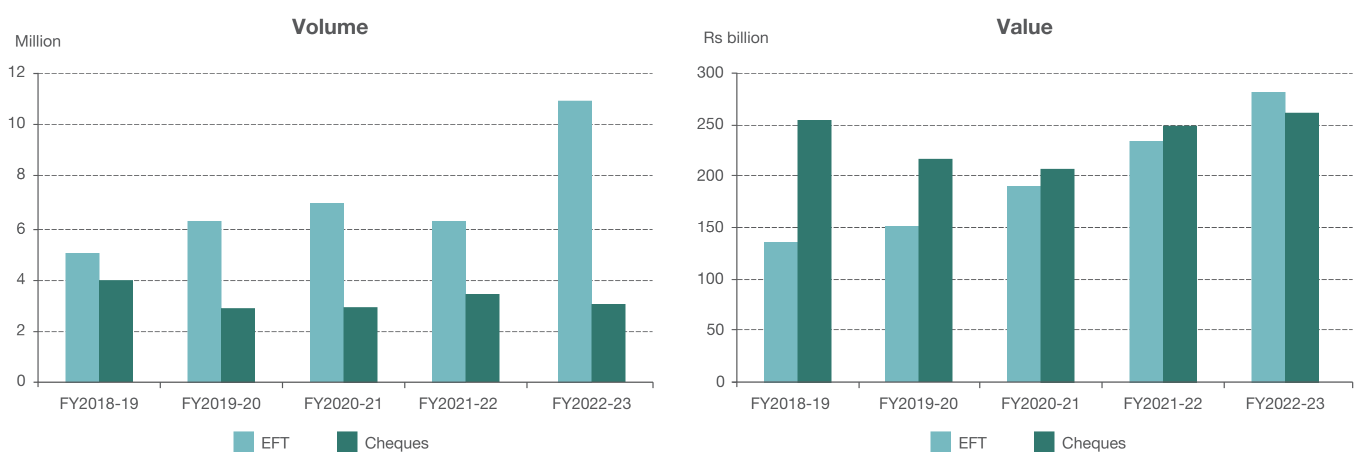
The Bulk Clearing System

The Bulk Clearing System (BCS), operated by the PLACH, offers clearing services for cheques, direct debit transactions and low value Electronic Fund Transfer (EFT) during four daily cycles. Over the past 5 years, while the volume of cheque usage has been on a declining trend, the value of cheques has increased, indicating a shift from low-value cheques to high-value cheques. Concurrently, the volume and the value of EFTs are pointing towards a growing preference for electronic mode of payments.

During FY2022-23, 3,385,485 cheques for a total value of Rs260.7 billion were cleared on the BCS. While the volume of cheques cleared remained broadly stable, the value of cheques cleared increased by 4.7 per cent over the year.

EFTs amounted to Rs278.7 billion for a total number of 11,022,291 items cleared, representing respective increases of 67 per cent and 19 per cent in volume and value terms compared to FY2021-22. The increase in EFTs is mainly attributed to payments made by the MRA with regard to the CSG Income Allowance, Negative Income Tax, Special Allowance and Financial Assistance Scheme (Chart 6.2).

Chart 6.2: Volume and Value of cheques and EFTs cleared on BCS

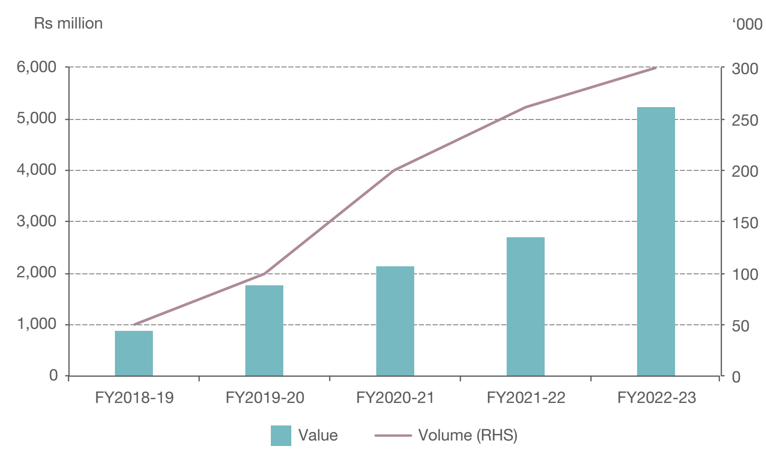


EFT Transactions

FY2021-22	FY2022-23
Volume: 6.5 million	Volume: 11.0 million
Value: Rs234.1 billion	Value: Rs278.7 billion

The Direct Debit Scheme is largely used by the MRA for the collection of taxes, CSG Income Allowance and other contributions. Commercial banks have also started offering this service to their corporate customers. During FY2022-23, 579,568 transactions were effected for a total value of Rs9.8 billion, representing an increase of 35.3 per cent in value terms compared to FY2021-22 (Chart 6.3).

Chart 6.3: Direct Debit Transactions



Mauritius Central Automated Switch

The Mauritius Central Automated Switch (MauCAS) is a national payment switch owned and operated by the Bank. It comprises a Card Payment System and an Instant Payment System.

Key Metrics for FY2022-23

The CPS processes and settles domestic payments with locally issued cards. During FY2022-23, 125,122 transactions for a total value of Rs229.1 million were processed through the CPS, compared to 110,010 transactions for a total value of Rs198.1 million in FY2021-22 (Chart 6.4). Currently, there are 6 participants on the CPS.

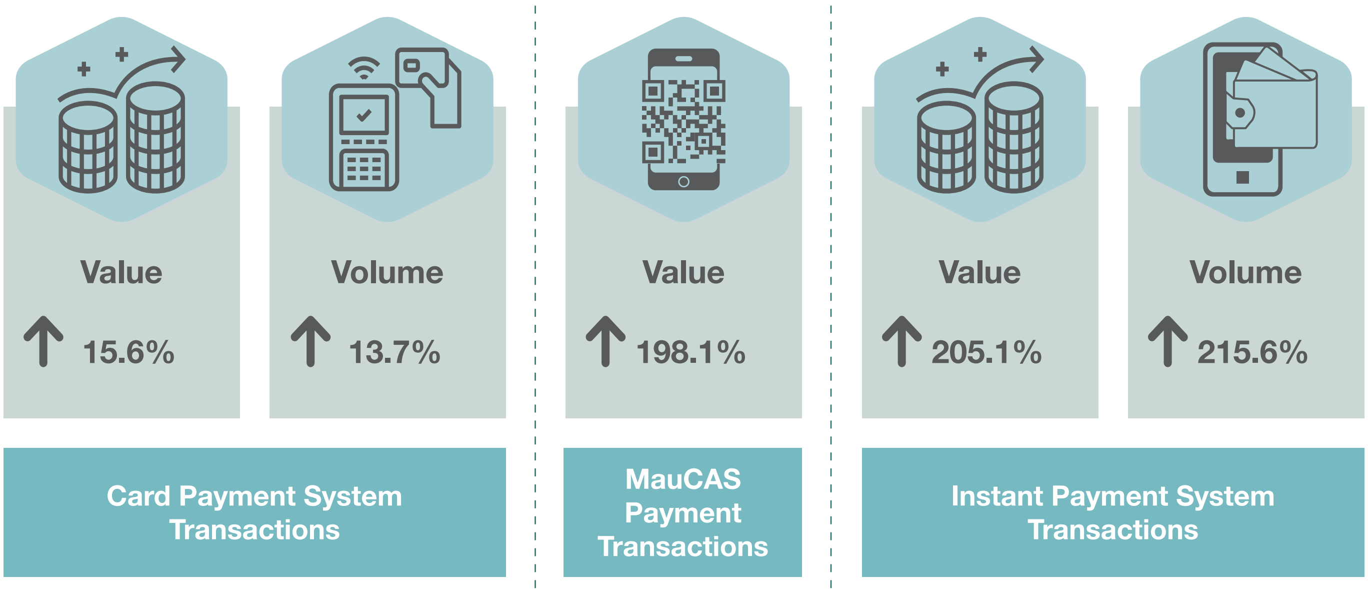
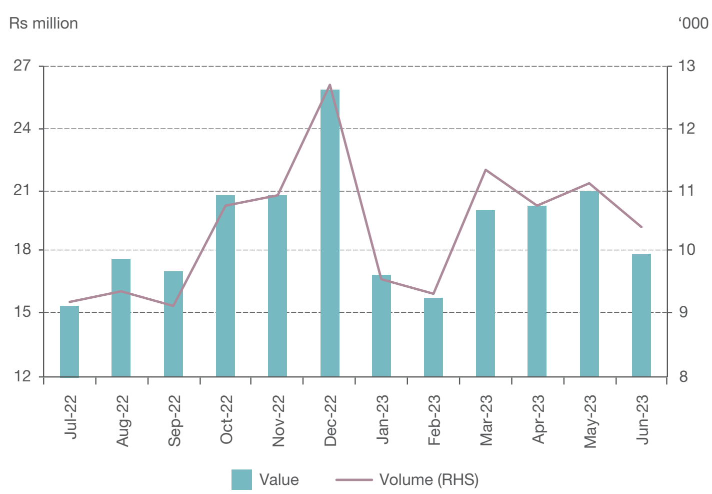


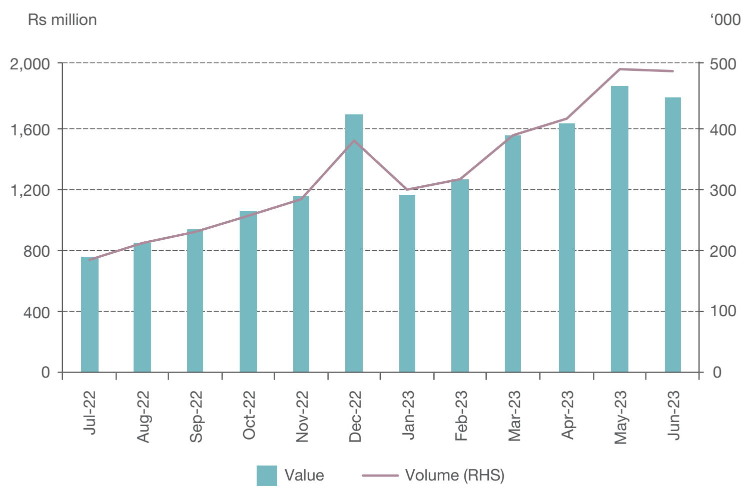
Chart 6.4: Transactions on CPS



The IPS is a fast retail payment system which processes payments in real-time on a 24/7 basis and enables interoperability among participants for electronic payments through channels such as mobile and internet banking. There are currently 11 banks and 3 non-bank participants on the IPS.

In FY2022-23, 3,932,095 transactions were processed for a total amount of Rs15.7 billion, compared to 1,245,988 transactions for a total value of Rs5.1 billion in FY2021-22. The notable expansion reflected an increasing number of mobile payment applications and the successful integration of the Government Payment Portal with the IPS (Chart 6.5).

Chart 6.5: Transactions on IPS



IPS	
FY2021-22	FY2022-23
Volume: 1,246 million	Volume: 3.9 million
Value: Rs5.1 billion	Value: Rs15.7 billion

Licensing

The National Payment Systems Act empowers the Bank to regulate, supervise, and oversee payment systems in Mauritius. The National Payment Systems (Authorisation and Licensing) Regulations, which set out a licensing framework based on international standards, took effect on 31 May 2021.

Payment Service Providers (PSP) are critical nodes in the payment infrastructure landscape and the role that they play has implications for financial stability and monetary policy transmission as they grow in importance. The Bank therefore deemed it necessary to have a robust regulatory framework for the regulation, oversight and supervision of PSPs.

The Bank put in place a rigorous licensing process to ensure that PSPs have the requisite ownership and corporate governance structures, operational and risk management processes, internal controls and fit and proper persons at the helm of their institutions, in order to mitigate any potential risks.

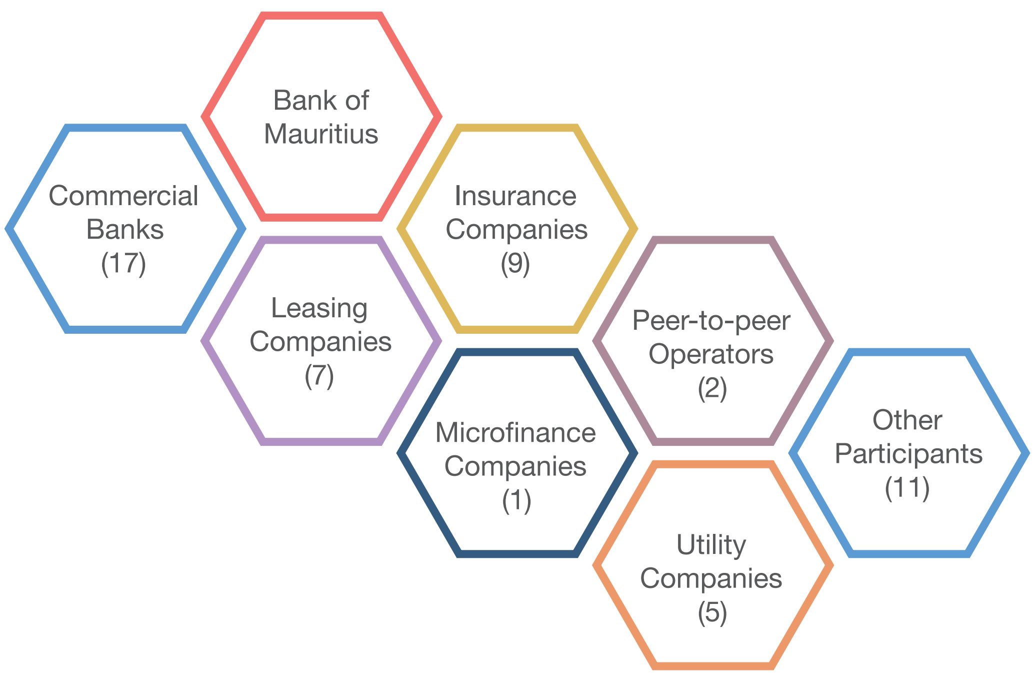
The Bank granted PSP licences to three PSPs, namely, CIM Financial Services Ltd, Emtel MFS Co Ltd, and Cellplus Mobile Communications Limited in November 2021, April and June 2022, to offer card payment, mobile payment and e-money issuance services to the public.

Mauritius Credit Information Bureau

A robust credit reporting system plays a fundamental role in enhancing the resilience of the financial system. The Bank established the Mauritius Credit Information Bureau (MCIB) as a centralized repository of credit information in December 2005.

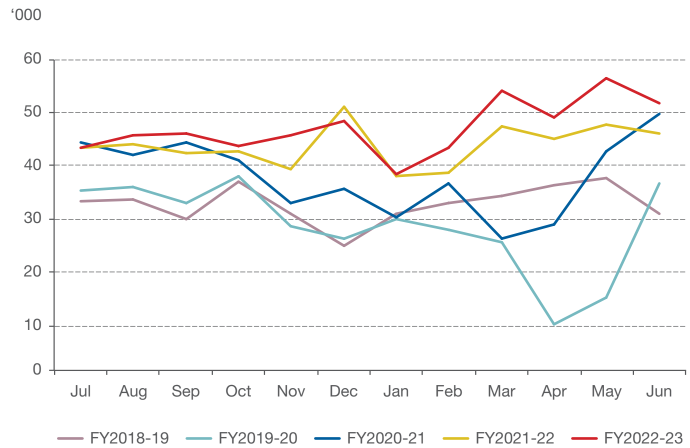
The MCIB collects and stores credit information, on recipients of credit and guarantors, and makes this information available to its participants. The latter thus have access to reliable and up-to-date credit information, which helps them make informed decisions when extending credit. The MCIB aims to reduce credit risks, discourage over-indebtedness and foster a healthy credit environment in Mauritius.

A solid legal framework is required for the credit information system to function properly. The legal obligations of the operator and participants of the MCIB, as well as the rights of borrowers, are governed by Section 52 of the Bank of Mauritius Act 2004 and the Terms and Conditions of the MCIB. With a view to further expanding the coverage of the MCIB to capture credit providers with alternative business models, the Terms and Conditions of the MCIB were amended in January 2023 to include conditions under which Peer-to-Peer lending platforms could join the MCIB. The MCIB currently houses 53 participants, including the Bank of Mauritius.



Section 5.0 of the MCIB Terms and Conditions stipulates that it is mandatory for all participants, other than utility bodies, to make the necessary enquiry from the MCIB before the approval, renewal or any changes in credit facilities. The number of reports extracted by participants of the MCIB increased by 8.1 per cent, from 520,720 in FY2021-22 to 562,720 in FY2022-23 (Chart 6.6).

Chart 6.6: Number of Reports Drawn on the MCIB



The number of borrowers/guarantors registered in the MCIB database rose by 2.6 per cent, from 1,012,825 as at end-June 2022 to 1,039,117 (of which 952,903 individuals) as at end-June 2023. In parallel, the number of credit records increased by 4.2 per cent, from 6,068,307 to 6,321,427 over the same period.

The number of new credit facilities availed of by firms and individuals stood at 537,853 in FY2022-23, almost unchanged compared to FY2021-22 and still lower than pre-COVID level (Table 6.2).

Table 6.2: Credit Facilities

Credit Type	Borrower Type	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Credit Card	Firms	1,518	1,050	1,034	1,524	1,965
	Individuals	18,988	13,821	18,080	16,356	19,823
Loans	Firms	12,310	10,786	12,521	14,915	13,981
	Individuals	92,720	94,773	131,601	139,138	134,109
Overdraft	Firms	4,488	3,746	2,923	3,926	4,576
	Individuals	4,672	4,753	3,545	3,874	4,471
Finance Lease	Firms	4,063	2,941	2,534	2,713	3,850
	Individuals	5,638	5,090	5,853	5,458	6,617
Retailer	Firms	242	245	230	242	136
	Individuals	442,765	348,265	313,885	349,266	348,325
Total number of new facilities		**583,345**	**485,470**	**492,206**	**537,412**	**537,853**

Developments in Domestic Payment Systems

The Bank continued to progress towards its objective to modernize and digitalise the payment eco-system in Mauritius. During FY2022-23, several important milestones were achieved to enhance the resilience of the national payment system, foster innovation and boost the automation of payments.

MauCAS Instant Payment System

Work is ongoing regarding the deployment of new features on the MauCAS IPS. Procedures have been initiated for the implementation of the use of aliases and merchant initiated QR Code based payments on the IPS. The Bank has introduced a MauCAS ID, which is based on a standard prescribed format for the alias, to ensure a standard approach by all participants, facilitate processing of payments and enhance the security of payments. The MauCAS ID could also be used for the tokenization of cards and machine-to-machine payments in future.

Government Payment Portal

The Government Payment Portal, which has been put in place by the Bank as part of its strategy to accelerate the digitisation process in Mauritius, is an important component to support Government's e-services project. The portal provides two additional payment options for services, notably, payment by QR Code and Account to Account Transfer through mobile apps and internet banking on a 24/7 basis.

The Portal enables the Accountant General as well as Government Agencies to have a real time visibility on all transactions. Further, reconciliation processes at the level of the Accountant General has been streamlined and the automation of internal processes of the Government Agencies has been facilitated.

The Portal went live on a pilot basis on 15 December 2022, with the participation of four Government institutions, namely the Registrar of Companies, The Registrar General, The National Land Transport Authority, and the Mauritius Revenue Authority.

Central Bank Digital Currency – The Digital Rupee

The Bank is exploring the introduction of a retail Central Bank Digital Currency (rCBDC) as a means of improving the payments infrastructure while reducing the risks associated with the expansion of digital forms of private money. Engagement with banks in this project has been one of the Bank's priorities to onboard their views on the possible introduction of a rCBDC and how they can participate in the whole process, be it during preliminary discussions, at sandboxing stage, and eventually during the pilot test. To this end, the Bank conducted a survey among banks in July 2022.

In December 2022, the Bank implemented a sandbox with the objective of testing different features, with focus on the offline capabilities of the rCBDC, and underlying technology to decide on the design of its rCBDC. The success of the rCBDC hinges on the rate of its adoption. To gain better insight on public expectations from the rCBDC, the Bank issued a consultation paper in June 2023, with a view to gathering information that will be used to finalise the design of the rCBDC.

The findings of the consultation revealed that, in general, respondents believe that the rCBDC will benefit users through a more modern payment system. There is a general thinking that the rCBDC will be as safe as bank notes and coins in spite of concerns about cybersecurity, privacy and money laundering risks. Users' preferred mode of access to the CBDC is mobile app. The use of the CBDC even in the absence of internet and network coverage ranked highest among the design features desired by users followed by privacy and data protection. The overall conclusion is that there is a positive sentiment towards the introduction of the rCBDC. These findings are being used for the finalisation of the design features of the rCBDC.

The Bank's rCBDC project is expected to reach a pilot phase in December 2023.

Migration to SWIFT ISO 20022 messaging format

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) deployed the new global messaging standard, ISO 20022, in March 2023. This data-rich format has the potential to improve processing time and accuracy, facilitate AML/CFT compliance checks, reduce fraud among others.

The migration of the SWIFT interface to ISO 20022 to support cross-border payments has been completed and the Bank has gone live with one correspondent bank since 20 March 2023.

The Bank has also embarked on the migration process for MACSS, which is based on SWIFT messaging, to ISO 20022. Discussions are underway with the solution provider as well as SWIFT.

Operationalisation of the Payment Systems Oversight function

It is essential that payment and settlement systems function safely and efficiently. To this end, the central bank has the responsibility for the oversight of the payment and settlement system. This involves monitoring existing and planned systems, assessing their safety and efficiency and, where necessary, inducing change[1].

The Bank obtained Technical Assistance (TA) from the World Bank for Payment Systems Oversight based on which the Payment Services Provider Licensing Framework was put in place. The Bank is currently updating its oversight framework for the implementation of a full-fledged oversight function, while benefiting from TA from IMF Afritac South.

Cross-border payment systems

The project undertaken by the Bank, in collaboration with the National Payments Corporation of India to connect the payment switch in India with MauCAS is nearing completion. The main objective is to foster use of digital payment channels using cards, mobile apps, internet, and ATMs and to provide a cheaper, faster, transparent and secure cross-border payment facility between India and Mauritius.

The project comprises two components, namely,

a. The Unified Payment Interface (UPI) which will enable payments by scanning QR Codes with mobile apps in both countries

b. RuPay Card project whereby cards issued in India will be accepted at ATMs and merchant Point of Sales in Mauritius and co-branded MauCAS RuPay cards issued in Mauritius will be accepted in India and also used for domestic transactions in Mauritius.

With the connectivity between the two switches, payments will be effected and settled in Mauritian and Indian Rupees, respectively, thus eliminating the need for a third currency.

Regional Cross-Border Initiatives

Regional payment systems enable settlement of cross-border transactions faster without having to rely on intermediary banks outside the region. This offers several advantages to countries in the region in terms of cost savings and transaction time. The Bank actively participates in the cross-border regional payment initiatives of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), in line with its role as an established regional international financial centre.

[1] *Central Bank oversight of payment and settlement systems https://www.bis.org/cpmi/publ/d68.pdf*

1. Common Market for Eastern and Southern Africa

The COMESA Regional Payment and Settlement System (REPSS), which is a large value cross-border payment system, is an initiative of the COMESA Clearing House, with the Bank of Mauritius acting as the settlement bank. REPSS provides a multi-currency payment platform for more secure, faster, cheaper and more predictable cross-border payments, with same day settlement, compared to international payments through correspondent banking arrangements.

During FY2022-23, the volume of transactions on the REPSS increased by 26 per cent to 1,583, while the value of transactions settled in USD terms rose by USD16 million to USD113 million, compared to FY2021-22.

The COMESA Business Council (CBC) has progressed in its project of establishing a regional digital retail payment scheme to cater for cross-border payments for micro, small and medium enterprises in the COMESA region. The CBC is envisaging a Proof of Concept by August 2024. The Bank actively collaborates with the CBC on this project.

2. South African Development Community

• SADC-RTGS

Fifteen SADC member countries participate in the SADC-RTGS, a large value real-time cross-border payment system with 90 participating banks (including central banks). Three local banks, ABSA Bank (Mauritius) Limited, Standard Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited participate in this payment system.

The number of transactions settled on the SADC-RTGS as at end-June 2023 totalled 3,001,748 for a total value of ZAR11.8 trillion (equivalent to USD693 billion). In volume and value terms, these represented, respective increases of 16.5 per cent and 19.2 per cent compared to FY2021-22.

The SADC-RTGS is migrating to ISO 20022, the new global messaging standard. All the three local participants are fully participating in the testing program established by the SADC-RTGS.

• Transactions Cleared on an Immediate Basis

The Transactions Cleared on an Immediate Basis (TCIB) is a retail cross-border payment system implemented by the SADC Banking Association with the main objective of promoting the adoption of digital payments and addressing the financial inclusion problem in the SADC region. The TCIB is overseen by the SADC Payment System Oversight Committee.

3. Association of African Central Banks

The Association of African Central Banks (AACB) is pursuing its initiative to develop a framework for inter-regional integration of payment systems and strategy for inter-regional integration of mobile phone payments. The Bank is involved in the development of the strategy for the mobile cross-border payment system.

Currency Management

The Bank is legally required to ensure an adequate supply of banknotes and coins to meet the demand of members of the public in Mauritius. Specifically, the Bank is required to:

1. ensure both the availability and supply of good quality banknotes and coins to banks
2. accept deposits of banknotes and coins from banks
3. attend to the destruction of soiled banknotes
4. exchange soiled and mutilated banknotes

Currency Management

Banknotes and coins deposited at and issued by the Bank

	FY2021-22	FY2022-23
Deposits:	Rs31.5 billion	Rs28.4 billion
Issues:	Rs34.9 billion	Rs31.9 billion

Examination of banknotes

	FY2021-22	FY2022-23
Number:	63.2 million	63.9 million
Value:	Rs32.6 billion	Rs26.5 billion

Examined banknotes unfit for circulation

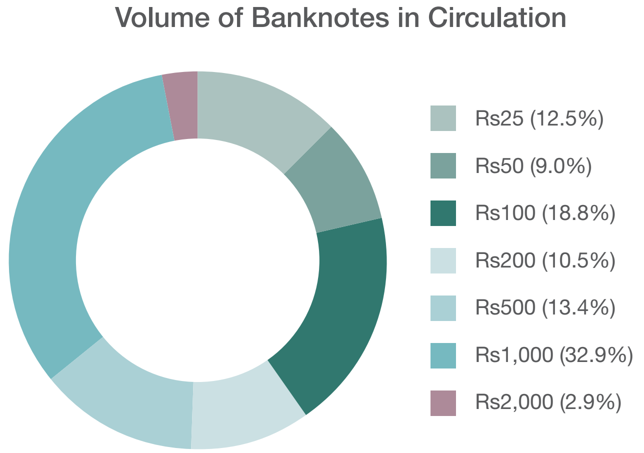
	FY2021-22	FY2022-23
Value:	Rs3.9 billion	Rs2.9 billion
Share of total:	17.2%	16.2%

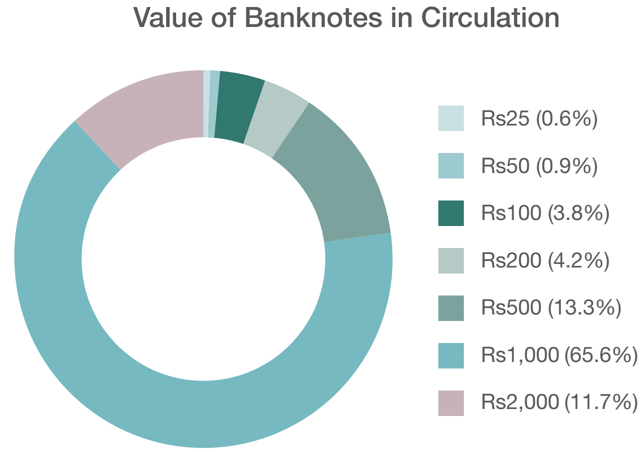
Destruction of soiled banknotes

	FY2021-22	FY2022-23
Value:	Rs2.0 billion	Rs2.5 billion
Share of total:	73.8%	89.2%

Growth in the volume of banknotes in circulation improved to 6.0 per cent in FY2022-23, from 5.4 per cent in FY2021-22, while the value of banknotes expanded by 7.2 per cent. In volume terms, banknotes of Rs1,000 denomination represented 32.9 per cent of all banknotes in circulation, followed by banknotes of Rs100 denomination, with a share of 18.8 per cent. Banknotes of Rs1,000 denomination constituted 65.6 per cent of the total value of banknotes in circulation, while banknotes of Rs500 denomination, made up 13.3 per cent. The total value and volume of coins in circulation increased by 6.5 per cent and 3.7 per cent, respectively, in FY2022-23 (Chart 6.7).

Chart 6.7: Banknotes in circulation as at end-June 2023





Polymer Banknotes

The Bank has introduced polymer banknotes in denominations of Rs25, Rs50 and Rs500 since August 2013. In December 2018, the Bank put into circulation polymer banknotes in denomination of Rs2,000. Since polymer banknotes are cleaner and more durable than paper banknotes and contain enhanced security features, the Bank aims to increase the circulation of polymer Banknotes in the future.

Value and volume of Polymer Banknotes in Circulation as at end-June 2023

Denomination

Rs25
Value: Rs249.7 million
Volume: 10.0 million

Rs50
Value: Rs366.0 million
Volume: 7.3 million

Rs500
Value: Rs6,152.2 million
Volume: 12.3 million

Rs2,000
Value: Rs5,941.7 million
Volume: 3.0 million

Gold Transactions

Gold Transactions

Sale of Gold to Licensed Jewellers

The Bank imports and sells gold of high quality:

- 24 carats 999.9 assay in bar forms of 1,000 grams;
- 500 grams; and
- 100 grams as well as in grain forms to industrialists and licensed jewellers.

Sale of Dodo Gold Coins

Dodo Gold coins of 22 carats are issued by the Bank in four denominations:

- one ounce with a face value of Rs1,000;
- half an ounce with a face value of Rs500;
- quarter of an ounce with a face value of Rs250; and
- one-tenth of an ounce with a face value of Rs100.

The coins are legal tender in Mauritius for the value stated thereon and are on sale at the counter of the Bank and banks in Mauritius.

55th Anniversary of the Bank of Mauritius

To mark its 55th Anniversary, the Bank issued two Commemorative Gold Coins of Rs2,000 and Rs2,500 denominations

Coin Exchange Campaign

In February 2023, the Bank launched a coin exchange campaign and invited members of the public to put back into circulation coins they may have in their possession and which are lying idle. The Bank of Mauritius has enlisted the support of all banks in the country in the context of this campaign.

07

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Contents

Overview

The Bank of Mauritius (Bank) realised a net profit of Rs1,874 million, in terms of section 11(1) of the Bank of Mauritius Act 2004 (the "BOM Act" or the "Act"), for the financial year ended 30 June 2023 compared to Rs299 million in the previous year, mainly due to higher income. This result is attributable mainly to strategic decision of the Bank to realign its investment portfolio with a view to take advantage of the global rising interest rates. And, the restructured investment portfolio is poised to sustain the income generating capacity of the Bank.

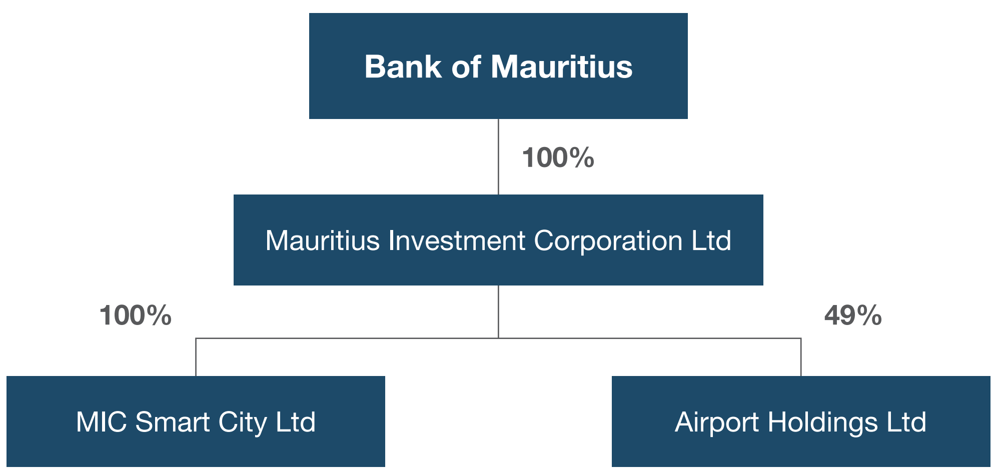
The income of the Bank, excluding fair value gains and losses, increased by Rs5.7 billion from Rs4.3 billion to Rs10.0 billion. This is due to the expansion of portfolio of Hold to Collect securities from Rs49 billion in 2022 to Rs96 billion in 2023 which is dedicated to generate an income stream for the Bank. In addition, the tightening of monetary policy across many central banks has contributed to higher income through higher yields on foreign investments.

Expenditure of the Bank increased by Rs2.7 billion from Rs2.0 billion to Rs4.7 billion mainly due to interest paid on obligations to foreign counterparties. Interest expense on monetary policy operations increased by Rs1.4 billion from Rs1.8 billion to Rs3.2 billion.

The Bank's fully owned subsidiary, Mauritius Investment Corporation Ltd, acquired a 49% stake in Airport Holdings Ltd (AHL) in December 2021 for a consideration of Rs25 billion thus becoming an Associate. In accordance with IAS 28 - Investments in Associates and Joint Ventures (2011), the Bank is required to account for AHL under the equity method in its group financial statements.

Group Structure

The Group consisting of the Bank and its subsidiaries, Mauritius Investment Corporation Ltd and MIC Smart City Ltd, and Airport Holdings Ltd (Associate) is presented below:



Group Results

The Group realised a net profit, excluding fair value gains and losses, of Rs4,653 million as follows:

Net Profit/(Loss) for the Group	2023	2022
	Rs 000	Rs 000
BOM-Net Profit as per section 11(1) of the BOM Act	**1,873,594**	299,313
MIC-Net Profit	**586,191**	368,157
MIC Smart City Ltd-Net Loss	**(8,513)**	(2,413)
Airport Holdings Ltd-Share of Profit/(Loss)	**2,201,267**	(1,476,763)
Net Profit/(Loss) as adjusted	**4,652,539**	(811,706)

Bank's Assets

Total assets of the Bank decreased by Rs40 billion from Rs454 billion as at 30 June 2022 to Rs414 billion as at 30 June 2023. Foreign assets decreased by Rs41 billion from Rs346 billion to Rs305 billion, mainly due to transfers of foreign currencies by commercial banks and sale of USD by the Bank. With the improvement of the tourism sector the Bank reduced its intervention on the foreign exchange market from a total amount of USD1.2 billion in the preceding financial year to USD0.6 billion in the current financial year.

Bank's Liabilities

Liabilities of the Bank decreased by Rs45 billion from Rs443 billion to Rs398 billion mainly due to a decrease in demand deposits of commercial banks. Monetary Policy Instruments increased from Rs108 billion to Rs139 billion due to the introduction of the new monetary policy framework in January 2023. Other liabilities include obligations to foreign counterparties.

Bank's Capital and Reserves

The capital and reserves of the Bank increased by Rs4.6 billion from Rs10.9 billion to Rs15.5 billion mainly due to Net Profit and transfer to Reserves. Net profits realised during the year amounting to Rs1.8 billion were transferred to the General Reserve Fund and no distribution was made to Government in accordance with section 11(2) and section 11(5) of the Act. An amount of Rs2.7 billion, representing fair value gains on foreign investments, was transferred to the Special Reserve Fund.

Statement of Responsibilities

The Bank, which acts as the central bank for the Republic of Mauritius, is set up as a body corporate as per section 3(4) of the Act which states that the Companies Act 2001 shall not apply to it.

The Board of Directors has, under section 12 of the Act, been entrusted with the general policy of the affairs and business of the Bank. Responsibility for the day-to-day administration of the Bank has been entrusted, in terms of section 14(3) of the Act, to the two Deputy Governors who shall act under the supervision of the Governor.

The Governor is the principal representative of the Bank and is responsible for the execution of the policy of the Board. Further, he is responsible for the general supervision of the Bank. In the discharge of his functions, the Governor is answerable to the Board.

The Board presently consists of the Governor as Chairperson, two Deputy Governors and six other Directors. The Act provides for not less than five but not more than seven other Directors.

The Governor and Deputy Governors are appointed by the President of the Republic of Mauritius, on the recommendation of the Prime Minister and may hold office for a term not exceeding five years and are eligible for re-appointment. The Minister of Finance appoints the other Directors who may hold office for a term not exceeding three years. They are eligible for re-appointment at the end of their term of office.

The Bank is responsible for the preparation and fair presentation of the financial statements in conformity with accounting principles applicable to central banks and best international practices in accordance with section 31(1) of the Act and the implementation of an internal control structure to maintain the reliability of the financial statements and to provide reasonable but not absolute assurance against the possibility of errors and irregularities that are material to the financial statements.

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Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF BANK OF MAURITIUS

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of BANK OF MAURITIUS (the Bank), which comprise the consolidated and separate statement of financial position as at 30 June 2023 and consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 113 to 186.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of BANK OF MAURITIUS as at 30 June 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and in compliance with the requirements of the Bank of Mauritius 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 Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Overview, but does not include the consolidated and separate financial statements and our auditors' report thereon, which we obtained prior to the date of the auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

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

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF BANK OF MAURITIUS

Report on the Audit of the Consolidated and Separate Financial Statements

Responsibilities of Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and in conformity with the accounting principles applicable to central banks and best international practices pursuant to section 31(1) of the Bank of Mauritius Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the 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 it is intended for the Bank to cease operations as per the provisions of the Bank of Mauritius Act 2004.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF BANK OF MAURITIUS

Report on the Audit of the Consolidated and Separate Financial Statements

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG
Ebène, Mauritius

31 October 2023

John Chung, BSc FCA
Licensed by FRC

Statements of Financial Position

AS AT 30 JUNE 2023

	Note	GROUP 2023 Rs 000	GROUP 2022 Rs 000	BANK 2023 Rs 000	BANK 2022 Rs 000
ASSETS					
Foreign Assets					
Cash and Cash Equivalents	6	**54,086,313**	103,430,996	**54,086,313**	103,430,996
Gold Deposits	7	**34,919,234**	32,780,953	**34,919,234**	32,780,953
Financial Assets held at Amortised Cost	8(i)	**95,705,955**	49,145,825	**95,705,955**	49,145,825
Financial Assets held at Fair Value Through Other Comprehensive Income	9	**1,652,707**	25,829,027	**1,652,707**	25,829,027
Financial Assets held at Fair Value Through Profit or Loss	10(i)	**119,103,414**	134,947,971	**119,103,414**	134,947,971
		305,467,623	346,134,772	**305,467,623**	346,134,772
Domestic Assets					
Financial Assets held at Amortised Cost	8(ii)	**24,864,502**	24,323,340	**24,864,502**	24,334,840
Equity Investment in Mauritius Investment Corporation Ltd	12	**-**	-	**81,000,000**	81,000,000
Financial Assets held at Fair Value Through Profit or Loss	10(ii)	**17,357,776**	14,691,446	**-**	-
Investment Properties	13	**9,008,104**	8,069,524	**-**	-
Investment in Associate	14	**25,942,204**	23,523,237	**-**	-
Computer Software	15	**167,158**	136,938	**166,865**	136,938
Property, Plant and Equipment	16	**1,905,990**	1,844,656	**1,903,034**	1,842,274
Other Assets	17	**614,556**	497,840	**608,188**	495,958
		79,860,290	73,086,981	**108,542,589**	107,810,010
TOTAL ASSETS		**385,327,913**	419,221,753	**414,010,212**	453,944,782
LIABILITIES					
Currency in Circulation	18	**52,649,945**	49,124,042	**52,649,945**	49,124,042
Demand Deposits					
Government		**17,482,647**	16,788,456	**17,482,647**	16,788,456
Banks		**77,510,264**	164,384,729	**77,510,264**	164,384,729
Mauritius Investment Corporation Ltd		**-**	-	**31,579,030**	34,982,705
Others		**1,823,733**	1,335,618	**1,823,733**	1,335,618
		96,816,644	182,508,803	**128,395,674**	217,491,508
Monetary Policy Instruments	19	**138,559,649**	107,703,218	**138,559,649**	107,703,218
Provisions	20	**100,000**	100,000	**100,000**	100,000
Employee Benefits	21	**1,036,400**	736,277	**1,036,400**	736,277
Other Liabilities	22	**77,764,268**	67,895,610	**77,752,163**	67,889,116
TOTAL LIABILITIES		**366,926,906**	408,067,950	**398,493,831**	443,044,161
CAPITAL AND RESERVES					
Stated and Paid Up Capital	5	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Reserves	5	**8,401,007**	1,153,803	**5,516,381**	900,621
		18,401,007	11,153,803	**15,516,381**	10,900,621
TOTAL LIABILITIES, CAPITAL AND RESERVES		**385,327,913**	**419,221,753**	**414,010,212**	**453,944,782**

The financial statements have been approved and authorised for issue by the Board of Directors on 31 October 2023 and signed on its behalf by:

Shardhanand Gopaul
Acting Secretary

Hemlata S Sewraj-Gopal
Second Deputy Governor

Harvesh Seegolam
Governor

The notes on pages 119 to 186 form an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

		GROUP		BANK	
		2023	2022	**2023**	2022
	Note	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Income					
Interest and Similar Income on Financial Assets using EIR	23	**4,234,687**	1,171,971	**4,234,687**	1,171,971
Interest and Similar Income on Financial Assets at Fair Value Through Profit or Loss	24	**6,181,189**	3,473,911	**5,542,025**	3,082,630
Miscellaneous Income	25	**245,906**	57,737	**207,954**	27,698
Gain on Revaluation of Foreign Currencies/SDR		**1,343,530**	9,392,954	**1,343,530**	9,392,954
Gain on Revaluation of Gold	7	**2,143,849**	2,819,143	**2,143,849**	2,819,143
Changes in Fair Value of Investment Properties	13	**419,625**	1,629,200	**-**	-
Loss on Financial Assets at Fair Value Through Profit or Loss	26	**(1,715,358)**	(14,002,122)	**(930,533)**	(14,274,887)
Total Income		**12,853,428**	4,542,794	**12,541,512**	2,219,509
Expenditure					
Interest Payable and Similar Charges	27	**2,749,053**	401,538	**2,749,053**	401,538
Staff Salaries and Other Benefits	28	**620,676**	501,492	**599,675**	488,643
General Expenditure		**583,944**	378,097	**534,654**	354,083
Fees Payable	29	**489,575**	561,785	**469,804**	549,347
Coin Issue Expenses		**81,787**	34,483	**81,787**	34,485
Note Issue Expenses		**57,390**	40,347	**57,390**	40,347
Depreciation and Amortisation	15,16	**129,818**	111,521	**127,601**	110,332
Directors' Remuneration	30	**37,873**	33,305	**30,713**	28,218
Impairment/(Reversal of Impairment Allowance) on Financial Assets	11	**6,517**	(6,315)	**6,517**	(6,315)
Total Expenditure		**4,756,633**	2,056,253	**4,657,194**	2,000,678
Surplus of Income over Expenditure before Monetary Policy Operations		**8,096,795**	2,486,541	**7,884,318**	218,831
Monetary Policy Operations					
Interest Expense	31	**(3,181,553)**	(1,782,883)	**(3,181,553)**	(1,782,883)
Share of Profit/(Loss) of Equity-Accounted Associate	14	**2,201,267**	(1,476,763)	**-**	-
NET PROFIT/(LOSS) FOR THE YEAR		**7,116,509**	(773,105)	**4,702,765**	(1,564,052)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to Profit or Loss					
Remeasurements of defined benefit liability	21	**(272,325)**	(199,426)	**(272,325)**	(199,426)
Equity-Accounted Associate-Share of OCI	14	**(241,626)**	-	**-**	-
Items that are or may be reclassified subsequently to Profit or Loss					
Financial Assets at FVOCI-change in fair value		**120,176**	(312,141)	**120,176**	(312,141)
Financial Assets at FVOCI-reclassified to profit or loss		**65,144**	(78,118)	**65,144**	(78,118)
Equity-Accounted Associate-Share of OCI	14	**459,326**	-	**-**	-
TOTAL COMPREHENSIVE INCOME		**7,247,204**	(1,362,790)	**4,615,760**	(2,153,737)

The notes on pages 119 to 186 form an integral part of these financial statements.

FOR THE YEAR ENDED 30 JUNE 2023

	BANK	BANK
	2023	2022
	Rs 000	Rs 000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AS PER IFRS	**4,615,760**	(2,153,737)
Transfer to Special Reserve Fund in terms of Section 47(1) of the Bank of Mauritius Act 2004-Gain on Revaluation of Foreign Currency and SDR	**(1,343,530)**	(9,392,954)
Transfer to Special Reserve Fund in terms of Section 47(1) of the Bank of Mauritius Act 2004-Gain on Revaluation of Gold	**(2,143,849)**	(2,819,143)
Transfer from Special Reserve Fund in terms of Section 47(1A) of the Bank of Mauritius Act 2004-Loss on financial assets at FVTPL	**930,533**	14,274,889
Transfer (to)/from Special Reserve Fund in terms of Section 47(1A) of the Bank of Mauritius Act 2004-Gain/(Loss) on financial assets at FVOCI	**(185,320)**	390,258
	(2,742,166)	2,453,050
NET PROFIT FOR THE YEAR IN TERMS OF SECTION 11 (1) OF THE BANK OF MAURITIUS ACT 2004	**1,873,594**	299,313
Transfer to General Reserve Fund in terms of section 11(2) of the Bank of Mauritius Act 2004	**(281,039)**	(44,897)
Transfer to General Reserve Fund in terms of section 11(5) of the Bank of Mauritius Act 2004	**(1,592,555)**	(254,416)
BALANCE OF NET PROFITS PAYABLE INTO THE CONSOLIDATED FUND IN TERMS OF SECTION 11(3) OF THE BANK OF MAURITIUS ACT 2004	**-**	-

The above Statement of Distribution has been prepared according to the requirements of the Bank of Mauritius Act 2004 and does not form part of the primary statements.

The notes on pages 119 to 186 form an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

THE GROUP

	Stated and Paid Up Capital	General Reserve Fund	Special Reserve Fund	Revaluation Reserve	Fair Valuation Reserve	Retained Earnings	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance at 1 July 2021	10,000,000	320,901	2,733,457	-	-	(537,765)	12,516,593
Total Comprehensive Loss	-	-	-	-	-	(1,362,790)	(1,362,790)
Transfer of Accumulated Changes in Financial Assets at FVTPL to Fair Valuation Reserve	-	-	-	-	(595,854)	595,854	-
Transfer from Special Reserve Fund	-	-	(2,453,050)	-	-	2,453,050	-
Transfer to General Reserve Fund	-	299,313	-	-	-	(299,313)	-
Transfer to Revaluation Reserve	-	-	-	1,626,788	-	(1,626,788)	-
Transfer to Fair valuation Reserve	-	-	-	-	272,765	(272,765)	-
Balance at 30 June 2022	10,000,000	620,214	280,407	1,626,788	(323,089)	(1,050,517)	11,153,803
Balance at 1 July 2022	**10,000,000**	**620,214**	**280,407**	**1,626,788**	**(323,089)**	**(1,050,517)**	**11,153,803**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**7,247,204**	**7,247,204**
Transfer to Special Reserve Fund	**-**	**-**	**2,742,166**	**-**	**-**	**(2,742,166)**	**-**
Transfer to General Reserve Fund	**-**	**1,873,594**	**-**	**-**	**-**	**(1,873,594)**	**-**
Transfer to Revaluation Reserve	**-**	**-**	**-**	**411,112**	**-**	**(411,112)**	**-**
Transfer to Fair Valuation Reserve	**-**	**-**	**-**	**-**	**(784,827)**	**784,827**	**-**
Balance at 30 June 2023	**10,000,000**	**2,493,808**	**3,022,573**	**2,037,900**	**(1,107,916)**	**1,954,642**	**18,401,007**

The notes on pages 119 to 186 form an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

THE BANK

	Stated and Paid Up Capital	General Reserve Fund	Special Reserve Fund	Comprehensive Income	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance at 1 July 2021	10,000,000	320,901	2,733,457	-	13,054,358
Total Comprehensive Loss	-	-	-	(2,153,737)	(2,153,737)
Transfer from Special Reserve Fund	-	-	(2,453,050)	2,453,050	-
Transfer to General Reserve Fund	-	299,313	-	(299,313)	-
Balance at 30 June 2022	10,000,000	620,214	280,407	-	10,900,621
Balance at 1 July 2022	**10,000,000**	**620,214**	**280,407**	**-**	**10,900,621**
Total Comprehensive Income	**-**	**-**	**-**	**4,615,760**	**4,615,760**
Transfer to Special Reserve Fund	**-**	**-**	**2,742,166**	**(2,742,166)**	**-**
Transfer to General Reserve Fund	**-**	**1,873,594**	**-**	**(1,873,594)**	**-**
Balance at 30 June 2023	**10,000,000**	**2,493,808**	**3,022,573**	**-**	**15,516,381**

The notes on pages 119 to 186 form an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	GROUP		BANK	
		2023	2022	**2023**	2022
		Rs 000	Rs 000	**Rs 000**	Rs 000
Cash Flow from Operating Activities					
Interest Received		**6,658,703**	3,674,730	**6,308,213**	3,552,720
Interest Payable and Similar charges		**(2,451,809)**	(288,359)	**(2,451,809)**	(288,359)
Interest Paid on Monetary Policy Instruments		**(1,315,367)**	(1,356,308)	**(1,315,367)**	(1,356,308)
Miscellaneous Income		**205,654**	21,902	**202,516**	20,023
Staff Salaries and Other Benefits		**(561,173)**	(432,691)	**(561,173)**	(432,691)
General Expenditure		**(604,219)**	(379,867)	**(604,219)**	(381,057)
Fees Payable		**(265,381)**	(398,883)	**(265,381)**	(398,883)
Notes and Coin Issue		**(139,176)**	(74,830)	**(139,176)**	(74,830)
Net cash flow from operating activities before changes in operating assets and liabilities		**1,527,232**	765,694	**1,173,604**	640,615
Net (increase)/decrease in operating assets					
Financial Assets held at Amortised Cost		**(451,469)**	3,174,236	**(451,469)**	3,174,236
Other Assets		**(115,373)**	(94,715)	**(112,229)**	(92,905)
Net increase/(decrease) in operating liabilities					
Government Deposits		**694,191**	(21,608,281)	**694,191**	(21,608,281)
Banks Deposits		**(86,874,465)**	41,482,790	**(86,874,465)**	41,482,790
Mauritius Investment Corporation Ltd Deposits		**-**	-	**(3,403,675)**	(36,915,114)
Others Deposits		**488,115**	(89,484)	**488,115**	(89,484)
Other Liabilities		**223,244**	490,274	**223,244**	489,673
Net Cash Flow from Operating Activities		**(84,508,525)**	24,120,514	**(88,262,684)**	(12,918,470)
Cash Flows from Investing Activities					
Additions to Financial Assets held at Amortised Cost		**(93,273,048)**	(72,249,878)	**(93,273,048)**	(72,249,878)
Disposals of Financial Assets held at Amortised Cost		**49,160,391**	25,294,146	**49,160,391**	25,294,146
Additions to Financial Assets at FVOCI		**(11,398,410)**	-	**(11,398,410)**	-
Disposals of Financial Assets at FVOCI		**35,638,041**	36,361,616	**35,638,041**	36,361,616
Additions to Financial Assets at FVTPL		**(3,240,000)**	(25,239,852)	**-**	(17,227,852)
Disposals of Financial Assets at FVTPL		**17,971,939**	25,812,102	**17,971,939**	25,812,102
Additions to Monetary Policy Instruments		**1,839,160,052**	141,634,101	**1,839,160,052**	141,634,101
Disposal of Monetary Policy Instruments		**(1,810,169,800)**	(148,623,000)	**(1,810,169,800)**	(148,623,000)
Acquisition of Investment Properties		**(511,075)**	(4,025,677)	**-**	-
Investment in Associate		**-**	(25,000,000)	**-**	-
Disposal of Gold		**48,607**	-	**48,607**	-
Purchase of PPE and Intangibles		**(221,385)**	(312,355)	**(218,301)**	(311,048)
Proceeds of Sale of PPE		**21,418**	-	**21,418**	-
Dividend Received		**36,797**	30,780	**36,797**	30,780
Net cash flow from/(used in) investing activities		**23,223,527**	(46,318,017)	**26,977,686**	(9,279,033)
Cash Flows from Financing Activities					
Currency in Circulation		**3,525,903**	3,417,406	**3,525,903**	3,417,406
Retirement Benefits Obligation Funding		**-**	(839,900)	**-**	(839,900)
Obligations to Foreign Counterparties		**13,800,367**	49,541,705	**13,800,367**	49,541,705
Repayment of Obligations to Foreign Counterparties		**(4,597,600)**	(8,578,840)	**(4,597,600)**	(8,578,840)
Net Cash Flow from Financing Activities		**12,728,670**	43,540,371	**12,728,670**	43,540,371
Net Cash Flow		**(48,556,328)**	21,342,868	**(48,556,328)**	21,342,868
Effect of Exchange Rate Fluctuations		**(788,355)**	9,128,488	**(788,355)**	9,128,488
Net increase in Cash and Cash Equivalents		**(49,344,683)**	30,471,356	**(49,344,683)**	30,471,356
Cash and Cash Equivalents at beginning of year		**103,430,996**	72,959,640	**103,430,996**	72,959,640
Cash and Cash Equivalents at end of year	6	**54,086,313**	103,430,996	**54,086,313**	103,430,996

The notes on pages 119 to 186 form an integral part of these financial statements.

1. LEGAL FRAMEWORK

Bank of Mauritius (the "Bank")

In terms of section 4(2)(c) of the Bank of Mauritius Act 2004 (the "Act"), the Bank is established to act as the central bank for the Republic of Mauritius. Its main place of business is at Sir William Newton Street, Port Louis, and it operates an office in Rodrigues. The Bank is an independent institution with its own legal personality and submits, in accordance with section 32(3) of the Act, a copy of its audited financial statements to the Minister who lays a copy thereof before the National Assembly.

The primary objective of the Bank is to maintain price stability and to promote orderly and balanced economic development.

To attain these objectives, the Bank's principal functions are to:

- conduct monetary policy and manage the exchange rate of the Mauritian Rupee, taking into account the orderly and balanced economic development of Mauritius;
- regulate and supervise financial institutions carrying on activities in, or from within, Mauritius;
- manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Mauritius;
- collect, compile and disseminate, on a timely basis, monetary and related financial statistics; and
- manage the foreign exchange reserves of Mauritius.

Under section 10 of the Act, the stated and paid up capital of the Bank shall be not less than one billion rupees and shall be subscribed and held solely by the Government of Mauritius. Further, the amount paid as capital of the Bank may be increased from time to time by transfer from the General Reserve Fund or the Special Reserve Fund of such amounts as the Board may, with the approval of the Minister, resolve. The capital was increased to Rs2 billion in November 2011 and to Rs10 billion in July 2020 in terms of Section 47 (5)(a) of the Act.

Under section 11(2) of the Act, the Bank shall establish a General Reserve Fund to which shall be allocated, at the end of every financial year of the Bank, 15 per cent of the net profit of the Bank.

Under section 11(3) of the Act, the balance of the net profit for the financial year remaining after the allocation made under subsection 11(2) shall, subject to subsection 11(4), be paid into the Consolidated Fund as soon as practicable after the end of every financial year.

Section 11(4) of the Act provides that subject to subsection 11(5), the balance in the General Reserve Fund shall be at least equivalent to the amount paid as capital of the Bank. Under section 11(5) of the Act, where, at any time, the balance in the General Reserve Fund is less than the amount paid as capital of the Bank, the Bank shall endeavour to bring the balance to the required level.

In terms of Section 35(1) of the Act the Bank has the sole right to issue Mauritius currency notes, coins and digital currency.

2. BASIS OF PREPARATION

(a) Statement of Compliance

In terms of section 31(1) of the Act, the accounting of the Bank shall, at all times be carried out in conformity with accounting principles applicable to central banks and best international practices. In line with best practices, the Group and the Bank have prepared their financial statements in accordance with International Financial Reporting Standards ("IFRS").

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

The financial statements include the consolidated financial statements of the parent, Bank of Mauritius, and its subsidiary (together the "Group") and the separate financial statements of the parent (the "Bank").

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income are measured at fair value;
- the liability for defined benefit obligations is recognised as the fair value of plan assets less the present value of the defined benefit obligations;
- investment properties are measured at fair value.

(c) Functional and Presentation Currency

Functional currency is the currency of the primary economic environment in which the Group and the Bank operate. When indicators of the primary economic environment are mixed, management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management has determined that the functional currency of the Group and the Bank is Mauritian Rupees ("Rs").

These financial statements are presented in Mauritian Rupees rounded to the nearest thousand (Rs 000) except when otherwise indicated.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of Estimates and Judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect
on the amounts recognised in these financial statements are described in Note 4.

(e) Going Concern

The Bank made an assessment of its ability to continue as going concern and it is satisfied that it has the resources to continue its business for the foreseeable future. The financial statements have thus been prepared on a going concern basis.

(f) Application of New and Revised International Financial Reporting Standards (IFRS)

Standards, amendments and interpretations effective for the current period

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS that were relevant to the Group and the Bank's financial statements and were effective as from 1 July 2022:

Standard/Amendment/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 – 2020)	May 2020	1 January 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	May 2020	1 January 2022
IFRS 3 amendment	Reference to the Conceptual Framework	May 2020	1 January 2022

2. BASIS OF PREPARATION (CONTINUED)

(f) Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Standards, amendments and interpretations effective for the current period (continued)

Annual Improvements to IFRS Standards (2018 – 2020)

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ‘’10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

These amendments had no impact on the financial statements of, nor is there to be any future impact to the Group and the Bank.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognises in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The above amendment did not have any material impact on the Group and the Bank’s financial statements.

2. BASIS OF PREPARATION (CONTINUED)

(f) Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Standards, amendments and interpretations effective for the current period (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The above amendments did not have any material impact on the Group and the Bank's financial statements.

Standards, amendments and interpretations not yet effective

At the date of authorisation of the financial statements of the Group and the Bank for the year ended 30 June 2023, the following relevant Standards, Amendments and Interpretations were in issue but not yet effective:

Standard/Amendment/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IAS 8 amendment	Definition of Accounting Estimates	February 2021	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	Disclosure Initiative: Accounting Policies	February 2021	1 January 2023
IAS 1 amendment	Classification of liabilities as current or non-current	February 2021	1 January 2024

2. BASIS OF PREPARATION (CONTINUED)

(f) Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Standards, amendments and interpretations not yet effective (continued)

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a
- definition of accounting estimates.
- Under the new definition, accounting estimates are “monetary amounts
- in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The International Accounting Standards Board (‘IASB’) clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted.

The amendments are not expected to have a material impact on the Group and the Bank’s financial statements.

2. BASIS OF PREPARATION (CONTINUED)

(f) Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Standards, amendments and interpretations not yet effective (continued)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the IASB.

The IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier.

The above amendments are not expected to have a material impact on the Group and the Bank's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

(f) Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Standards, amendments and interpretations not yet effective (continued)

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date.

The amendments are not expected to have a material impact on the Group and the Bank.

3. ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Bank are set out below. The terms Group and Bank are used interchangeably and applicable to either the Group and the Bank or both depending on the nature of the accounting policies and/or the notes that are disclosed.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiary in the separate financial statements of the Bank is carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

(iii) Investment in Associate

The Group and the Bank's interest in equity-accounted investee comprises investment in associate. An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies of the investee company.

Investment in associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of the equity-accounted investee, until the date on which significant influence ceases.

(b) Financial Instruments

Recognition and initial measurement

The Group and the Bank initially recognise loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group and the Bank become a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for items not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are classified at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis. The Group and the Bank classify all equity investments as financial assets at FVTPL.

In addition, on initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Financial assets (continued)

Business model assessment

The Group and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. he information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL, because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Solely Payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risks and administrative cost), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would meet this condition. In making the assessment, the Group and the Bank consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group and the Bank's claim to cash flows from specified assets (e.g. Non-recourse arrangement); and
- features that modify consideration of the time value of money-e.g. periodical reset of interest rates.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within both a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss requirements. Gains and losses on derecognition or modification are recognised directly in profit or loss and presented in similar income on financial assets. Impairment losses are presented as separate line item in the statement of profit or loss.

The Group and the Bank include in this category:

- Cash and cash equivalents
- Short term deposits meeting the definition of cash and cash equivalents
- Quoted debt instruments under the internally managed portfolio which are held to collect contractual cash flows
- Loans in foreign currency
- Loans in local currency
- Cash deposits
- Government securities
- Staff loans
- Other receivables

Financial assets at fair value through Other Comprehensive Income (OCI) (debt instruments)

The Group and the Bank measure a debt instrument at fair value through OCI if both of the following conditions are met and if the instrument is not designated as at FVTPL:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Bank's debt instruments at fair value through OCI includes quoted debt instruments under the internally managed portfolio.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- It is classified as financial asset held for trading for the purpose of selling or repurchasing in the near term; or
- At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group and the Bank include in this category:

- gold deposits
- secured redeemable convertible bonds and fixed secured notes
- equity instruments in unquoted investments
- foreign investments managed by external fund managers designated at FVTPL

Subsequent measurement of financial assets

Effective interest rate

Under IFRS 9, interest income is recorded using the effective interest method on all financial instruments measured at amortised cost and on interest bearing financial assets measured at FVOCI. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

Subsequent to initial recognition, financial assets are either measured at amortised cost or at fair value.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

The Group and the Bank classify its financial assets as subsequently measured under the following classification categories on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss ("FVTPL")

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group and the Bank include in this category:

- currency in circulation
- demand deposits
- monetary policy instruments
- obligations to foreign counterparties
- abandoned funds
- special drawing rights (SDR)
- other deposits
- interest and other payables

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group and the Bank's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Bank have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Bank have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Derecognition (continued)

When the Group and the Bank have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Bank continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained. Examples of such transactions are securities lending, sale-and-repurchase transactions and gold swaps.

Sale-and-repurchase agreements (repos) are transactions in which the Group and the Bank sell a security and simultaneously agree to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. The Group and the Bank continue to recognise the securities in their entirety in the statement of financial position because they retain substantially all of the risks and rewards of ownership. The cash consideration received is recognised as a financial asset and a financial liability is recognised for the obligation to pay the repurchase price. Because the Group and the Bank sell the contractual rights to the cash flows of the securities, they do not have the ability to use the transferred assets during the term of the arrangement.

Securities lending agreements are transactions in which the Group and the Bank lend securities and receives cash as collateral. The Group and the Bank continue to recognise the securities in their entirety in the statement of financial position because they retain substantially all of the risks and rewards of ownership. The cash received is recognised as a financial asset and a financial liability is recognised for the obligation to repay it. Because as part of the lending arrangement the Group and the Bank sell the contractual rights to the cash flows of the securities, they do not have the ability to use the transferred assets during the term of the arrangement.

Gold swaps are transactions in which the Group and the Bank sell gold and simultaneously agree to repurchase it at a fixed price on a future date. In all cases, the Group and the Bank retain substantially all of the risks and rewards of ownership. Therefore, the Group and the Bank continue to recognise the transferred gold in its statement of financial position. The cash received is recognised as a financial asset and a corresponding liability is recognised. The Group and the Bank do not separately recognise swap that prevents derecognition of the gold as a derivative because doing so would result in recognising the same rights and obligations twice. Because the Group and the Bank sell the contractual rights to the cash flows of the gold, they do not have the ability to use the transferred assets during the term of the arrangement.

A financial liability is derecognised when its contractual obligations are discharged or cancelled or expire.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group and the Bank change their business model for managing financial assets.

Impairment of financial assets

The Group and the Bank recognise an allowance for expected credit losses (ECLs) on all of the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments measured at amortised cost and FVOCI
- Loan commitments and financial guarantee contracts issued

No impairment loss is recognised on equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Bank expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, an impairment allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Definition of default

For internal credit risk management purposes, the Group and the Bank consider a financial asset in default and therefore Stage 3 (credit-impaired) for ECL calculations in accordance with the contractual terms of the financial asset.

For foreign investment assets and domestic loans:

- A missed or delayed disbursement of a contractually-obligated interest or principal payment as defined in credit agreements and indentures;
- A bankruptcy filing or legal receivership by the debt issuer or obligor that will likely cause a miss or delay in future contractually-obligated debt service payments;
- A distressed exchange whereby:
  1) an issuer offers creditors new or restructured debt, or a new package of securities, cash or assets, that amount to a diminished value relative to the debt obligation's original promise and
  2) the exchange has the effect of allowing the issuer to avoid a likely eventual default;
- A change in the payment terms of a credit agreement or indenture imposed by the sovereign that results in a diminished financial obligation, such as a forced currency or re-denomination (imposed by the debtor, or the debtor's sovereign) or a forced change in some other aspect of the original promise, such as indexation or maturity.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Impairment of financial assets (continued)

Definition of default (continued)

If any of those criteria are met, the asset is moved to stage 3.

The Group and the Bank consider treasury and interbank balances in default when the required intraday payments are not settled by the close of business, as outlined in the individual agreements.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group and the Bank compare the risk of a default occurring on the financial asset as at the reporting date with the risk as at the date of initial recognition. The Group and the Bank consider many factors when assessing a financial asset for a significant increase in credit risk, including:

- an actual or expected significant deterioration in the financial asset's credit rating;
- significant deterioration in external market indicators of credit risk for a financial asset (e.g., a significant increase in the credit spread, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the counterparty's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty; or an actual or expected significant adverse change in the regulatory, economic or technological environment of the counterparty that results in a significant decrease in the counterparty's ability to meet its debt obligations.

For foreign investment, the Group and the Bank consider that there has been a significant increase in credit risk when:

- If the rating of the financial asset is 'investment grade' at initial recognition, a significant increase in credit risk is identified if it downgrades to 'speculative grade'. The financial asset will be moved to stage 2.
- If the rating of the financial asset is 'speculative grade' at initial recognition, an increase in credit risk is identified if there is a one notch downgrade in credit rating. The financial asset will be moved to stage 2.

The Group and the Bank consider that the asset has cured: if the asset moves one notch upwards in credit rating after being downgraded, then the Group and the Bank would monitor the coupon payments due in the year. If no coupon payments are missed, then they would move the financial asset back to stage 1.

If the asset's credit rating does not move after being moved to stage 2, then the Group and the Bank would need to obtain the next twelve coupon payments for asset with quarterly coupon payments, the next six coupon payments for asset with semi-annual coupon payments, the next three coupon payments for assets with yearly coupon payments before moving the asset back to stage 1.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Impairment of financial assets (continued)

Inputs into measurement of ECLs

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

PD are estimates at a certain date that are based on a mix of internally compiled data, rating agency outputs and expert judgement, comprising both quantitative and qualitative factors.

LGD is the estimated percentage of exposure that will be lost at the time of default.

EAD represents the amount of exposure that the Group and the Bank are exposed to if there is a default.

Forward looking information

In its ECL models, the Group and the Bank rely on credit ratings from credit rating agencies (Standard & Poor's (S&P), Moody's, Fitch Group) and the Bloomberg indices rating on global fixed income for the probability of default component. Credit ratings are a tool, among others, that investors can use when making decisions about purchasing bonds and other fixed income investments. They express independent opinions on creditworthiness, using a common terminology that may help investors make more informed investment decisions.

As part of their ratings analysis, the external credit agencies evaluate current and historical information and also assess the potential impact of a broad range of forward looking information, such as:

- Industry specific risk and broad economic factors that may affect the business cycle
- Key performance indicators
- Economic, regulatory and geopolitical influences
- Management and corporate governance attributes
- Competitive position.

Additionally, for sovereign or national government, the analysis may take into consideration:

- Fiscal and Economic performance
- Monetary Stability
- Effectiveness of the Government's institutions.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments when such differences are significantly material.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Impairment of financial assets (continued)

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Bank currently have a legally enforceable right to offset the amounts and intend either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group and the Bank measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Bank use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Bank determine that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation wholly supported by observable market data or the transaction is closed out.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Gold Deposits

Gold deposits are held by the Group and the Bank for reserve management purposes. IFRS 9 excludes from its scope gold deposits and therefore IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, has been considered to assess the most appropriate accounting standard for the gold deposits. Accordingly, the Group and the Bank have considered IFRS 9 to be the most appropriate accounting standard for gold deposits. The gold deposits do not meet the SPPI test as prescribed in IFRS 9 and are hence classified at fair value through profit or loss. Accordingly, all gains and losses on revaluation of gold are recognised in profit or loss. Gold is valued at the price ruling on the international market.

Gains and Losses on Subsequent Measurement

Gains or losses on financial assets and financial liabilities at FVTPL arising from changes in their fair value are recognised in profit or loss in the period in which they arise. For those financial instruments carried at amortised cost and FVOCI gains or losses are recognised in profit or loss when the financial instrument is de-recognised or impaired and through the amortisation process on the reporting date.

Bank of Mauritius Securities

Monetary Policy Instruments comprise of Bank of Mauritius Securities which are issued for liquidity management and are measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with other financial institutions and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at amortised cost. The Group and the Bank have elected to present the statement of cash flows using the direct method.

(c) Computer Software

Under IAS 38 Intangible assets, Computer Software which does not form an integral part of computer hardware, is classified as an intangible asset. Intangible assets are stated at cost, net of accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis at the rate of 331/3% per annum so as to write off the depreciable value of the assets over their estimated useful lives. Amortisation methods, useful lives and residual values if not insignificant, are reviewed at each reporting date and adjusted as appropriate.

3. ACCOUNTING POLICIES (CONTINUED)

(d) Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant or equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within miscellaneous income in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group and the Bank. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives (except for motor vehicles which are depreciated as stated below), and is recognised in profit or loss. Freehold land and capital work in progress are not depreciated.

Depreciation is provided at the following annual percentage rates:

Buildings	-	2%
Furniture, Equipment, Fixtures and Fittings	-	10%
Computer Equipment, Cellular Phones and ICT Systems	-	33 $^{1}/_{3}$%
Motor Vehicles	-	40% for 1st year then 20% for each of the three subsequent years

Depreciation methods, useful lives and residual values if not insignificant, are reviewed at each reporting date and adjusted as appropriate.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value. The costs of inventories are based on a first-in-first-out (FIFO) principle and include all expenditure incurred in acquiring the inventories and in bringing them to their existing location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated selling expenses. Inventories include Industrial Gold, Dodo Gold Coins, Gold Bars and Silver Coins which are sold to the public.

3. ACCOUNTING POLICIES (CONTINUED)

(f) Currency in Circulation

Notes and coins issued represent an unserviced liability of the Group and the Bank and are recorded at face value. The costs of minting coins are amortised in the profit and loss account over three years while that of printing banknotes are amortised over two years.

The Group and the Bank also issue a range of Mauritius commemorative coins. All costs associated with the production of these numismatic coins are expensed in profit or loss when incurred.

(g) Employee Benefits

Defined Benefit Pension Plan

The Group and the Bank's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary. Currently, the Group and the Bank employ the State Insurance Company of Mauritius Ltd as their actuary. When the calculation results in a potential asset for the Group and the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group and the Bank determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in "Staff Salaries and Other Benefits" in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Bank recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination Benefits

Termination benefits are expensed when the Group and the Bank can no longer withdraw the offer of those benefits. If benefits are not expected to be settled wholly within 12 months at the end of the reporting period, then they are discounted.

3. ACCOUNTING POLICIES (CONTINUED)

(g) Employee Benefits (continued)

Defined Benefit Pension Plan (continued)

State Pension Plan

Contribution to the National Pension Scheme is expensed to profit or loss in the period in which it falls due. Since September 2020, the Group and the Bank contribute to the Contribution Sociale Generalisee payable by their staff and is included in the item Staff Salaries and Other Benefits.

(h) Income and Expenditure Recognition

Income and Expenditure are recognised as they are earned or incurred and are recorded in the financial statements on an accruals basis to accurately reflect the period to which they relate.

Dividend income from equity investments is accounted for in profit or loss as "Interest and Similar Income" when the right to receive payment is determined.

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest and similar income and expense presented in the statement of profit or loss and other comprehensive income include:

- interest on financial assets and liabilities measured at amortised cost calculated on an effective interest basis;
- negative interest paid on certain cash accounts;
- realised gains/losses on debt instruments at fair value through other comprehensive income;
- dividend income on financial assets at fair value through profit or loss.

The cost of conducting monetary policy represents the interest expense/finance cost of the Group and the Bank measured using the effective interest rate.

The gain or loss on revaluation of foreign currencies and Special Drawing Rights (SDR) arise on the foreign assets comprising of cash and cash equivalents and financial assets held at fair value. The gain or loss on investment property is presented under a separate line item.

3. ACCOUNTING POLICIES (CONTINUED)

(i) Foreign Currencies

Transactions in foreign currencies are recorded in Mauritian Rupees using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated in Mauritian Rupees using the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are included in profit or loss in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates).

However, for the purpose of determining the net profit of the Group and the Bank in terms of section 11 of the Bank of Mauritius Act 2004, foreign exchange differences are excluded in accordance with section 47(2) of the Act. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transactions.

(j) Impairment of non-financial assets

The carrying amounts of the Group and the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Provisions

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event, and it is probable that the Group and the Bank will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by the Group and the Bank through their best estimate of the expenditure required to settle the obligation at the reporting date. These are calculated by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(l) Short-term leases and leases of low-value assets

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and the Bank recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. ACCOUNTING POLICIES (CONTINUED)

(m) Investment Property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

4. USES OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Particular areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Determining Fair Values of Financial Assets

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques as described in Note 3(b). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Employee Benefits

The present value of the employee benefits, depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the employee benefit obligations.

One of the main assumptions used in determining the net cost or income for employee benefits is the discount rate. The Group and the Bank determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

4. USES OF ESTIMATES AND JUDGEMENT (CONTINUED)

Employee Benefits (continued)

In determining the appropriate discount rate, the Group and the Bank consider the interest rates of high-quality corporate bonds or its equivalent that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability. Details of the defined benefit obligation are disclosed in Note 21.

Calculation of Expected Credit Loss

Impairment under IFRS 9 adopts a staging approach, with stage 1 representing the lowest credit risk and stage 3 the highest. When a new asset is originated it is classified in stage 1 (normal origination). Moving from stage 1 to stage 2 is a judgement, and is based on management defined criteria of whether there is a significant increase in credit risk. Given the impact of ECL on the Group and the Bank's financial statements, this is not considered to be a significant judgement.

When measuring ECL, the Group and the Bank use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how the drivers will affect each other as described in detail in Note 3(b).

Probability of default ("PD") is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions as described in detail in Note 3(b).

Loss given default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group and the Bank would expect to receive, taking into account cash flows from credit enhancements.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

Determination of Fair Value of Investment Property

The Group carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 30 June 2023. The valuer used a valuation technique based on sales comparison approach and residual method of valuation.

5. CAPITAL AND RESERVES

Stated and Paid up Capital

The stated and paid up capital of the Bank is Rs10 billion in accordance with section 10(4) of the Bank of Mauritius Act 2004. All amounts paid as Capital are subscribed and held solely by the Government of Mauritius (refer to Note 1).

General Reserve Fund

The General Reserve Fund is a reserve fund created in accordance with section 11(2) of the Bank of Mauritius Act 2004 (refer to Note 1).

Special Reserve Fund

In terms of section 47(1) of the Bank of Mauritius Act 2004, the Special Reserve Fund is a reserve built up from any net realised gains or losses in any financial year of the Bank arising from changes in the valuation of its assets or liabilities in, or denominated in gold, SDR, or foreign currencies subsequent to any change in the values or exchange rates of gold, SDR, or foreign currencies in terms of the domestic currency.

Section 47(1A) of the Bank of Mauritius Act 2004 provides that any unrealised gains or losses of the Bank in any financial year arising from changes in the valuation of investments held by the Bank shall be credited to or debited from the Special Reserve Fund.

As per section 47(2) of the Bank of Mauritius Act 2004, neither net gains nor net losses in any financial year of the Bank arising from changes in the valuation of its assets or liabilities in, or denominated in gold, Special Drawing Rights, or foreign currencies shall be included in the computation of annual income of the Bank.

Revaluation Reserve and Fair Valuation Reserve

Revaluation reserve relates to the revaluation on investment property and fair valuation reserve relates to fair value movements in convertible bonds and fixed secured notes.

6. CASH AND CASH EQUIVALENTS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Current Accounts	**15,110,334**	10,963,328	**15,110,334**	10,963,328
Short Term Deposits	**25,575,403**	78,726,334	**25,575,403**	78,726,334
Special Drawing Rights	**13,397,633**	13,732,765	**13,397,633**	13,732,765
Foreign Currency Notes	**2,943**	8,569	**2,943**	8,569
	54,086,313	103,430,996	**54,086,313**	103,430,996

7. GOLD DEPOSITS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Opening Balance	**32,780,953**	29,951,475	**32,780,953**	29,951,475
Adjustment for Prior Year Interest	**(12,860)**	(2,525)	**(12,860)**	(2,525)
Disposal during the Year	**(48,648)**	-	**(48,648)**	-
Interest Receivable	**55,940**	12,860	**55,940**	12,860
Gain on Revaluation	**2,143,849**	2,819,143	**2,143,849**	2,819,143
Closing Balance	**34,919,234**	32,780,953	**34,919,234**	32,780,953

Gold deposits represent allocated gold bars in storage, under swap arrangement and on deposits.

8. FINANCIAL ASSETS HELD AT AMORTISED COST

(i) Foreign Assets

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Foreign Investments	**75,717,186**	49,148,407	**75,717,186**	49,148,407
Deposits	**19,998,713**	-	**19,998,713**	-
Impairment Allowance	**(9,944)**	(2,582)	**(9,944)**	(2,582)
	95,705,955	49,145,825	**95,705,955**	49,145,825

Foreign Investments held at Amortised Cost represent quoted fixed income securities which are managed internally and principally held to collect contractual cash flows. Deposits represent placements held with foreign institutions which have a maturity of one year.

(ii) Domestic Assets

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Loans in Local Currency	**9,335,339**	8,910,666	**9,335,339**	8,910,666
Staff Loans	**84,178**	86,999	**84,178**	86,999
Impairment Allowance	**(310)**	(178)	**(310)**	(178)
	9,419,207	8,997,487	**9,419,207**	8,997,487
Government Securities	**15,357,534**	15,245,034	**15,357,534**	15,245,034
Others	**36,969**	42,657	**36,969**	54,157
Net Balances due in Clearing	**50,792**	38,162	**50,792**	38,162
	24,864,502	24,323,340	**24,864,502**	24,334,840

Loans in local currency are granted to economic operators to support the economic development of the country. These loans are guaranteed and are at fixed interest rates.

9. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Foreign Investments	**1,654,165**	25,831,467	**1,654,165**	25,831,467
Impairment Allowance	**(1,458)**	(2,440)	**(1,458)**	(2,440)
	1,652,707	25,829,027	**1,652,707**	25,829,027

Foreign Investments held at FVOCI represent mainly quoted fixed income securities which are held to collect contractual cash flows and to sell.

10. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Foreign Assets

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Foreign Investments	**117,091,754**	133,083,033	**117,091,754**	133,083,033
Equity Investments	**2,011,660**	1,864,938	**2,011,660**	1,864,938
	119,103,414	134,947,971	**119,103,414**	134,947,971

Foreign Investments include funds entrusted to external fund managers and investment in foreign currency denominated securities and bonds. Equity investments represent shares in unquoted institutions, and these have been fair valued on the basis of their latest net asset value.

(ii) Domestic Assets

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Convertible Bonds				
Opening balance	**14,438,980**	6,160,533	**-**	-
Additions during the period	**3,305,000**	7,762,000	**-**	-
Redemption	**(65,000)**	-	**-**	-
Interest receivable	**626,664**	383,302	**-**	-
Interest received	**(415,507)**	(139,175)	**-**	-
Net (decrease)/increase in fair value	**(784,732)**	272,320	**-**	-
Closing balance	**17,105,405**	14,438,980	**-**	-
Fixed Secured Notes				
Opening balance	**252,466**	-	**-**	-
Additions during the year	**-**	250,000	**-**	-
Interest receivable	**12,500**	7,980	**-**	-
Interest Received	**(12,500)**	(5,959)	**-**	-
Net (decrease)/increase in fair value	**(95)**	445	**-**	-
Closing balance	**252,371**	252,466	**-**	-
	17,357,776	14,691,446	**-**	-

Financial Assets at FVTPL include investments made by MIC in secured redeemable convertible bonds of systemically large, important and viable companies in Mauritius, with the main objective of maintaining financial stability in the wake of the COVID-19 pandemic. The carrying amount at 30 June 2023 reflects the fair value of the bonds which have been estimated using a scenario-based valuation model. The investments held in fixed secured notes are quoted in an active market. The fair value of quoted securities is based on published market prices.

11. IMPAIRMENT ALLOWANCE ON FINANCIAL ASSETS

THE GROUP AND THE BANK

	Foreign Assets		Domestic Assets	Total
	Stage 1	Stage 2	Stage 1	
	12-month	Lifetime	12-month	
	ECL	ECL	ECL	
	Collective Basis	Collective Basis	Collective Basis	
	Rs 000	Rs 000	Rs 000	Rs 000
Impairment Allowance as at 30 June 2022	**5,022**	**-**	**178**	**5,200**
Changes to Risk Parameters and FX Translation	**300**	**-**	**(15)**	**285**
Financial Assets Derecognised	**(2,039)**	**-**	**(114)**	**(2,153)**
New Financial Assets	**8,120**	**-**	**265**	**8,385**
ECL Charge for the year	**6,381**	**-**	**136**	**6,517**
Impairment Allowance as at 30 June 2023	**11,403**	**-**	**314**	**11,717**
Impairment Allowance as at 30 June 2021	11,425	-	90	11,515
Changes to Risk Parameters and FX Translation	(3,476)	-	16	(3,460)
Financial Assets Derecognised	(5,427)	-	(2)	(5,429)
New Financial Assets	2,500	-	74	2,574
ECL Charge for the year	(6,403)	-	88	(6,315)
Impairment Allowance as at 30 June 2022	5,022	-	178	5,200

12. EQUITY INVESTMENT IN MAURITIUS INVESTMENT CORPORATION LTD

THE BANK

	2023	2022
	Rs 000	Rs 000
Opening Balance	**81,000,000**	1,000,000
Conversion of Share Application Money	**-**	80,000,000
Closing Balance	**81,000,000**	81,000,000

The Bank owns 100% of the share capital of MIC. Investment in subsidiary in the separate financial statements of the Bank is carried at cost, net of any impairment.

13. INVESTMENT PROPERTIES

THE GROUP

	2023	2022
	Rs 000	Rs 000
Opening Balance	8,069,524	2,414,647
Additions by MIC	518,955	4,025,677
Fair Value Adjustment (MIC Smart City)	182,800	1,328,875
Fair Value Adjustment (MIC)	236,825	300,325
Closing Balance	9,008,104	8,069,524

The investment properties are held by MIC and MIC Smart City Ltd, which is a subsidiary of MIC. Changes in fair value of investment properties are recognised as gains/(losses) in profit or loss and are unrealised.

Investment properties have been fair valued on 30 June 2023 by an independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties or on a discounted cash flow analysis. Details of the Group's investment properties and information about the fair value hierarchy is shown in the table below. There were no transfers between the levels during the year.

	Level 1	Level 2	Level 3	Total
30 June 2023	Rs 000	Rs 000	Rs 000	Rs 000
Land	-	-	9,008,104	9,008,104
	-	-	9,008,104	9,008,104

	Level 1	Level 2	Level 3	Total
30 June 2022	Rs 000	Rs 000	Rs 000	Rs 000
Land	-	-	8,069,524	8,069,524
	-	-	8,069,524	8,069,524

The sales comparison approach and residual method of valuation have resulted in an increase of Rs420 million in the fair value of the carrying value of investment properties as at 30 June 2023. The assumptions used in the models are based on certain inputs and data prevailing as at 30 June 2023.

Valuation technique, assumptions and sensitivity analysis

The investment properties were valued on 30 June 2023 by a qualified independent professional valuer; Elevante Property Services Ltd. The sales comparison approach involves the assessment of the property based on sales comparable in the neighbourhood and adjusted to reflect its location, characteristics and size. The residual method of valuation involves a discounted cash flow analysis.

The fair value of investment properties is based on its market value, which is defined as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion. On the basis of current economic and property environment, the directors are satisfied that the carrying amount of investment properties reflects the fair value at the reporting date.

13. INVESTMENT PROPERTIES (CONTINUED)

The following table shows the significant unobservable inputs used and the sensitivity of these inputs on the fair value:

Mauritius Investment Corporation Ltd

2023	**Fair Value Hierarchy**	**Significant unobservable input**	**Range of unobservable input**
Agricultural Land	**Level 3**	**Price per Arpent Rs4.52million**	**Rs4,291-Rs4,743 ±5%**

2022	Fair Value Hierarchy	Significant unobservable input	Range of unobservable input
Agricultural Land	Level 3	Price per Arpent Rs3.89million	Rs3,110-Rs3,445 ±5%

MIC Smart City

2023	**Fair Value Hierarchy**	**Significant unobservable input**	**Range of unobservable input**
Freehold/Leasehold Land	**Level 3**	**Price per square metre Rs 1,515-Rs3,317**	**Increase of 5% Rs1,591-Rs3,482 Decrease of 5% Rs1,439-Rs3,151**

2022	Fair Value Hierarchy	Significant unobservable input	Range of unobservable input
Freehold/Leasehold Land	Level 3	Price per square metre Rs 1,388-Rs3,358	Increase of 5% Rs1,534-Rs3,356 Decrease of 5% Rs1,388-Rs1,534

14. INVESTMENT IN ASSOCIATE

THE GROUP

	2023 **Rs 000**	2022 Rs 000
Interest in Equity-Accounted Associate	**25,942,204**	23,523,237

Details of the associate are as follows:

Name of associate	**Type of shares**	**Principal place of business**	**Percentage of equity held**	
			2023	2022
Airport Holdings Ltd	Equity	Mauritius	**49%**	49%

Bank of Mauritius' subsidiary, Mauritius Investment Corporation Ltd (MIC) has in December 2021 subscribed for 49% of the shares of Airport Holdings Ltd (AHL) an entity created in August 2021 by the Government of Mauritius to hold the strategic investments related to the airport operations and national airline activities of the country. The objective of AHL is to restructure the various operating entities acquired, to enable the recovery of the travel and tourism sector which was badly affected by the COVID-19 pandemic.

14. INVESTMENT IN ASSOCIATE (CONTINUED)

THE GROUP (CONTINUED)

A summary of the unaudited financial information for the year ended 2023 and 2022 is as follows:

	2023 Rs 000	2022 Rs 000
Non-Current Assets	**83,745,043**	63,069,746
Current Assets	**16,704,936**	12,848,596
Non-Current Liabilities	**30,996,166**	31,001,263
Current Liabilities	**17,312,995**	15,360,871
Revenue	**32,145,546**	10,458,994
Profit/(Loss) from continuing operations	**3,027,375**	(3,013,801)
Total comprehensive income	**3,027,375**	(3,013,801)

	2023 Rs 000	2022 Rs 000
Group's interest in net assets of associate at beginning of year	**23,523,237**	-
Cost of acquisition of Group's interest in associate during the year	**-**	25,000,000
Share of:		
Profit/(Loss) for the period (as adjusted for 2022 overprovision)	**2,201,267**	(1,476,763)
OCI for the period (as adjusted for 2022 overprovision)	**217,700**	-
Carrying amount of interest in equity-accounted associate at end of year	**25,942,204**	23,523,237

15. COMPUTER SOFTWARE

THE GROUP

	Rs 000
COST	
At 1 July 2021	149,517
Additions	136,219
Transfer from Capital Work in Progress (Note 16)	1,207
At 30 June 2022	286,943
Additions	40,105
At 30 June 2023	**327,048**
ACCUMULATED AMORTISATION	
At 1 July 2021	138,336
Charge for the year	11,669
At 30 June 2022	150,005
Charge for the year	9,885
At 30 June 2023	**159,890**
CARRYING VALUE	
At 30 June 2023	**167,158**
At 30 June 2022	136,938

THE BANK

COMPUTER SOFTWARE	Rs 000
COST	
At 1 July 2021	149,517
Additions	136,219
Transfer from Capital Work in Progress (Note 16)	1,207
At 30 June 2022	286,943
Additions	39,666
At 30 June 2023	**326,609**
ACCUMULATED AMORTISATION	
At 1 July 2021	138,336
Charge for the year	11,669
At 30 June 2022	150,005
Charge for the year	9,739
At 30 June 2023	**159,744**
CARRYING VALUE	
At 30 June 2023	**166,865**
At 30 June 2022	136,938

The Directors have reviewed the carrying values of intangible assets and are of the opinion that, at 30 June 2023, the carrying values have not suffered any impairment.

16. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Land and Buildings	Capital Work in Progress	Furniture, Equipment, Fixtures and Fittings	Computer Equipment	Motor Vehicle	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
COST						
At 1 July 2021	1,970,410	33,042	941,900	262,963	31,846	3,240,162
Additions	1,618	130,517	31,976	12,025	-	176,136
Transfer	-	(9,476)	118	9,358	-	-
Transfer to Computer Software	-	(1,207)	-	-	-	(1,207)
Scrapped	-	-	(68)	(15,888)	-	(15,956)
At 30 June 2022	**1,972,028**	**152,876**	**973,926**	**268,458**	**31,846**	**3,399,134**
Additions	**-**	**69,531**	**23,327**	**75,523**	**12,899**	**181,280**
Transfer	**-**	**(88,807)**	**86,568**	**2,239**	**-**	**-**
Disposals	**-**	**-**	**(2,053)**	**-**	**(7,990)**	**(10,043)**
Scrapped	**-**	**-**	**(153)**	**(631)**	**-**	**(784)**
At 30 June 2023	**1,972,028**	**133,600**	**1,081,615**	**345,589**	**36,755**	**3,569,587**
ACCUMULATED DEPRECIATION						
At 1 July 2021	435,299	-	769,750	238,300	27,209	1,470,558
Charge for the year	36,506	-	31,012	29,798	2,536	99,852
Scrapped	-	-	(68)	(15,864)	-	(15,932)
At 30 June 2022	**471,805**	**-**	**800,694**	**252,234**	**29,745**	**1,554,478**
Charge for the year	**36,506**	**-**	**41,382**	**35,840**	**6,205**	**119,933**
Disposals	**-**	**-**	**(2,046)**	**-**	**(7,988)**	**(10,034)**
Scrapped	**-**	**-**	**(151)**	**(629)**	**-**	**(780)**
At 30 June 2023	**508,311**	**-**	**839,879**	**287,445**	**27,962**	**1,663,597**
CARRYING AMOUNT						
At 30 June 2023	**1,463,717**	**133,600**	**241,736**	**58,144**	**8,793**	**1,905,990**
At 30 June 2022	1,500,222	152,876	173,233	16,225	2,100	1,844,656

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE BANK

	Land and Buildings	Capital Work in Progress	Furniture, Equipment, Fixtures and Fittings	Computer Equipment	Motor Vehicle	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
COST						
At 1 July 2021	1,970,410	33,042	941,901	262,964	28,071	3,236,388
Additions	1,618	130,517	31,972	10,722	-	174,829
Transfer	-	(9,476)	118	9,358	-	-
Transfer to Computer Software	-	(1,207)	-	-	-	(1,207)
Scrapped	-	-	(68)	(15,888)	-	(15,956)
At 30 June 2022	**1,972,028**	**152,876**	**973,923**	**267,156**	**28,071**	**3,394,054**
Additions	**-**	**69,531**	**23,327**	**72,877**	**12,899**	**178,634**
Transfer	**-**	**(88,807)**	**86,568**	**2,239**	**-**	**-**
Disposals	**-**	**-**	**(2,053)**	**-**	**(7,990)**	**(10,043)**
Scrapped	**-**	**-**	**(153)**	**(631)**	**-**	**(784)**
At 30 June 2023	**1,972,028**	**133,600**	**1,081,612**	**341,641**	**32,980**	**3,561,861**
ACCUMULATED DEPRECIATION						
At 1 July 2021	435,299	-	769,750	238,300	25,700	1,469,049
Charge for the year	36,506	-	31,012	29,364	1,781	98,663
Scrapped	-	-	(68)	(15,864)	-	(15,932)
At 30 June 2022	**471,805**	**-**	**800,694**	**251,800**	**27,481**	**1,551,780**
Charge for the year	**36,506**	**-**	**41,382**	**34,524**	**5,450**	**117,862**
Disposals	**-**	**-**	**(2,046)**	**-**	**(7,988)**	**(10,034)**
Scrapped	**-**	**-**	**(151)**	**(629)**	**-**	**(780)**
At 30 June 2023	**508,311**	**-**	**839,879**	**285,694**	**24,943**	**1,658,827**
CARRYING AMOUNT						
At 30 June 2023	**1,463,717**	**133,600**	**241,733**	**55,947**	**8,037**	**1,903,034**
At 30 June 2022	1,500,223	152,876	173,229	15,356	590	1,842,274

The Directors have reviewed the carrying values of tangible assets and are of the opinion that as at 30 June 2023, the carrying values have not suffered any impairment.

17. OTHER ASSETS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Gold Bars	**180,993**	153,728	**180,993**	153,728
Industrial Gold and Dodo Gold Coins	**148,846**	160,491	**148,846**	160,491
Commemorative Coins	**48,456**	45,822	**48,456**	45,822
Prepayments	**207,764**	113,586	**207,764**	113,586
Others	**28,497**	24,213	**22,129**	22,331
	614,556	497,840	**608,188**	495,958

18. CURRENCY IN CIRCULATION

THE GROUP AND THE BANK

	2023	2022
	Rs 000	Rs 000
Notes issued		
Face value		
2,000	**5,941,654**	5,531,578
1,000	**33,327,338**	31,065,353
500	**6,753,994**	6,084,702
200	**2,123,314**	2,054,525
100	**1,906,673**	1,915,606
50	**454,116**	434,838
25	**315,644**	283,321
Demonetised Notes	**399,276**	413,241
Total	**51,222,009**	47,783,164
Coins issued		
Face value		
20 rupees	**369,802**	342,696
10 rupees	**468,642**	435,652
5 rupees	**200,141**	190,494
1 rupee	**237,528**	223,544
50 cents	**47,653**	46,228
25 cents *	**6,321**	6,322
20 cents	**57,706**	56,354
10 cents *	**2,414**	2,415
5 cents	**14,233**	13,782
2 cents *	**330**	330
1 cent	**223**	223
Others**	**22,943**	22,838
Total	**1,427,936**	1,340,878
Total face value of Notes and Coins in Circulation	**52,649,945**	49,124,042

* These denominations have ceased to be issued by the Bank.

** Others include Gold Coins and Commemorative Coins.

19. MONETARY POLICY INSTRUMENTS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Bank of Mauritius Savings Bonds	**1,038**	1,038	**1,038**	1,038
Bank of Mauritius Bonds	**15,158,965**	15,151,801	**15,158,965**	15,151,801
Bank of Mauritius Notes	**18,069,296**	35,207,788	**18,069,296**	35,207,788
Bank of Mauritius Bills	**82,545,525**	54,752,702	**82,545,525**	54,752,702
Bank of Mauritius 2020 Savings Bonds	**-**	2,589,889	**-**	2,589,889
1Yr Bank of Mauritius Certificate	**3,136,643**	-	**3,136,643**	-
2Yr Bank of Mauritius Note	**4,419,804**	-	**4,419,804**	-
Bank of Mauritius Emerald Jubilee Bond	**7,747,661**	-	**7,747,661**	-
Overnight Deposit Facility to Banks	**7,480,717**	-	**7,480,717**	-
	138,559,649	107,703,218	**138,559,649**	107,703,218

20. PROVISIONS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Balance as at 30 June	**100,000**	100,000	**100,000**	100,000

The provision relates to the liquidation of the MCCB Limited. Under the MCCB Limited (Liquidation) Act 1996, the Group and the Bank may make additional funds available to the liquidator of MCCB Limited where the liabilities of the MCCB Limited exceed the proceeds from the realisation of its assets. The liquidation of MCCB Limited is still in progress and since the case is still ongoing, the expected timing of the cash flows cannot be determined reliably.

21. EMPLOYEE BENEFITS

THE GROUP AND THE BANK

Amounts recognised in the Statement of Financial Position:

	2023	2022
	Rs 000	Rs 000
Defined Benefit Plan (Note (a))	**840,900**	557,104
Short Term Employee Benefits (Note (b))	**195,500**	179,173
	1,036,400	736,277

(a) Defined Benefit Plan

The Bank operates a defined benefit plan for its employees who joined the Bank prior to January 2013 and the plan is wholly funded. The assets of the funded plan are held independently and are administered by The State Insurance Company of Mauritius Ltd.

The plan is exposed to risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The report dated 31 August 2023 submitted by The State Insurance Company of Mauritius Ltd, who also acts as independent actuaries, is produced hereunder.

21. EMPLOYEE BENEFITS (CONTINUED)

THE GROUP AND THE BANK (CONTINUED)

(a) Defined Benefit Plan (continued)

	2023	2022
	Rs 000	Rs 000
Current Service Cost	**28,525**	28,325
Employee Contributions	**(13,372)**	(10,475)
Fund Expenses	**898**	717
Net Interest Expense	**27,298**	50,102
Net Periodic Pension Cost included in Staff Salaries and Other Benefits	**43,349**	68,669

Past service cost is nil.

Remeasurement of defined benefit liability recognised in Other Comprehensive Income (OCI):

	2023	2022
	Rs 000	Rs 000
Actuarial Loss	**272,325**	199,426

Movements in liability recognised in the Statement of Financial Position:

	2023	2022
	Rs 000	Rs 000
At start of the year	**557,104**	1,154,648
Past service liability contribution	**-**	(839,900)
Total Expenses as per above	**43,349**	68,669
Actuarial Loss recognised in OCI	**272,325**	199,426
Bank of Mauritius share of pension (topping-up)	**(337)**	(337)
Employer Contributions	**(31,541)**	(25,402)
At end of the year	**840,900**	557,104

21. EMPLOYEE BENEFITS (CONTINUED)

THE GROUP AND THE BANK (CONTINUED)

(a) Defined Benefit Plan (continued)

Movements in the present value of the Defined Benefit Obligations in the current period were as follows:

	2023	2022
	Rs 000	Rs 000
At start of the year	2,135,813	1,972,251
Current Service Cost	28,525	28,325
Interest Cost	106,091	94,668
Actuarial loss	290,896	134,302
Benefits Paid	(111,860)	(93,733)
At end of the year	2,449,465	2,135,813

Movements in the fair value of the Plan Assets in the current period were as follows:

	2023	2022
	Rs 000	Rs 000
At start of the year	1,578,707	817,602
Expected Return on Plan Assets	78,794	44,566
Actuarial Gain/(Loss)	18,572	(65,124)
Contributions from the Employer	31,541	25,402
Past service liability contribution	-	839,900
Employee Contributions	13,373	10,475
Bank of Mauritius Share of Pension	337	337
Benefits Paid (Excluding BOM share of pension)	(111,861)	(93,733)
Fund Expenses	(898)	(718)
At end of the year	1,608,565	1,578,707

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:

	2023	2022
	Rs 000	Rs 000
Present Value of Defined Benefit Obligation	2,449,465	2,135,813
Fair Value of Plan Assets	(1,608,565)	(1,578,709)
Net Liability arising from Defined Benefit Obligation	840,900	557,104

21. EMPLOYEE BENEFITS (CONTINUED)

THE GROUP AND THE BANK (CONTINUED)

(a) Defined Benefit Plan (continued)

The major categories of plan assets at the reporting date are as follows:

	2023	2022
	%	%
Local Equities	**14.0**	13.6
Overseas Equities and Bonds	**28.8**	25.0
Fixed Interest Securities and Deposits	**53.9**	58.0
Others	**3.3**	3.4

The overall expected rate of return on Plan Assets is determined by reference to market yields on bonds.

The history of experience adjustments is as follows:

	2023	2022
	Rs 000	Rs 000
Experience losses on plan liabilities	**(290,897)**	(134,302)
Experience gains/(losses) on plan assets	**18,572**	(65,124)
	(272,325)	(199,426)

The Group and the Bank expect to make a contribution of Rs30.4 million (2022: Rs26 million) to the defined benefit plans during the next financial year. This estimate may be amended by the Bank on the basis of availability of more accurate information.

	2023	2022
	Years	Years
Weighted average duration of the defined benefit obligation (calculated as a % change in PV of liabilities for a 1% change in discount rate)	**13**	13

The principal assumptions used for actuarial valuation were:

	2023	2022
Discount rate	**5.98%**	5.10%
Future salary increases	**4.50%**	3.50%
Future pension increases	**3.50%**	2.50%
Mortality before retirement		nil
Mortality in retirement		PA (90) Tables rated down by 2 years
Retirement age		65 years

21. EMPLOYEE BENEFITS (CONTINUED)

THE GROUP AND THE BANK (CONTINUED)

(a) Defined Benefit Plan (continued)

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase, pension growth and mortality. The sensitivity analysis below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period on the defined benefit obligation.

		2023 Rs 000	2022 Rs 000
Discount rate	**+100 basis points**	**(277,000)**	(241,800)
	-100 basis points	**337,800**	295,100
Salary growth	**+100 basis points**	**115,200**	101,800
	-100 basis points	**(103,900)**	(91,400)
Pension growth	**+100 basis points**	**205,900**	178,000
	-100 basis points	**(176,700)**	(152,900)
Life Expectancy	**+One Year**	**76,200**	66,100
	-One Year	**(75,700)**	(65,700)

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependencies between the assumptions.

(b) Short Term Employee Benefits

	2023 Rs 000	2022 Rs 000
Provision for Annual and Sick Leaves	**113,207**	100,778
Provision for Passage Benefits	**82,293**	78,395
	195,500	179,173

(c) Employer Contribution towards Pension Cost

	GROUP		BANK	
	2023 Rs 000	2022 Rs 000	**2023 Rs 000**	2022 Rs 000
Contributions Expensed (Note 28)	**57,883**	79,596	**57,252**	78,975

(d) State Pension Plan (Note 28)

	GROUP		BANK	
	2023 Rs 000	2022 Rs 000	**2023 Rs 000**	2022 Rs 000
National Pension Scheme Contributions	**2,501**	2,432	**2,362**	2,354
Contribution Sociale Generalisee	**26,802**	23,725	**26,121**	23,292
	29,303	26,157	**28,483**	25,646

22. OTHER LIABILITIES

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Obligations to Foreign Counterparties	**62,344,207**	52,339,138	**62,344,207**	52,339,138
Special Drawing Rights	**12,100,776**	12,550,203	**12,100,776**	12,550,203
Abandoned Funds	**2,955,803**	2,684,387	**2,955,803**	2,684,387
Creditors	**177,675**	186,993	**177,675**	186,993
Interest and Charges Payable	**156,629**	117,816	**156,629**	111,322
Others	**29,178**	17,073	**17,073**	17,073
	77,764,268	67,895,610	**77,752,163**	67,889,116

23. INTEREST AND SIMILAR INCOME ON FINANCIAL ASSETS USING EFFECTIVE INTEREST RATE ("EIR")

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest Income at Amortised Cost				
Repurchase Agreement	**939,998**	92,270	**939,998**	92,270
Special Drawing Rights	**366,136**	27,674	**366,136**	27,674
Current Accounts	**189,502**	98,935	**189,502**	98,935
Fixed Income Securities	**1,767,465**	293,407	**1,767,465**	293,407
Interest on Deposits	**424,593**	-	**424,593**	-
Loans and Advances	**145,820**	152,754	**145,820**	152,754
Government Securities	**112,500**	112,500	**112,500**	112,500
	3,946,014	777,540	**3,946,014**	777,540
Interest and Similar Income at FVOCI				
Fixed Income Securities	**291,253**	304,877	**291,253**	304,877
Realised (Loss)/Gain on disposal of Fixed Income Securities	**(2,580)**	89,554	**(2,580)**	89,554
	288,673	394,431	**288,673**	394,431
	4,234,687	1,171,971	**4,234,687**	1,171,971

24. INTEREST AND SIMILAR INCOME ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Income from UCITS	**3,564,953**	2,246,467	**3,564,953**	2,246,467
Dividend Income	**1,345,670**	624,830	**1,345,670**	624,830
Interest Income	**1,270,566**	602,614	**631,402**	211,333
	6,181,189	3,473,911	**5,542,025**	3,082,630

UCITS: Undertakings for the collective investments of transferable securities. These are managed by the Bank's external fund managers.

25. MISCELLANEOUS INCOME

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Payment Systems Fees	**116,196**	101,480	**116,196**	101,480
Licence Fees and Processing	**119,241**	95,281	**119,241**	95,281
Front end fee, Legal Cost and Registration Fees	**12,371**	35,858	**-**	-
Loss on Foreign Exchange Transactions	**(51,343)**	(185,386)	**(51,343)**	(185,386)
Fees and charges	**403**	427	**403**	427
Penalty	**3,555**	7,900	**3,555**	7,900
Other	**44,141**	2,201	**18,560**	8,020
Profit/(Loss) on Sale of Property, Plant and Equipment	**1,342**	(24)	**1,342**	(24)
	245,906	57,737	**207,954**	27,698

26. LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Domestic Investments	**(784,825)**	272,765	**-**	-
Foreign Investments	**(1,057,550)**	(14,411,188)	**(1,057,550)**	(14,411,188)
Unquoted Investments	**127,017**	136,301	**127,017**	136,301
	(1,715,358)	(14,002,122)	**(930,533)**	(14,274,887)

27. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest Paid on Obligations to Foreign Counterparties	**2,247,253**	274,813	**2,247,253**	274,813
Negative Interest and Charges	**160,656**	98,628	**160,656**	98,628
International Monetary Fund Charges	**341,144**	26,521	**341,144**	26,521
Interest Relief on Household Loans	**-**	1,576	**-**	1,576
	2,749,053	401,538	**2,749,053**	401,538

28. STAFF SALARIES AND OTHER BENEFITS

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Staff Salaries and Allowances	**510,248**	376,894	**490,982**	365,388
Short Term Employee Benefits	**16,327**	13,023	**16,327**	13,023
Employer Contribution Towards Pension Cost (Note 21(c))	**57,883**	79,596	**57,252**	78,975
Staff Family Protection Scheme	**6,551**	5,582	**6,473**	5,504
National Pension Fund (Note 21(d))	**2,501**	2,432	**2,362**	2,354
Contribution Sociale Generalisee (Note 21(d))	**26,802**	23,725	**26,121**	23,292
HRDC Levy	**364**	240	**158**	107
	620,676	501,492	**599,675**	488,643

29. FEES PAYABLE

Fees payable by the Bank represent management fees payable to external fund managers with respect to funds managed by them as disclosed under Foreign Investments in Note 10(i). Fees payable also include custodian fees.

30. DIRECTORS' REMUNERATION

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Governor	**12,979**	11,929	**12,979**	11,929
Deputy Governors (2)	**15,574**	14,129	**15,574**	14,129
Other Directors: Bank (6)	**2,160**	2,160	**2,160**	2,160
Other Directors: MIC (6)	**2,925**	2,160	**-**	-
Chairperson: MIC	**4,235**	2,927	**-**	-
	37,873	33,305	**30,713**	28,218

Directors of the Bank are paid a monthly fee of Rs30,000 (2022: Rs30,000). At 30 June 2023, the number of Other Directors on the board of the Bank was 6 (2022:6). Directors of MIC were paid a monthly fee of Rs30,000 for the period 1 July 2022 to 31 December 2022 and with effect from January 2023, Directors of MIC are paid a monthly fee of Rs50,000 (2022: Rs30,000). The number of Other Directors on the Board of MIC was 6 (2022:6). The Chairperson of MIC is paid a monthly fee of GBP6,500.

31. MONETARY POLICY OPERATIONS

The Bank, in the pursuit of its objectives to maintain price stability and to promote orderly and balanced economic development, undertakes monetary policy operations to manage liquidity conditions in the domestic money markets. The interest expense conducted through the issue of Bank of Mauritius Securities and through overnight deposit facility from banks are provided below.

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest Expense				
Bank of Mauritius Securities	**3,084,917**	1,782,883	**3,084,917**	1,782,883
Overnight Deposit Facility	**96,636**	-	**96,636**	-
	3,181,553	1,782,883	**3,181,553**	1,782,883

32. COMMITMENTS AND OTHER CONTINGENCIES

Commitments not otherwise provided for in these financial statements and which existed at 30 June 2023 are as follows:

The Bank has a commitment to pay on call 60% of the value of 1,263 shares for capital subscription in the African Export-Import Bank.

Other capital commitments at reporting date amounted to Rs15 million (2022: Rs15 million).

There was no other contingent liability that existed at 30 June 2023.

Commitment of MIC, not otherwise provided for in the financial statements and which existed at 30 June 2023, include an amount of Rs3,140 million (2022: Rs1,215 million) for bonds subscription and represents the amount approved but not yet disbursed.

33. SHORT-TERM LEASES AND LEASES OF LOW VALUE ASSETS

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and the Bank recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The following table relates to the lease of the Bank's fallback site and other properties with lease terms between 1 to 5 years. The Bank does not have an option to purchase the leased properties at the end of the lease periods.

2023	**1 Year**	**>1-5 Yrs**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
Archiving-Plaine Lauzun DBM	**226**	**-**	**226**
Fallback Site-Cyber Tower	**3,662**	**12,259**	**15,921**
	3,888	**12,259**	**16,147**

2022	1 Year	>1-5 Yrs	Total
	Rs 000	Rs 000	Rs 000
Lease of Servers (1 Yr contract)	230	-	230
Archiving-Plaine Lauzun DBM	215	-	215
Fallback Site-Cyber Tower	3,433	15,078	18,511
	3,878	15,078	18,956

An amount of **Rs4,357,647** (2022: Rs4,534,862) has been expensed in profit or loss for the year relating to short-term and low value item leases. The total cash outflow for short-term and low value item leases recognised in statement of cash flows amounted to **Rs4,357,647** (2022: Rs4,534,862).

34. FINANCIAL INSTRUMENTS

(a) Introduction

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

As the monetary authority for Mauritius, the Group and the Bank's activities are policy orientated. In the course of carrying out their functions, the Group and the Bank are faced with financial risks, operational risks and reputational risks. The main financial risks to which the Group and the Bank are exposed to are credit risk, interest rate risk, liquidity risk, price risk and foreign exchange risk. A significant proportion of these risks arise from the management of foreign exchange reserves of the Group and the Bank.

The foreign exchange risk or the capital loss as a consequence of fluctuations in the exchange rates is managed mainly through diversification of currency portfolios in which the Group and the Bank invest. In the management of foreign exchange reserves, minimising liquidity risk and maximising safety and preservation of capital are the prime considerations in order to achieve their prime objectives.

(b) (i) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value due to the short term nature of the financial instrument or the effect of discounting is not material.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) (i) Categories and fair values of financial instruments (continued)

THE GROUP

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2023	2023	2022	2022
	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets				
Amortised Cost				
Foreign Investments	75,710,307	74,700,187	49,145,825	48,218,785
Deposits	19,995,648	19,995,648	-	-
Cash and Cash Equivalents	54,086,313	54,086,313	103,430,996	103,430,996
Government Securities	15,357,534	14,959,200	15,245,034	14,733,900
Loans and Advances	9,441,092	9,441,092	9,018,360	9,018,360
Other Financial Assets	65,876	65,876	59,946	59,946
	24,864,502	24,466,168	24,323,340	23,812,206
	174,656,770	173,248,316	176,900,161	175,461,987
Fair Value Through Other Comprehensive Income				
Foreign Investments	1,652,707	1,652,707	25,829,027	25,829,027
Fair Value Through Profit or Loss				
Gold Deposits	34,919,234	34,919,234	32,780,953	32,780,953
Foreign Investments	117,091,754	117,091,754	133,083,033	133,083,033
Convertible Bonds	17,105,405	17,105,405	14,438,980	14,438,980
Fixed Secured Notes	252,371	252,371	252,466	252,466
Other Investments	2,011,660	2,011,660	1,864,938	1,864,938
	136,461,190	136,461,190	149,639,417	149,639,417
	171,380,424	171,380,424	182,420,370	182,420,370
Total Financial Assets	347,689,901	346,281,447	385,149,558	383,711,384
Financial Liabilities				
Amortised Cost	365,790,506	363,769,432	407,231,673	405,490,212

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) (i) Categories and fair values of financial instruments (continued)

THE BANK

	Carrying Amount 2023 Rs 000	Fair Value 2023 Rs 000	Carrying Amount 2022 Rs 000	Fair Value 2022 Rs 000
Financial Assets				
Amortised Cost				
Foreign Investments	75,710,307	74,700,187	49,145,825	48,218,785
Cash and Cash Equivalents	54,086,313	54,086,313	103,430,996	103,430,996
Deposits	19,995,648	19,995,648	-	-
Government Securities	15,357,534	14,959,200	15,245,034	14,733,900
Loans and Advances	9,441,092	9,441,092	9,018,360	9,018,360
Other Financial Assets	65,876	65,876	71,446	71,446
	24,864,502	24,466,168	24,334,840	23,823,706
	174,656,770	173,248,316	176,911,661	175,473,487
Fair Value Through Other Comprehensive Income				
Foreign Investments	1,652,707	1,652,707	25,829,027	25,829,027
Fair Value Through Profit or Loss				
Gold Deposits	34,919,234	34,919,234	32,780,953	32,780,953
Foreign Investments	117,091,754	117,091,754	133,083,033	133,083,033
Other Investments	2,011,660	2,011,660	1,864,938	1,864,938
	119,103,414	119,103,414	134,947,971	134,947,971
	154,022,648	154,022,648	167,728,924	167,728,924
Total Financial Assets	330,332,125	328,923,671	370,469,612	369,031,438
Financial Liabilities				
Amortised Cost	397,357,431	395,336,354	442,207,884	440,466,422

(b) (ii) Fair value of financial instruments

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) (ii) Fair value of financial instruments (continued)

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Reasonable possible changes to one of the significant unobservable inputs at reporting date would have no material effect on the fair value of the equity securities.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

THE GROUP

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
2023	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Financial Assets					
Gold Deposits	**34,919,234**	**-**	**-**	**34,919,234**	**34,919,234**
Foreign Investments	**1,652,707**	**117,091,754**	**-**	**118,744,461**	**118,744,461**
Other Investments	**-**	**-**	**2,011,660**	**2,011,660**	**2,011,660**
Convertible Bonds	**-**	**-**	**17,105,405**	**17,105,405**	**17,105,405**
Fixed Secured Notes	**252,371**	**-**	**-**	**252,371**	**252,371**
	36,824,312	**117,091,754**	**19,117,065**	**173,033,131**	**173,033,131**
2022					
Financial Assets					
Gold Deposits	32,780,953	-	-	32,780,953	32,780,953
Foreign Investments	25,829,027	133,083,033	-	158,912,060	158,912,060
Other Investments	-	-	1,864,938	1,864,938	1,864,938
Convertible Bonds	-	-	14,438,980	14,438,980	14,438,980
Fixed Secured Notes	252,466	-	-	252,466	252,466
	58,862,446	133,083,033	16,303,918	208,249,397	208,249,397

THE BANK

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
2023	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Financial Assets					
Gold Deposits	**34,919,234**	**-**	**-**	**34,919,234**	**34,919,234**
Foreign Investments	**1,652,707**	**117,091,754**	**-**	**118,744,461**	**118,744,461**
Other Investments	**-**	**-**	**2,011,660**	**2,011,660**	**2,011,660**
	36,571,941	**117,091,754**	**2,011,660**	**155,675,355**	**155,675,355**
2022					
Financial Assets					
Gold Deposits	32,780,953	-	-	32,780,953	32,780,953
Foreign Investments	25,829,027	133,083,033	-	158,912,060	158,912,060
Other Investments	-	-	1,864,938	1,864,938	1,864,938
	58,609,980	133,083,033	1,864,938	193,557,951	193,557,951

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) (ii) Fair value of financial instruments (continued)

The fair value of the level 2 instruments is calculated using the net asset value ("NAV") of the external fund managers. The NAV is based using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

A reconciliation of fair value measurements in level 3 is set out below:

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Opening balance	**16,303,918**	7,783,067	**1,864,938**	1,622,534
Additions during the year	**3,305,000**	7,762,000	**-**	-
Redemption during the year	**(65,000)**	-	**-**	-
Dividend/Interest receivable	**626,664**	383,302	**-**	-
Interest received	**(415,507)**	(139,175)	**-**	-
Change in fair value	**(638,010)**	514,724	**146,722**	242,404
Closing balance	**19,117,065**	16,303,918	**2,011,660**	1,864,938

Reasonable possible changes to one of the significant unobservable inputs at reporting date would have no material effect on the fair value of the equity securities. There have been no transfers between the levels in the fair value hierarchy during the year.

Valuation techniques used

For other investments, the Group and the Bank determine fair values using the valuation technique as per table below:

Type of Instrument	Fair value at 30 June 2023 Rs 000	Valuation techniques	Significant unobservable inputs	Range of estimates (weighted average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
Other investments	**2,011,660** (2022:1,864,938)	Net asset value of the investee company	None	Not applicable	Not applicable
Convertible bonds	**17,105,405** (2022:14,438,980)	Scenario-Based Technique: employs a hybrid approach to valuation incorporating the MUR yield curve, default probabilities and credit spreads.	MUR yield curve	**3.9% - 5.25%** (2022:0.87%-4.45%)	An increase in yield curve would result in lower fair value
			Probability of default	**0.01%-2.00%** (2022: 0.01%-9.75%)	An increase in the probability of default would result in lower fair value.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) (ii) Fair value of financial instruments (continued)

Valuation techniques used (continued)

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For those investments where there is no active market, net asset value is used. The fair value of a convertible bond has been calculated as the present value of discounted cash flows. This valuation model considers the present value of expected cash flows discounted at risk-free rate plus a pre-determined issuer credit spread, in a simulation framework. Cash flows are conditional on the default of the issuer which is proxied using an estimated probability of default. The final fair value of the convertible bond is the average of the randomly generated simulated prices.

(c) Credit Risk

Disclosure of credit risk enables the users of financial statements to assess the extent to which failures by counterparties to discharge their obligations could adversely impact on the Group and the Bank's future cash inflows from financial assets held at the reporting date.

The Group and the Bank are exposed to credit risk which is the risk of loss arising from the failure of a borrower, issuer, counterparty or customer to meet its financial obligations to the Group and the Bank. Credit risk on the securities held by the Group and the Bank are managed by holding only high quality marketable securities issued chiefly by entities enjoying a good credit rating. Credit risk also arises as a result of investment of foreign exchange reserves with foreign counterparties. Investment in Government securities is considered as risk free. Credit risk also arises when the Group and the Bank provide liquidity to financial institutions through open market operations as part of monetary policy implementation.

The Group and the Bank use a broad range of forward looking information, such as:

- Industry specific risk and broad economic factors that may affect the business cycle;
- Key performance indicators;
- Economic, regulatory and geopolitical influences;
- Management and corporate governance attributes; and
- Competitive position.

Additionally, for Sovereign or national government, the analysis may take into consideration:

- Fiscal and Economic performance;
- Monetary Stability; and
- Effectiveness of the Government's institutions.

The Group and the Bank mitigate the credit risk of sale-and-repurchase agreements, securities lending and gold swap by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (continued)

Derivative transactions are entered into under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under these agreements, in certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement with the counterparty are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions with the counterparty. The Group and the Bank execute a credit support annex in conjunction with the ISDA agreement, which requires the Group and the Bank and their counterparties to post collateral to mitigate counterparty credit risk. Certain derivatives are 'settled-to-market' daily, whereby the daily variation margin is a partial settlement of the outstanding derivative positions and the fair values of the derivatives are reduced accordingly.

The Group and the Bank's sale-and-repurchase and securities lending are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

The Group and the Bank receive and give collateral in the form of cash and marketable securities in respect of the following transactions:

- sale-and-repurchase;
- securities lending and borrowing;
- gold swap.

This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

(i) Concentration of Credit Exposure by Geographical Area

The Group and the Bank's significant end-of-year concentration of credit exposure by geographical area was as follows:

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Mauritius	**42,033,839**	39,025,114	**24,676,063**	24,345,168
USA	**111,126,205**	129,110,889	**111,126,205**	129,110,889
United Kingdom	**157,266,888**	162,692,181	**157,266,888**	162,692,181
Europe	**22,777,171**	34,435,082	**22,777,171**	34,435,082
Other	**14,485,798**	19,886,292	**14,485,798**	19,886,292
	347,689,901	385,149,558	**330,332,125**	370,469,612

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (continued)

(ii) Concentration of Credit Exposure by Counterparty Types

The Group and the Bank's significant end-of-year concentration of credit exposure by counterparty types was as follows:

	GROUP		BANK	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Government	**82,974,457**	82,974,397	**82,974,457**	82,974,397
Supranational Financial Institutions	**207,187,273**	271,159,921	**207,187,273**	271,159,921
Foreign Banks and Financial Institutions	**30,439,808**	6,407,613	**30,439,808**	6,407,613
Other	**27,088,363**	24,607,627	**9,730,587**	9,927,681
	347,689,901	385,149,558	**330,332,125**	370,469,612

(iii) Credit Exposure by Credit Rating

The following table presents the credit ratings of respective financial assets based on the ratings of Moody's. The Bank's investment in equity shares which typically do not obtain ratings and in Gold are denoted as Others. The Group and the Bank's investments with foreign central banks are presented separately.

	Credit Rating	GROUP				BANK			
		2023		2022		**2023**		2022	
		Rs 000	**%**	Rs 000	%	**Rs 000**	**%**	Rs 000	%
Cash and Cash Equivalents	Central Banks	**46,042,213**	**15.07**	101,151,864	29.22	**46,042,213**	**15.07**	101,151,864	29.22
	Others	**8,044,100**	**2.63**	2,279,132	0.66	**8,044,100**	**2.63**	2,279,132	0.66
Gold Deposits	Others	**34,919,234**	**11.43**	32,780,953	9.47	**34,919,234**	**11.43**	32,780,953	9.47
Foreign Financial assets held at Amortised Cost and Fair Value Through Other Comprehensive income	Central banks	**2,375,041**	**0.78**	-	-	**2,375,041**	**0.78**	-	-
	Aaa	**62,797,064**	**20.57**	60,452,023	17.46	**62,797,064**	**20.57**	60,452,023	17.46
	Aa	**412,196**	**0.13**	-	-	**412,196**	**0.13**	-	-
	A	**7,852,078**	**2.57**	449,638	0.13	**7,852,078**	**2.57**	449,638	0.13
	Baa	**1,241,837**	**0.41**	57,669	0.02	**1,241,837**	**0.41**	57,669	0.02
	Ba	**245,205**	**0.08**	837,876	0.24	**245,205**	**0.08**	837,876	0.24
	Others	**22,435,240**	**7.34**	13,177,646	3.81	**22,435,240**	**7.34**	13,177,646	3.81
Foreign Financial Assets held at Fair Value Through Profit or Loss	Central banks	**5,166,395**	**1.69**	5,041,716	1.46	**5,166,395**	**1.69**	5,041,716	1.46
	Others	**113,937,020**	**37.30**	129,906,255	37.53	**113,937,020**	**37.30**	129,906,255	37.53
Total Foreign Financial Assets		**305,467,623**	**100.00**	346,134,772	100.00	**305,467,623**	**100.00**	346,134,772	100.00

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (continued)

(iii) Credit Exposure by Credit Rating (continued)

	Credit Rating	GROUP				BANK			
		2023		2022		2023		2022	
		Rs 000	%	Rs 000	%	Rs 000	%	Rs 000	%
Loan and Advances	Others	**9,441,092**	**22.36**	9,018,062	23.11	**9,441,092**	**37.97**	9,018,062	37.06
Government Securities	Others	**15,357,534**	**36.37**	15,245,034	39.08	**15,357,534**	**61.76**	15,245,034	62.65
Other Assets	Others	**65,876**	**0.16**	60,244	0.15	**65,876**	**0.27**	71,744	0.29
Financial Assets held at Fair Value Through Profit or Loss	Others	**17,357,776**	**41.11**	14,691,446	37.66	**-**	**-**	-	-
Total Domestic Financial Assets		**42,222,278**	**100.00**	39,014,786	100.00	**24,864,502**	**100.00**	24,334,840	100.00

Summary	Credit Rating	GROUP				BANK			
		2023		2022		2023		2022	
		Rs 000	%	Rs 000	%	Rs 000	%	Rs 000	%
Foreign Financial Assets	Central Banks	**53,583,649**	**17.54**	106,193,580	30.68	**53,583,649**	**17.54**	106,193,580	30.68
	Aaa	**62,797,064**	**20.56**	60,452,023	17.46	**62,797,064**	**20.56**	60,452,023	17.46
	Aa	**412,196**	**0.13**	-	-	**412,196**	**0.13**	-	-
	A	**7,852,078**	**2.57**	449,638	0.13	**7,852,078**	**2.57**	449,638	0.13
	Baa	**1,241,837**	**0.41**	57,669	0.02	**1,241,837**	**0.41**	57,669	0.02
	Ba	**245,205**	**0.08**	837,876	0.24	**245,205**	**0.08**	837,876	0.24
	Others	**179,335,594**	**58.71**	178,143,986	51.47	**179,335,594**	**58.71**	178,143,986	51.47
		305,467,623	**100.00**	346,134,772	100.00	**305,467,623**	**100.00**	346,134,772	100.00
Domestic Financial Assets	Others	**42,222,278**	**100.00**	39,014,786	100.00	**24,864,502**	**100.00**	24,334,840	100.00
		42,222,278	**100.00**	39,014,786	100.00	**24,864,502**	**100.00**	24,334,840	100.00

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (continued)

(iv) Credit Exposure by Credit Quality

	GROUP		BANK	
	2023	2022	**2023**	2022
	Stage 1	Stage 1	**Stage 1**	Stage 1
	12-month	12-month	**12-month**	12-month
	ECL	ECL	**ECL**	ECL
	Rs 000	Rs 000	**Rs 000**	Rs 000
Securities at Amortised Cost				
Credit Rating AAA to Baa: Low to fair risk	**95,705,955**	49,145,825	**95,705,955**	49,145,825
Credit Rating Ba: Monitoring	**-**	-	**-**	-
Credit Rating below Ba: Default	**-**	-	**-**	-
Total Carrying Amount	**95,705,955**	49,145,825	**95,705,955**	49,145,825
Loss Allowance	**9,944**	2,582	**9,944**	2,582
Securities at FVOCI				
Credit Rating AAA to Baa: Low to fair risk	**1,407,502**	25,310,170	**1,407,502**	25,310,170
Credit Rating Ba: Monitoring	**245,205**	518,857	**245,205**	518,857
Credit Rating below Ba: Default	**-**	-	**-**	-
Total Carrying Amount	**1,652,707**	25,829,027	**1,652,707**	25,829,027
Loss Allowance	**1,459**	2,440	**1,459**	2,440

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (continued)

(v) Collateral

THE BANK

The following table gives details of facilities availed by the Bank under Securities Lending Agreements, Repurchase Agreements (Repo) and Swap:

	2023	2022
	Rs 000	Rs 000
Obligations to Foreign Counterparties (Note 22)	62,344,207	52,339,138
Securities on Lending and on Repo	56,197,787	55,014,340
Gold under Swap	9,964,566	-
	66,162,353	55,014,340

30 JUNE 2023 Types of financial instruments	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
	Rs 000	Rs 000	Rs 000
Financial assets			
Foreign Investments and Gold	66,162,353	(62,344,207)	3,818,146
Financial liabilities			
Obligations to Foreign Counterparties	(62,344,207)	62,344,207	-

30 JUNE 2022 Types of financial instruments	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
	Rs 000	Rs 000	Rs 000
Financial assets			
Foreign Investments and Gold	55,014,340	(52,339,138)	2,675,202
Financial liabilities			
Obligations to Foreign Counterparties	(52,339,138)	52,339,138	-

(d) Liquidity Risk

Liquidity risk is the difficulty that an entity will encounter in raising funds at short notice to meet financial commitments as and when they arise. Liquidity risk is also the risk arising from the possibility of an entity not realising the fair value of a financial asset that it may have to dispose of to meet a financial obligation. In order to reduce the level of liquidity risk arising out of open market operations, the Group and the Bank require highly liquid marketable securities such as Government of Mauritius Treasury Bills as collateral for loans after applying a haircut for additional security.

The Group and the Bank manage liquidity of its foreign currency assets in order to settle commitments of the Bank and Government as and when they arise, as well as to intervene on the domestic foreign exchange market. The Group and the Bank have set limits with regard to currency and counterparty exposures to contain the risk.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk (continued)

The tables below show the Group and the Bank's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows, inclusive of interest receivable or payable on interest bearing non-derivative financial instruments.

THE GROUP

Maturity Analysis		Up to 3 months	Above 3 and to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2023		Rs000	Rs000	Rs000	Rs000	Rs000	Rs000
Non Derivative Financial Assets							
Foreign Assets		100,612,948	19,580,489	55,223,832	129,423,582	2,410,113	307,250,964
Loans and Advances		215,746	196,687	517,353	7,227,213	19,693,011	27,850,010
Government Securities		-	-	-	15,357,534	-	15,357,534
Other Assets		70,901	-	-	84,145	-	155,046
Total Financial Assets		100,899,595	19,777,176	55,741,185	152,092,474	22,103,124	350,613,554
Non Derivative Financial Liabilities							
Currency in Circulation	(i)	52,649,945	-	-	-	-	52,649,945
Demand Deposits	(ii)	96,816,644	-	-	-	-	96,816,644
Monetary Policy Instruments		100,949,333	2,739,341	3,611,335	28,613,822	6,181,261	142,095,092
Other Liabilities		39,056,571	23,536,159	16,410,261	-	-	79,002,991
Total Financial Liabilities		289,472,493	26,275,500	20,021,596	28,613,822	6,181,261	370,564,672
Net Liquidity Gap		(188,572,898)	(6,498,324)	35,719,589	123,478,652	15,921,863	(19,951,118)

Note: (i) The Foreign Assets of the Group are highly liquid and can be realised at any point in time by the Group.

(ii) Currency in circulation represent notes and coins issued by the Bank and which are in circulation in public. These are classified under liabilities in the bucket up to 3 months as the exact date on which the liabilities will be relinquished is not known.

(iii) Demand deposits include foreign currency deposits in respect of regulatory requirements (cash reserve ratio and liquidity coverage ratio).

34. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk (continued)

THE GROUP

Maturity Analysis	Up to 3 months	Above 3 and to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2022	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000
Non Derivative Financial Assets						
Foreign Assets	138,691,778	24,804,971	11,801,257	170,690,364	1,864,938	347,853,308
Loans and Advances	200,243	201,105	527,080	6,584,037	16,715,710	24,228,175
Government Securities	-	-	-	15,582,534	-	15,582,534
Other Assets	60,243	-	-	86,664	-	146,907
Total Financial Assets	138,952,264	25,006,076	12,328,337	192,943,599	18,580,648	387,810,924
Non Derivative Financial Liabilities						
Currency in Circulation (i)	49,124,042	-	-	-	-	49,124,042
Demand Deposits (ii)	182,508,803	-	-	-	-	182,508,803
Monetary Policy Instruments	49,379,316	13,573,090	12,463,348	31,261,099	6,175,788	112,852,641
Other Liabilities	14,363,575	265,892	4,809,652	48,456,491	-	67,895,610
Total Financial Liabilities	295,375,736	13,838,982	17,273,000	79,717,590	6,175,788	412,381,096
Net Liquidity Gap	(156,423,472)	11,167,094	(4,944,663)	113,226,009	12,404,860	(24,570,172)

Note: (i) The Foreign Assets of the Group are highly liquid and can be realised at any point in time by the Group.

(ii) Currency in circulation represent notes and coins issued by the Bank and which are in circulation in public. These are classified under liabilities in the bucket up to 3 months as the exact date on which the liabilities will be relinquished is not known.

(iii) Demand deposits include foreign currency deposits in respect of regulatory requirements (cash reserve ratio and liquidity coverage ratio).

34. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk (continued)

THE BANK

Maturity Analysis	Up to 3 months	Above 3 and to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2023	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000
Non Derivative Financial Assets						
Foreign Assets	100,612,948	19,580,489	55,223,832	129,423,582	2,410,113	307,250,964
Loans and Advances	215,746	196,687	517,353	7,227,213	1,743,968	9,900,967
Government Securities	-	-	-	15,357,534	-	15,357,534
Other Assets	65,876	-	-	84,145	-	150,021
Total Financial Assets	100,894,570	19,777,176	55,741,185	152,092,474	4,154,081	332,659,486
Non Derivative Financial Liabilities						
Currency in Circulation (i)	52,649,945	-	-	-	-	52,649,945
Demand Deposits (ii)	128,395,675	-	-	-	-	128,395,675
Monetary Policy Instruments	100,949,333	2,739,341	3,611,335	28,613,822	6,181,261	142,095,092
Other Liabilities	39,044,463	23,536,159	16,410,261	-	-	78,990,883
Total Financial Liabilities	321,039,416	26,275,500	20,021,596	28,613,822	6,181,261	402,131,595
Net Liquidity Gap	(220,144,846)	(6,498,324)	35,719,589	123,478,652	(2,027,180)	(69,472,109)

Note: (i) The Foreign Assets of the Bank are highly liquid and can be realised at any point in time by the Bank.

(ii) Currency in circulation represent notes and coins issued by the Bank and which are in circulation in public. These are classified under liabilities in the bucket up to 3 months as the exact date on which the liabilities will be relinquished is not known.

(iii) Demand deposits include foreign currency deposits in respect of regulatory requirements (cash reserve ratio and liquidity coverage ratio).

34. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk (continued)

THE BANK

Maturity Analysis	Up to 3 months	Above 3 and to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2022	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000
Non Derivative Financial Assets						
Foreign Assets	138,691,778	24,804,971	11,801,257	170,690,364	1,864,938	347,853,308
Loans and Advances	200,243	201,105	527,080	6,584,037	2,024,264	9,536,729
Government Securities	-	-	-	15,582,534	-	15,582,534
Other Assets	71,743	-	-	86,664	-	158,407
Total Financial Assets	138,963,764	25,006,076	12,328,337	192,943,599	3,889,202	373,130,978
Non Derivative Financial Liabilities						
Currency in Circulation (i)	49,124,042	-	-	-	-	49,124,042
Demand Deposits (ii)	217,491,508	-	-	-	-	217,491,508
Monetary Policy Instruments	49,379,316	13,573,090	12,463,348	31,261,099	6,175,788	112,852,641
Other Liabilities	14,357,080	265,892	4,809,652	48,456,491	-	67,889,115
Total Financial Liabilities	330,351,946	13,838,982	17,273,000	79,717,590	6,175,788	447,357,306
Net Liquidity Gap	(191,388,182)	11,167,094	(4,944,663)	113,226,009	(2,286,586)	(74,226,328)

Note: (i) The Foreign Assets of the Bank are highly liquid and can be realised at any point in time by the Bank.

(ii) Currency in circulation represent notes and coins issued by the Bank and which are in circulation in public. These are classified under liabilities in the bucket up to 3 months as the exact date on which the liabilities will be relinquished is not known.

(iii) Demand deposits include foreign currency deposits in respect of regulatory requirements (cash reserve ratio and liquidity coverage ratio).

34. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest Rate Risk

Repricing Analysis

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with specific financial assets and financial liabilities, whose interest rates are periodically reset to market, as well as the fair values of other instruments on which the interest rates are fixed throughout the period of the contract. The policy pertaining to changes in fair values due to changes on exchange rates is explained at section (f) below.

The rates on financial assets and financial liabilities which are interest-bearing are set at or around current market levels.

The Bank's reserves management includes investments in a variety of foreign currency denominated cash, deposits and other securities. The Bank's objective is to maximise return within the constraints of liquidity and safety and these are effected through investments with sound financial institutions.

The following table demonstrates the sensitivity of the Bank's profit to interest rate changes, all other variables held constant.

	Change in yield (basis points)	Effect on Profit and equity 2023	Effect on Profit and equity 2022
		Rs000	Rs000
Foreign Currency Portfolio	**+50**	**1,433,351**	1,553,562
	-50	**(1,433,351)**	(1,553,562)
Domestic Portfolio	**+50**	**76,788**	76,225
	-50	**(76,788)**	(76,225)

Government securities are amortised in the Statement of Financial Position of the Bank.

The tables below summarise the Group and the Bank's exposure to interest rate risk. The amounts disclosed in the tables are the contractual undiscounted cash flows, inclusive of interest receivable or payable on interest bearing non-derivative financial instruments.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest Rate Risk (continued)

THE GROUP

Repricing Analysis	Up to 3 months	Above 3 and up to 6 months	Above 6 and up to 9 months	Above 9 and up to 12 months	Over 12 months	Non-interest bearing	Total
At 30 June 2023	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non Derivative Financial Assets							
Foreign Assets	89,460,609	19,624,207	29,366,350	26,269,783	129,523,307	13,246,055	307,490,311
Loans and Advances	193,858	196,687	233,166	284,187	8,971,181	21,888	9,900,967
Government Securities	-	-	-	-	15,357,534	-	15,357,534
Other Assets	70,901	-	-	-	84,145		155,046
Total Financial Assets	89,725,368	19,820,894	29,599,516	26,553,970	153,936,167	13,267,943	332,903,858
Non Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	52,649,945	52,649,945
Demand Deposits	1,068,598	-	-	-	-	95,748,048	96,816,646
Monetary Policy Instruments	100,949,333	2,739,341	209,980	3,401,355	34,795,083	-	142,095,092
Other Liabilities	23,648,619	23,536,159	4,794,213	11,616,407	-	15,407,954	79,003,352
Total Financial Liabilities	125,666,550	26,275,500	5,004,193	15,017,762	34,795,083	163,805,947	370,565,035
Net Liquidity Gap	(35,941,182)	(6,454,606)	24,595,323	11,536,208	119,141,084	(150,538,004)	(37,661,177)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest Rate Risk (continued)

THE GROUP

Repricing Analysis	Up to 3 months	Above 3 and up to 6 months	Above 6 and up to 9 months	Above 9 and up to 12 months	Over 12 months	Non-interest bearing	Total
At 30 June 2022	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non Derivative Financial Assets							
Foreign Assets	131,017,715	24,423,440	1,509,262	9,772,619	169,997,066	9,414,670	346,134,772
Loans and Advances	179,370	201,105	294,738	1,535,572	7,305,071	14,694,354	24,210,210
Government Securities	-	-	-	-	15,582,534	-	15,582,534
Other Assets	60,243	-	-	-	86,664	-	146,907
Total Financial Assets	131,257,328	24,624,545	1,804,000	11,308,191	192,971,335	24,109,024	386,074,423
Non Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	49,124,042	49,124,042
Demand Deposits	78,573,098	-	-	-	-	103,935,705	182,508,803
Monetary Policy Instruments	49,015,141	12,968,869	3,822,305	8,262,369	35,823,287	-	109,891,971
Other Liabilities	272,387	265,892	4,809,652	243,812	48,212,679	14,091,188	67,895,610
Total Financial Liabilities	127,860,626	13,234,761	8,631,957	8,506,181	84,035,966	167,150,935	409,420,426
Net Liquidity Gap	3,396,702	11,389,784	(6,827,957)	2,802,010	108,935,369	(143,041,911)	(23,346,003)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest Rate Risk (continued)

THE BANK

Repricing Analysis	Up to 3 months	Above 3 and up to 6 months	Above 6 and up to 9 months	Above 9 and up to 12 months	Over 12 months	Non-interest bearing	Total
At 30 June 2023	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non Derivative Financial Assets							
Foreign Assets	89,460,609	19,624,207	29,366,350	26,269,783	129,523,307	13,246,055	307,490,311
Loans and Advances	193,858	196,687	233,166	284,187	8,971,181	21,888	9,900,967
Government Securities	-	-	-	-	15,357,534	-	15,357,534
Other Assets	65,876	-	-	-	84,145		150,021
Total Financial Assets	89,720,343	19,820,894	29,599,516	26,553,970	153,936,167	13,267,943	332,898,833
Non Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	52,649,945	52,649,945
Demand Deposits	1,068,598	-	-	-	-	127,327,078	128,395,676
Monetary Policy Instruments	100,949,333	2,739,341	209,980	3,401,355	34,795,083	-	142,095,092
Other Liabilities	23,636,511	23,536,159	4,794,213	11,616,407	-	15,407,954	78,991,244
Total Financial Liabilities	125,654,442	26,275,500	5,004,193	15,017,762	34,795,083	195,384,977	402,131,957
Net Liquidity Gap	(35,934,099)	(6,454,606)	24,595,323	11,536,208	119,141,084	(182,117,034)	(69,233,124)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest Rate Risk (continued)

THE BANK

Repricing Analysis	Up to 3 months	Above 3 and up to 6 months	Above 6 and up to 9 months	Above 9 and up to 12 months	Over 12 months	Non-interest bearing	Total
At 30 June 2022	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non Derivative Financial Assets							
Foreign Assets	131,017,715	24,423,440	1,509,262	9,772,619	169,997,066	9,414,670	346,134,772
Loans and Advances	179,370	201,105	294,738	1,535,572	7,305,071	2,908	9,518,764
Government Securities	-	-	-	-	15,582,534	-	15,582,534
Other Assets	60,244	-	-	-	86,664	11,499	158,407
Total Financial Assets	131,257,329	24,624,545	1,804,000	11,308,191	192,971,335	9,429,077	371,394,477
Non Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	49,124,042	49,124,042
Demand Deposits	78,573,097	-	-	-	-	138,918,411	217,491,508
Monetary Policy Instruments	49,015,141	12,968,869	3,822,305	8,262,369	35,823,287	-	109,891,971
Other Liabilities	265,893	265,893	4,809,651	243,812	48,212,679	14,091,188	67,889,116
Total Financial Liabilities	127,854,131	13,234,762	8,631,956	8,506,181	84,035,966	202,133,641	444,396,637
Net Liquidity Gap	3,403,198	11,389,783	(6,827,956)	2,802,010	108,935,369	(192,704,564)	(73,002,160)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest Rate Risk (continued)

The interest-bearing Mauritian rupee denominated assets earn interest at rates ranging from 0.45% p.a. to 4.0% p.a. (2022: 0.45% p.a. to 4.0% p.a.) and from -0.50% p.a. to 8.83% p.a. (2022: -0.50% p.a. to 7.37% p.a.) for foreign currency denominated assets.

The interest-bearing Mauritian rupee denominated liabilities bear interest at rates ranging from 0.50% p.a. to 6.24% p.a. (2022: 0.55% p.a. to 6.95% p.a.) and from 0.57% p.a. to 5.89% p.a. (2022: 0.38% p.a. to 2.60% p.a.) for liabilities denominated in foreign currencies.

Mauritius Investment Corporation Ltd

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. MIC's income and operating cash are dependent on changes in interest rates as MIC has both fixed rate and floating rate interest bearing financial assets. The interest-bearing Mauritian rupee denominated assets earn both fixed and floating interest at rates ranging from 3% p.a. to 7.9% p.a. On this basis, MIC is significantly exposed to interest rate risk.

Bond Price Risk

Bond price risk is the risk of unfavourable changes in fair values financial assets at FVTPL as the result of changes in the value of individual bonds. The bond price risk exposure arises from MIC's investments in Secured Redeemable Convertible Bonds. MIC's policy is to manage bond price risk through selection of securities and other financial instruments within the specified limits set by its investment policy.

Sensitivity Analysis

The following table summarises the impact of increases/decreases of the bond value on MIC's profit and equity assuming that the yield is increased/decreased by 1%, with all other variables held constant.

	Change in yield (basis points)	**Effect on Profit and Equity 2023**	Effect on Profit and Equity 2022
		Rs000	Rs000
Financial Assets at Fair Value through Profit or Loss	**100**	**(480,865)**	(707,923)
	-100	**948,309**	765,322

34. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Foreign Currency Risk

MIC did not have assets and liabilities denominated in foreign currencies.

The Bank has monetary assets and liabilities denominated in foreign currencies, which consist mainly of currencies of the major trading partners of Mauritius. The liabilities represent mainly deposit accounts maintained by its customers and Obligations to foreign counterparties.

The Bank does not hedge against risk of fluctuations in exchange rates. However, it has set aside the Special Reserve Fund (Note 5), which is used to cater for movements due to appreciation/depreciation in foreign currencies, Gold and SDR.

The Bank considers it has a diversified portfolio of foreign currencies which would mitigate any foreign currency risk that may arise from volatility in exchange rates. The composition of the Bank's Foreign Assets based on the SDR Basket is as follows:

	2023	2022
	Rs 000	Rs 000
SDR Basket	250,306,182	285,671,943
Non-SDR Basket	55,161,441	60,462,829
	305,467,623	346,134,772

The SDR Basket comprises the following currencies: GBP, USD, EUR, JPY and RMB.

The following table demonstrates the sensitivity of the Bank's equity to exchange rate changes, all other variables held constant.

	Change in MUR Exchange Rate	Effect on Profit and Equity 2023	Effect on Profit and Equity 2022
		Rs000	Rs000
Foreign Currency Portfolio	+50 cents	6,733,315	7,059,603
	-50 cents	(6,733,315)	(7,059,603)

35. RELATED PARTY TRANSACTIONS

The balances and transactions with Government of Mauritius are disclosed in Notes 5, 8(ii) and 23 to the financial statements. The Bank also maintains demand deposits Rs17,482,647,476 (2022: Rs16,788,456,012) for the Government.

Emoluments payable to Directors are disclosed in Note 30 as per their terms of appointment.

The Bank contributes for the post-retirement benefits of its employees as disclosed in Note 21(c) and the Second Deputy Governor who is on the permanent and pensionable establishment of the Bank. The contribution of the Second Deputy Governor was Rs934,668 (2022: Rs932,904).

The balances and transactions with the subsidiary are disclosed in Notes 10(ii),12 ,13, 14, 15, 16, 17, 22, 24, 25, 26, 28, 29 and 30.

36. TRANSACTIONS WITH THE INTERNATIONAL MONETARY FUND (“IMF”)

As a member of IMF, Mauritius was initially allocated an amount of SDR15,744,000. In August 2009, the IMF Board of Governors approved an allocation of Special Drawing Rights (SDR) to member countries.

Accordingly, a total amount of SDR81,061,549 was allocated to Mauritius. In August 2021, the IMF Board of Governors approved an additional General Allocation of SDRs and an amount of SDR136,292,305 was allocated to Mauritius bringing the total allocation to SDR233,097,854. A total amount of SDR35,492,179 was utilized for prescribed transfers bringing the balance to SDR197,605,675. IMF charges the Bank on the SDR allocations and also remunerates it on the SDR holdings on a quarterly basis. IMF charges for the current year amounted to Rs341,143,583 (2022: Rs26,520,727).

The Bank maintains two current accounts and one securities account for the IMF. The IMF No 1 and No 2 current accounts appear in the Statement of Financial Position under the heading “Demand Deposits: Others”. The securities account is not included in the Statement of Financial Position and is kept separately.

The Government of Mauritius has been participating in the IMF Quarterly Financial Transactions Plan. Participation in the plan entails the obligation to provide usable currencies in exchange for SDRs when designated and accords the right to use SDRs in case of a balance of payment need.

In September 2022, the Government of Mauritius and the International Monetary Fund entered into a Voluntary Trading Arrangement (VTA) to buy and sell SDRs against US Dollars. As at 30 June 2023, a net amount of SDR9,598,179 was traded under the VTA.

37. SUBSEQUENT EVENTS

There were no significant events after the reporting date which need disclosures.

38. TAXATION

The Bank and MIC are exempt from payment of tax under the Bank of Mauritius Act 2004 and the Mauritius Income Tax Act 1995, respectively.

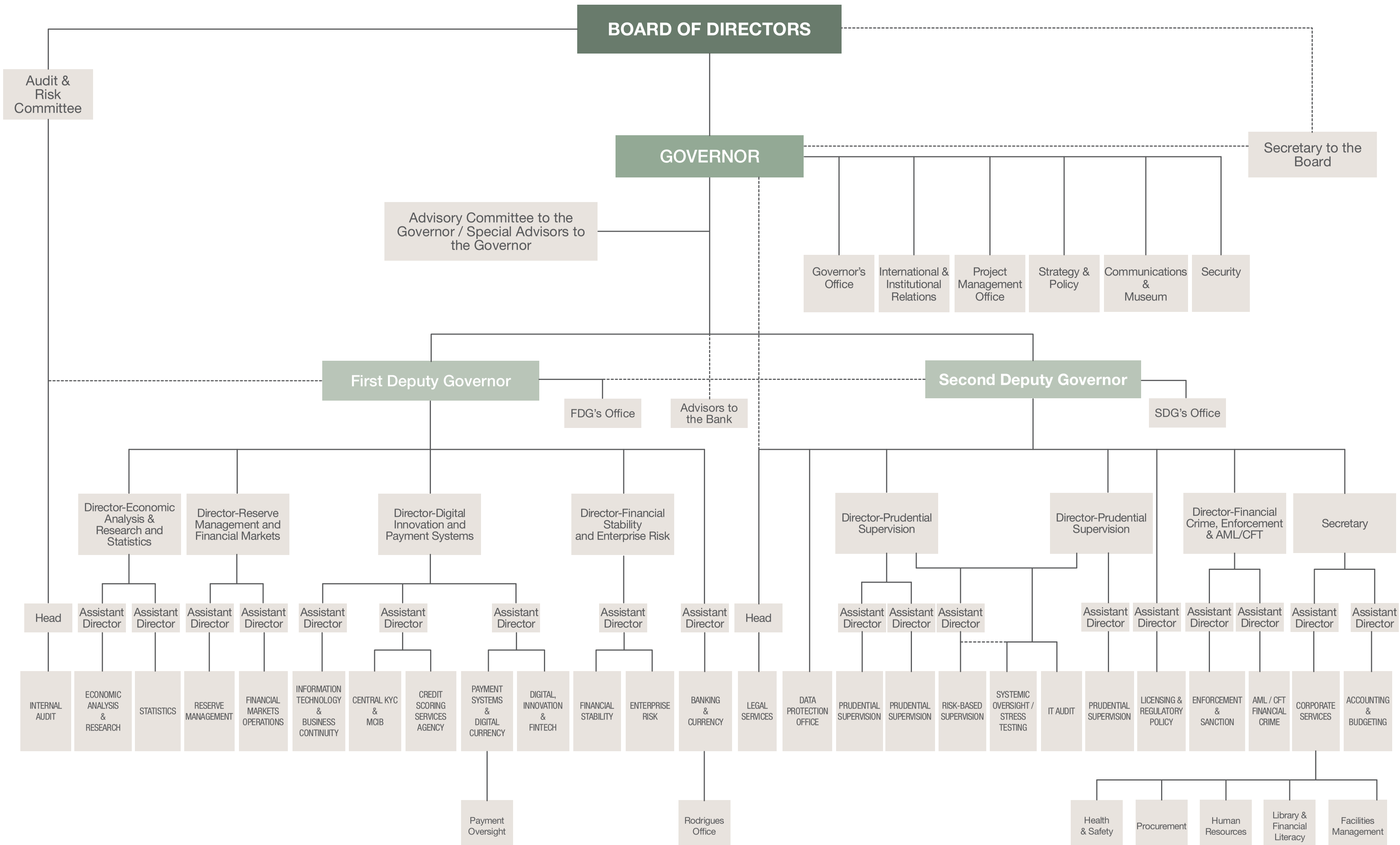
MIC Smart City Ltd is exempt from payment of tax for a period of 8 years from the date of issue (28 June 2022) of a registration certificate under the Investment Promotion (Smart City Scheme) Regulations 2015.

08

APPENDICES

Appendix I

Bank of Mauritius - Organisation Chart



Appendix II

Senior Management

Harvesh Kumar Seegolam
Governor
MSc International Finance,
BSc (Hons) Economics

Mardayah Kona Yerukunondu
First Deputy Governor
LLB (Hons), Barrister

Hemlata Sadhna Sewraj-Gopal
Second Deputy Governor
ACA, BA (Hons) Economics

Shardhanand Gopaul
Acting Secretary
(with effect from 25 August 2023)
FCCA, MSc (conversion)
Information Systems

Neetyanand Kowlessur
Acting Secretary
(Up to 24 August 2023)
Head - Climate Change Centre
(with effect from 25 August 2023)
MSc Financial Economics,
BA (Hons) Economics

Ramsamy Chinniah
Director - Supervision
FCCA, MSc Financial Economics

Marjorie M. A. Heerah-Pampusa
Director - Economic Analysis & Research and Statistics
MA Economics,
BSc (Hons) Economics

Sudha Hurrymun
Director - Supervision
FCCA, MSc Finance

Pauline Charazac
Adviser - International and Institutional Relations
MA Public Affairs,
BA Social Sciences and Humanities

Dr Tilottama Matabudul
Adviser - Strategy and Policy
CPA, CA, PhD International Tax Law,
LLM International Tax Law,
BSc Physics

Youssouf Waësh Khodabocus
Acting Director - Financial Stability and Enterprise Risk
BA (Hons) Economics

Ng Cheong Jose Li Yun Fong
Assistant Director - Information Technology and Business Continuity
BSc Computer Science

Yuntat Chu Fung Leung
Assistant Director - Banking & Currency
MBA Finance, BA (Hons)
Economics and Social Studies

Urvashi Chuttarsing-Soobarah
Assistant Director - Supervision
MSc Financial Mathematics,
BSc Mathematics

Smeeta Bissoonauth
Assistant Director - Enterprise Risk
ACMA CGMA,
MSc Actuarial Science

Rajshri Jutton-Gopy
Head - Legal Services
LLB (Hons), Attorney

Sanjay Ramnarainsing
Assistant Director - Financial Markets Operations
FCCA, MBA Financial Management

Tilotma Gobin-Jhurry
Assistant Director - Payment Systems & Digital Currency and Digital Innovation & FinTech
BSc Professional Graduate Diploma

Dr Ashwin Moheeput
Assistant Director - Economic Analysis & Research
CFA, PhD Economics,
MSc Economics,
BSc (Hons) Economics

Dhirajsingh Rughoobur
Acting Head - Governor's Office
MSc International Securities, Investment and Banking
BA (Hons) Economics

Appendix III

High Level Overseas Forums and Bilateral Meetings attended by Governor, First Deputy Governor and Second Deputy Governor

Governor Harvesh Seegolam:

i. Bilateral meetings with the Bank of England and other authorities in the United Kingdom from 2 to 5 July 2022, and the IMF African Caucus Meeting in Morocco from 5 to 6 July 2022. Governor Seegolam contributed as one of the lead panelists in the IMF African Caucus panel discussions

ii. Bilateral meetings with the Bank of England and other stakeholders in the United Kingdom from 21 to 25 July 2022

iii. Bilateral meetings with the Central Bank of the United Arab Emirates on 8 August 2022 in the UAE

iv. Mission in Johannesburg, Cape Town and Durban, South Africa from 16 to 22 September 2022 for a series of consultative meetings with authorities and other stakeholders

v. Bilateral meetings with central banks and other authorities in the United Kingdom, the Kingdom of Saudi Arabia and India from 11 to 22 January 2023. A memorandum of understanding was signed between the Bank of Mauritius and the National Institute of Bank Management at the Reserve Bank of India

vi. Bilateral meetings with the Central Bank of the United Arab Emirates and other authorities from 2 to 5 March 2023 in the UAE

vii. Bilateral meetings with authorities and stakeholders in the United Kingdom from 4 to 9 April 2023, followed by participation at the Spring Meetings of the World Bank Group and the International Monetary Fund in the United States of America from 11 to 16 April 2023

viii. Participation as a lead speaker, and a series of consultative meetings in the sidelines of the Official Monetary Financial Institutions Forum (OMFIF) Symposium on Central Bank Digital Currencies in the United Kingdom from 10 to 15 May 2023

ix. Bilateral and consultative meetings with authorities in the United Arab Emirates from 4 to 7 June 2023

x. Participation as one of the lead speakers in the High-Level Policy Roundtable together with other central banks on Central Bank Digital Currencies co-hosted by the International Monetary Fund and Bank Al Maghrib in Morocco from 19 to 21 June 2023

xi. Attended the Annual General Meeting of the Bank for International Settlements, and participated as panelist with other central banks at the Point Zero Innovation Forum in Switzerland from 24 to 26 June 2023.

Governor Seegolam equally chaired/co-chaired/participated virtually in a number of international meetings/conferences/workshops.

First Deputy Governor Mardayah Kona Yerukunondu:

i. Symposium and Assembly of Governors of the 44th Annual Meetings of the Association of African Central Banks in Gambia from 4 to 5 August 2022

ii. Citi Central Bank Conference in the United Kingdom from 12 to 14 September 2022

iii. Bilateral meetings with stakeholders in the United Arab Emirates from 11 to 14 October 2022

iv. Meetings with representatives of the Organisation for Economic Co-operation and Development in France from 23 to 26 October 2022

v. Annual General Meeting of the Global Financial Innovation Network, and DFSA Crypto Summit in Morocco from 16 to 17 November 2022

vi. Africa Prosperity Dialogues Conference in Ghana from 26 to 28 January 2023

vii. BIS Conference on Big Techs in Finance in Switzerland from 8 to 9 February 2023

viii. 1st G20 Finance and Central Bank Governors Meeting and the 2nd Finance and Central Bank Deputies Meeting in India from 22 to 25 February 2023

ix. 56th Meeting of the Committee of Central Bank Governors of SADC in Angola from 10 to 12 May 2023

x. 22nd Annual International Conference on Policy Challenges for the Financial Sector co-hosted by the World Bank Group, the International Monetary Fund, and the Board of Governors of the Federal Reserve System in in the United States of America from 31 May to 2 June 2023

xi. 3rd International Financial Architecture Working Group of G20 in India from 6 to 7 June 2023

xii. Central Bank Payments Conference 2023 and Global Payments Summit hosted by Currency Research in South Africa from 26 to 30 June 2023.

Second Deputy Governor Hemlata Sadhna Sewraj-Gopal:

i. 18th BCBS-FSI High-Level Meeting for Africa on Strengthening Financial Sector Supervision and Current Regulatory Priorities in South Africa from 1 to 2 February 2023

ii. G20 Sustainable Finance Working Group Meeting in India from 21 to 23 March 2023

iii. Group of International Finance Centre Supervisors Plenary Meeting in the United Kingdom on 25 April 2023

iv. COS Global Conference on Financial Resilience hosted by the College of Supervisors, Reserve Bank of India, India from 27 to 29 April 2023

v. Financial Stability Board Regional Consultative Group for Sub Saharan Africa Meeting in Botswana from 31 May to 1 June 2023.

Appendix IV

Overseas Meetings, Training Courses, Seminars and Workshops

Directors/Assistant Directors/Heads of Divisions

- **Shardhanand Gopaul, Assistant Director-Accounting & Budgeting,** attended the Citi Central Bank Conference 2023 hosted by Citibank from 22 to 24 May 2023, London, United Kingdom.

- **Neetyanand Kowlessur, Acting Secretary-Secretary's Office,** attended the

i. 1st International Financial Architecture Working Group Meeting hosted by G20 India from 30 to 31 January 2023, Chandigarh, India; and

ii. 2nd International Financial Architecture Working Group Meeting hosted by G20 India from 30 to 31 March 2023, Paris, France.

- **Ramsamy Chinniah, Director-Supervision,** attended the

i. FSB RCG Meeting hosted by FSB from 17 to 18 November 2022, Ukunda, Kenya;

ii. G20 Seminar on Role of Central Banks in Green Financing hosted by G20 India from 13 to 15 December 2022, Bengaluru, India;

iii. Global Partnership for Financial Inclusion Working Group in G20 Meetings hosted by G20 India from 9 to 11 January 2023, Kolkata, India;

iv. Supervisory College Meetings for Bank of Baroda and Bank of India hosted by Reserve Bank of India from 2 to 3 March 2023, Mumbai, India;

v. 2nd GPFI Plenary Meeting hosted by G20 India from 6 to 7 March 2023, Hyderabad, India; and

vi. 3rd GPFI Plenary Meeting hosted by G20 India from 24 to 26 June 2023, Bali, Indonesia.

- **Marjorie Marie-Agnes Heerah-Pampusa, Director-Economic Analysis & Research and Statistics,** attended the

i. Technical Committee Meetings of the Eastern Africa Sub Region of the Association of African Central Banks hosted by Bank of Uganda from 11 to 14 July 2022, Kampala, Uganda; and

ii. AACB Continental Seminar hosted by AACB/ Banques des Etats de l'Afrique Centrale from 15 to 17 May 2023, Yaoundé, Cameroon.

- **Sudha Hurrymun, Director-Supervision,**

i. Attended the 22nd ESAAMLG Council of Ministers and 5th Sub-Saharan Africa AML/CFT Public-Private Sector Dialogue hosted by ESAAMLG from 28 August to 3 September 2022, Livingstone, Zambia;

ii. Attended the G20 Meeting of the Sustainable Finance Working Group hosted by G20 India from 2 to 3 February 2023, Assam, India;

iii. Accompanied the First Deputy Governor to the 1st G20 Finance Ministers and Central Bank Governors Meeting hosted by G20 India from 21 to 26 February 2023 in Bengaluru, India; and

iv. Attended the Mutual Evaluation of Republic of Rwanda's AML/CFT Regime hosted by ESAAMLG from 22 June to 13 July 2023, Kigali, Rwanda.

- **Pauline Carole Amelie Charazac, Adviser - International and Institutional Relations,**

i. Accompanied the Governor for several meetings in London from 2 July to 5 July 2022 and the African Caucus Meeting in Marrakech, Morocco from 5 to 6 July 2022;

ii. Attended a mission to Paris, France from 25 August to 1 September 2022;

iii. Accompanied the Governor for official mission from 16 to 22 September 2022 in Johannesburg, Cape Town and Durban, South Africa;

iv. Accompanied the First Deputy Governor for official mission to Dubai from 12 to 13 October 2022;

v. Attended several meetings in France and Morocco from 9 to 15 November 2022;

vi. Accompanied the First Deputy Governor to the 1st G20 Finance Ministers and Central Bank Governors Meeting hosted by G20 India from 21 to 26 February 2023 in Bengaluru, India; and

vii. Attended the IMF/World Bank follow-up Meeting in Washington D.C., USA and a series of meetings in Paris, France from 18 to 25 April 2023.

- **Youssouf Waesh Khodabocus, Acting Director-Financial Stability & Enterprise Risk,**

i. Accompanied the Governor for several meetings in London from 2 July to 5 July 2022 and the African Caucus Meeting in Marrakech, Morocco from 5 to 7 July 2022; and

ii. Attended the Standard Bank African Central Bank Conference hosted by Standard Bank Group from 15 to 17 March 2023, Johannesburg, South Africa.

- **Ng Cheong Jose Li Yun Fong, Assistant Director-Information Technology & Business Continuity,** attended the 28th CCBG ICT Subcommittee Annual Meeting hosted by Banco de Mozambique from 13 to 17 February 2023, Mahe Island, Seychelles.

- **Urvashi Chuttarsing-Soobarah, Assistant Director-Supervision,**

i. Attended the Programme on Use of Analytics - Opportunities in New Gen Supervision and Regulation hosted by College of Supervisors, Reserve Bank of India from 30 January to 6 February 2023, Mumbai, India; and

ii. Accompanied the Second Deputy Governor to the GIFCS Plenary Meeting hosted by Group of International Finance Centre Supervisors from 25 to 26 April 2023, London, United Kingdom.

- **Rajshri Devi Jutton-Gopy, Head-Legal Services,** accompanied the First Deputy Governor for the Africa Prosperity Dialogues Conference (Kwahu Summit) hosted by Africa Prosperity Network from 26 to 28 January 2023, Accra, Ghana.

- **Sanjay Ramnarainsing, Assistant Director-Financial Markets Operations** attended the

i. Central Banker Program 2022 on U.S. Monetary Policy Implementation (USMPI) hosted by Federal Reserve Bank of New York from 12 to 14 July 2022, New York, USA; and

ii. Sustainable Green Bonds Regional Workshop and SADC Green Bond Programme hosted by Committee of SADC Stock Exchanges from 20 to 22 February 2023, Kasane, Botswana.

- **Tilotma Gobin-Jhurry, Assistant Director-Payment Systems & Digital Currency and Digital Innovation & Fintech,** attended the

i. CCBG Payment Systems Subcommittee Special Meeting on PAPSS Settlement hosted by SADC on 24 January 2023, Pretoria, South Africa; and

ii. Annual SADC Payment Systems Regional Conference hosted by SADC from 13 to 14 February 2023, Windhoek, Namibia.

- **Dr Ashwin Moheeput, Assistant Director-Economic Analysis & Research,** accompanied the First Deputy Governor for the CCBO and CCBG Meetings from 10 to 12 May 2023 in Luanda, Angola.

- **Dhirajsingh Rughoobur, Acting Head-Governor's Office,**

i. Accompanied the Governor for several meetings in London from 2 July to 5 July 2022 and the African Caucus Meeting in Marrakech, Morocco from 5 to 6 July 2022;

ii. Accompanied the Governor for Meetings and Working Sessions with NPCI from 18 to 20 January 2023 in Mumbai, India;

iii. Accompanied the Governor for Panel Discussion on CBDC from 19 to 21 June 2023 in Casablanca, Morocco; and

iv. Accompanied the Governor for the Annual General Meeting of BIS & Innovation Point Zero Forum from 24 to 26 June 2023 in Basel & Zurich, Switzerland.

Chiefs and Data Protection Officer

- **Kevin Aubeeluck, Chief-Enterprise Risk,** attended the Seminar on Climate Change and Macro Financial Policies hosted by IMF/AFRITAC South from 5 to 9 June 2023, Johannesburg, South Africa.

- **Dooneshsingh Audit, Chief-Statistics,** attended the

i. Peer Review of Madagascar in the 2022/2023 Review Round hosted by SADC from 13 to 17 March 2023, Madagascar; and

ii. SADC Macroeconomic Subcommittee Meeting hosted by SADC from 5 to 7 June 2023, Johannesburg, South Africa.

- **Ghanish Beegoo, Chief-Statistics,** attended the Programme on Study of Economics for Regulators and Supervisors hosted by College of Supervisors, Reserve Bank of India from 27 to 28 March 2023, Mumbai, India.

- **Ravishin Bullyraz, Chief-Supervision,** attended the

i. Regional Banking Dialogue hosted by National Treasury of South Africa/United States Department of Treasury from 9 to 10 November 2022, Cape Town, South Africa; and

ii. Community of African Banking Supervisors Conference and Meeting from 6 to 7 April 2023, Banjul, The Gambia.

- **Feycal Caunhye, Chief – Communications Office,**

i. Accompanied the Governor for several meetings in London from 2 to 5 July 2022;

ii. Accompanied the Governor for bilateral meetings from 21 to 25 July 2022, United Kingdom;

iii. Accompanied the Governor on official mission from 11 to 17 February 2023, United Kingdom;

iv. Accompanied the First Deputy Governor to the 1st G20 Finance Ministers and Central Bank Governors Meeting hosted by G20 India from 21 to 26 February 2023 in Bengaluru, India;

v. Accompanied the Governor for the OMFIF Symposium on Central Bank & Digital Currencies from 10 to 15 May 2023 in United Kingdom; and

vi. Attended the 3rd Sustainable Finance Working Group hosted by G20 from 19 to 21 June 2023, Mahabalipuram, India.

- **Jean Claude Benoit Chamary, Chief-Currency Office,** attended the De La Rue Counterfeit Detection Course hosted by De La Rue from 14 to 18 November 2022, United Kingdom.

- **Jeevalakshmi Chedumbarum Pillay, Chief-Human Resources,** attended the Course on Human Resources Management hosted by Deutsche Bundesbank from 22 to 24 November 2022, Frankfurt, Germany.

- **Jayvind Kumar Choolhun, Chief-Payment Systems and Digital Currency,** attended the 6th Meeting of the Regional Payment and Settlement System User Group hosted by COMESA from 10 to 12 May 2023, Victoria Falls, Zimbabwe.

- **Chitananda Ellapah, Chief-Enterprise Risk,** attended the

i. IADI-Africa Regional Committee Workshop hosted by Nigeria Deposit Insurance Corporation from 3 to 7 October 2022, Abuja, Nigeria; and

ii. BlackRock Official Institutions Symposium hosted by BlackRock Educational Academy from 23 to 25 May 2023, London, United Kingdom.

- **Qayyum Ali Ismael Ghanty, Chief-Enterprise Risk,** attended the

i. Regional Workshop on Cyber Resilience for Central Banks hosted by Bank-Al-Maghrib/Bank of England from 28 to 29 November 2022, Rabat, Morocco; and

ii. Programme on Supervisory Assessment of IT & Cyber Risk Management hosted by College of Supervisors, Reserve Bank of India from 29 to 31 May 2023, Mumbai, India.

- **Bibi Koraisha Jeewoot, Chief-Reserve Management,** attended the

i. 2022 Institutional Client Program hosted by Franklin Templeton from 24 to 28 October 2022, San Mateo, California, USA; and

ii. 48th Annual Central Bank Seminar hosted by J.P. Morgan from 22 to 26 May 2023, New York, USA.

- **Satishingh Jugoo, Chief-Statistics,** attended the

i. High Level Technical Meeting on Leveraging Technology in Remittances Data Collection and Lessons learnt from the COVID-19 Pandemic hosted by African Institute for Remittances from 8 to 11 November 2022, Abidjan, Cote D'Ivoire; and

ii. SADC Exchange Control Committee hosted by SADC from 7 to 9 June 2023, Johannesburg, South Africa.

- **Marie Medgee Lauricourt, Chief-Supervision,** attended the

i. 2nd Task Force on Capacity Building and Training and Sub-Teams' Meetings hosted by Central Banks and Supervisors Network for Greening the Financial System from 12 to 13 October 2022, Basel, Switzerland; and

ii. Programme on Fintech Regtech Suptech hosted by College of Supervisors, Reserve Bank of India from 1 to 3 March 2023, Mumbai, India.

- **Hemlata Nundoochan, Chief-Supervision,** attended the

i. Training on Challenges facing COMESA Central Banks in Banking Supervision hosted by COMESA Monetary Institute/Central Bank of Egypt from 25 to 29 September 2022, Cairo, Egypt; and

ii. Programme on Fintech Regtech Suptech hosted by College of Supervisors, Reserve Bank of India from 1 to 3 March 2023, Mumbai, India.

- **Malini Ramdhan, Chief-Supervision,** attended the

i. Regional Banking Dialogue hosted by National Treasury of South Africa/United States Department of Treasury from 9 to 10 November 2022, Cape Town, South Africa; and

ii. Séminaire Lutte Anti-Blanchiment hosted by Banque de France from 18 to 20 April 2023, Reunion Island.

- **Aswin Kumar Ramduny, Chief-Payment Systems and Digital Currency,**

i. Attended the International Conference on Payments and Settlement hosted by Deutsche Bundesbank from 14 to 15 July 2022, Eltville, Germany;

ii. Attended the CBDC Summit 2022 hosted by IMF from 11 to 14 October 2022, Washington D.C., USA; and

iii. Accompanied the Governor for Meetings and Working Sessions with NPCI from 18 to 20 January 2023 in Mumbai, India.

- **Keshwarajsingh Ramnauth, Chief-Financial Markets Operations,** attended the Meeting of the Committee of Central Bank Governors Financial Markets Subcommittee hosted by SADC from 7 to 9 February 2023, Democratic Republic of Congo.

- **Yogeeta Devi Ramphul, Chief-Supervision,** attended the

i. IADI Africa Regional Committee Annual General Meeting and Conference on Building Resilience for Deposit Insurance Systems: The New Normal hosted by IADI from 29 August to 2 September 2022, Victoria Falls, Zimbabwe; and

ii. Course on Early Warning Mechanism for Managers of Financial Risk & Macro-Financial Risk hosted by College of Supervisors, Reserve Bank of India from 13 to 15 March 2023, Mumbai, India.

- **Chandradeo Sharma Rutah, Chief-Supervision,**

i. Attended the Validation Workshop for a User's Guide on Basel III & Macro Prudential Surveillance hosted by COMESA from 6 to 10 March 2023, Kenya, Nairobi; and

ii. Accompanied the Second Deputy Governor for the COS Global Conference on Financial Resilience hosted by College of Supervisors, Reserve Bank of India from 27 to 29 April 2023 in Mumbai, India.

- **Feisal Bin Khalid Sooklall, Chief-Economic Analysis & Research,**

i. Attended the SADC Peer Review Refresher Course hosted by SADC from 14 to 16 November 2022, Pretoria, South Africa;

ii. Attended the Peer Review of Madagascar in the 2022/2023 Review Round hosted by SADC from 13 to 17 March 2023, Madagascar; and

iii. Accompanied the Governor for the IMF Spring Meeting and follow up meeting from 10 to 21 April 2023 in Washington D.C., USA.

- **Sandiren Vadeevaloo, Chief-Supervision,** attended the Seminar on Consolidated Supervision & Risk Integration hosted by College of Supervisors, Reserve Bank of India from 10 to 13 April 2023, Mumbai, India.

Senior Analysts

- **Ibne Faraz Beekun, Senior Analyst-Information Technology & Business Continuity,** attended the On-site SBM IT Examination hosted by Reserve Bank of India from 26 August to 6 September 2022, Mumbai & Bengaluru, India.

- **Mahima Bhurtha, Senior Analyst-Economic Analysis & Research,** attended the Meeting on Sovereign Credit Rating hosted by United Nations Economic Commission for Africa from 13 to 14 October 2022, Addis Ababa, Ethiopia.

- **Lutchmee Devi Maistry, Senior Analyst-Supervision,** attended the Supervisory College Meetings for Bank of Baroda and Bank of India hosted by Reserve Bank of India from 2 to 3 March 2023, Mumbai, India.

- **Nitisha Mihdidin, Senior Analyst-Supervision,** attended the International Programme on Inclusive Banking and Finance hosted by ITEC from 6 to 10 March 2023, Pune, India.

- **Shakuntala Devi Ramanah, Senior Analyst-Payment Systems and Digital Currency,** attended the Federal Reserve Bank of New York 2022 Central Banking Seminar hosted by Federal Reserve Bank of New York from 10 to 14 October 2022, New York, USA.

Analysts/ Barrister-at-Law/ Database Administrator

- **Abhimanyou Rao Appadu, Analyst-Financial Stability,** attended the Course on Early Warning Mechanism for Managers of Financial Risk & Macro-Financial Risk hosted by College of Supervisors, Reserve Bank of India from 13 to 15 March 2023, Mumbai, India.

- **Stephan Soon-Chan Ah-kine, Analyst-Governor's Office,** accompanied the Governor for official mission from 16 to 22 September 2022 in Johannesburg, Cape Town and Durban, South Africa.

- **Atish Babboo, Analyst-Economic Analysis & Research,** attended the

i. SADC Macroeconomic Subcommittee Meeting hosted by SADC from 30 November to 2 December 2022, Johannesburg, South Africa; and

ii. SADC Macroeconomic Subcommittee Meeting hosted by SADC from 5 to 7 June 2023 in Johannesburg, South Africa.

- **Kaajal Seebaluck-Beerbul, Analyst-Communications Office,** attended the Programme on Use of Analytics - Opportunities in New Gen Supervision and Regulation hosted by College of Supervisors, Reserve Bank of India from 30 January to 6 February 2023, Mumbai, India.

- **Divya Lakshmi Bhuruth, Analyst-Accounting and Budgeting,** attended the BlackRock Official Institutions Symposium hosted by BlackRock Educational Academy from 23 to 25 May 2023, London, United Kingdom.

- **Ghirish Bissoon, Analyst-Museum,** attended the FinCoNet Meetings hosted by OECD from 21 to 22 March 2023, France.

- **Veekash Singh Busgeeth, Analyst-Supervision,** attended the Workshop on Techniques of Stress Testing hosted by College of Supervisors, Reserve Bank of India from 21 to 23 February 2023, Mumbai, India.

- **Suyash Dhurmea, Analyst-Statistics,** attended the Training Workshop on the Use of the Exchange Control Liberalisation Index Version 2 hosted by SADC from 15 to 19 May 2023, Windhoek, Namibia.

- **Priya Emerith, Barrister at Law-Legal Services,** attended the Seminar on Repo Market Development hosted by AFRITAC/IMF/SARB from 11 to 14 April 2023, Johannesburg, South Africa.

- **Tameshwaree Gokool, Analyst-Supervision,** attended the Basic Programme on Supervisory Assessment of Liquidity Risk hosted by College of Supervisors, Reserve Bank of India from 23 to 25 May 2023, Mumbai, India.

- **Yashilall Gopaul, Analyst-Supervision,** attended the

i. Course on IT Supervision at Banks hosted by Deutsche Bundesbank from 18 to 20 July 2022, Eltville am Rhein, Germany; and

ii. Meeting on use of Innovative Technology in Financial Supervision hosted by BCBS/FSI/IAIS from 5 to 6 June 2023, Basel, Switzerland.

- **Sahadeosing Gungabissoon, Analyst-Supervision,** attended the

i. Course on IT Supervision at Banks hosted by Deutsche Bundesbank from 18 to 20 July 2022, Eltville am Rhein, Germany; and

ii. Programme on Supervisory Assessment of IT & Cyber Risk Management hosted by College of Supervisors, Reserve Bank of India from 29 to 31 May 2023, Mumbai, India.

- **Monysha Lyna Jany Singh Jhamna, Analyst-Enterprise Risk,** attended the DWS Official Institutions Training hosted by DWS from 26 to 30 June 2023, Frankfurt Germany.

- **Dronacharya Jhurry, Database Administrator-Enterprise Risk,** attended the Internship in the Innovation Hub at Banque de France hosted by Banque de France from 9 January to 17 February 2023, Paris, France.

- **Bihisht Mautadin, Analyst-Statistics,** attended the SADC Exchange Control Committee hosted by SADC from 7 to 9 June 2023, Johannesburg, South Africa.

- **Koveena Mootoosamy, Analyst-Supervision,** attended the Course on Banking Regulation and Supervision hosted by Study Center Gerzensee from 17 April to 3 May 2023, Gerzensee, Switzerland.

- **Arjun Munbodh, Analyst-Supervision,** attended the Internship in the Climate Change Centre at Banque de France hosted by Banque de France from 9 January to 17 February 2023, Paris, France.

- **Archana Puttyah, Analyst-Supervision,** attended the Seminar on Consolidated Supervision & Risk Integration hosted by College of Supervisors, Reserve Bank of India from 10 to 13 April 2023, Mumbai, India.

- **Meenakshi Ramchurn, Analyst-Reserve Management,** attended the BlackRock's Training on Building Resilient Portfolios hosted by BlackRock from 7 to 9 November 2022, Singapore.

- **Ved Greedharry Rampadaruth, Database Administrator- Information Technology and Business Continuity,**

i. Accompanied the Governor for Meetings and Working Sessions with NPCI from 18 to 20 January 2023 in Mumbai, India; and

ii. Attended the G20 India Presidency – International Event – 'Cybersecurity Exercise for Banking Sector' hosted by G20 India on 5 June 2023, Mumbai, India.

- **Preethee Ramudit-Bakhoree, Analyst-Reserve Management,** attended the

i. BlackRock's Training on Building Resilient Portfolios hosted by BlackRock from 7 to 9 November 2022, Singapore; and

ii. Banque De France's 18th Reserve Management Seminar hosted by Banque De France from 22 to 26 May 2023, Paris, France.

- **Nainam Priyadarshinee Seedoyal, Analyst-Payment Systems and Digital Currency,** attended the Seminar on Digital Money: Balancing Innovation & Regulation for a New Frontier hosted by IMF/AFRITAC South from 24 to 28 October 2022, Johannesburg, South Africa.

- **Divya Seewon, Acting Analyst-Financial Stability,** attended the

i. Workshop on Techniques of Stress Testing hosted by College of Supervisors, Reserve Bank of India from 21 to 23 February 2023, Mumbai, India; and

ii. Meeting to Review the COMESA Financial Stability Assessment Framework and to prepare the COMESA wide Financial Stability Report hosted by COMESA from 17 to 19 April 2023, Nairobi, Kenya.

- **Rajlukshmee Tengur, Analyst-Economic Analysis & Research,** attended the Training on The Application of Econometric Soft Ware to Cross Sectional Data Using Financial Inclusion Data and its Implications on Financial Stability hosted by COMESA from 20 to 24 February 2023, Nairobi, Kenya.

Bank Officers Grade I

- **Marie Martine Acham, Bank Officer Grade I - Supervision,** attended the Programme on Supervisory Assessment of Management of Risks hosted by College of Supervisors, Reserve Bank of India from 13 to 15 June 2023, Mumbai, India.

- **Zoya Bibi Aungraheeta, Bank Officer Grade I - Supervision,** attended the Advanced Programme in Accounting Standards hosted by College of Supervisors, Reserve Bank of India from 1 to 2 June 2023, Mumbai, India.

- **Preeyamvada Banarsee, Bank Officer Grade I - Legal Services,** attended the Seminar on Digital Money: Balancing Innovation & Regulation for a New Frontier hosted by IMF/AFRITAC South from 24 to 28 October 2022, Johannesburg, South Africa.

- **Yaasir Bhurtun, Bank Officer Grade I - Supervision,** attended the International Programme in Banking and Finance-Focus-Credit Management and International Trade Financing hosted by ITEC from 13 to 25 March 2023, Pune, India.

- **Rideema Cunniah, Bank Officer Grade I - Economic Analysis & Research,** attended the Validation Workshop for the Studies on Equilibrium Real Effective Exchange Rate and Monetary Policy Implementation hosted by COMESA from 11 to 14 October 2022, Nairobi, Kenya.

- **Nisha Dharkhan, Bank Officer Grade I - Supervision,** attended the Basic Programme on Supervisory Assessment of Credit Risk hosted by College of Supervisors, Reserve Bank of India from 2 to 4 May 2023, Mumbai, India.

- **Urvashee Dussooa, Bank Officer Grade I - Statistics,** attended the Workshop on Foreign Direct Investment Statistics hosted by COMESA from 12 to 15 December 2022, Lusaka, Zambia.

- **Bibi Sharmeen Gariban, Bank Officer Grade I - Economic Analysis and Research,** attended the Senior Treasury Officials and Central Bank Officials Workshop hosted by SADC from 21 to 22 November 2022, Johannesburg, South Africa.

- **Yeshni Goburdhun, Bank Officer Grade I - Supervision,** attended the Programme on Supervisory Assessment of Management of Risks hosted by College of Supervisors, Reserve Bank of India from 13 to 15 June 2023, Mumbai, India.

- **Bibi Shaheen Banoo Hawseea-Luchmun, Bank Officer Grade I - Supervision,** attended the Advanced Programme on Risk Appetite Framework-Integration into Capital Allocation Programme hosted by College of Supervisors, Reserve Bank of India from 26 to 27 June 2023, Mumbai, India.

- **Doushy Jeeana Dawoodharry, Bank Officer Grade I - Payment Systems and Digital Currency,** attended the Annual SADC Payment Systems Regional Conference hosted by SADC from 13 to 14 February 2023, Windhoek, Namibia.

- **Heeranee Jugessur, Bank Officer Grade I - Statistics,** attended the AACB Continental Seminar hosted by AACB/Banques des Etats de l'Afrique Centrale from 15 to 17 May 2023, Yaoundé, Cameroon.

- **Preksha Kurrumchand, Bank Officer Grade I - Supervision,** attended the Basic Programme on Supervisory Assessment of Market Risk hosted by College of Supervisors, Reserve Bank of India from 17 to 19 May 2023, Mumbai, India.

- **Muhammad Maahi Lall Beeharry, Bank Officer Grade I - Supervision,** attended the Validation Workshop for the Studies on Implication of Fintech on Financial Stability and 16th Meeting of the Financial Development System and Stability Sub-Committee hosted by COMESA from 27 to 28 October 2022, Nairobi, Kenya.

- **Francois Yohann Lanfray, Bank Officer Grade I - Reserve Management,** attended the BlackRock Educational Academy's 'Reimaging Portfolios for Volatility' hosted by BlackRock Educational Academy from 25 to 27 April 2023, Singapore.

- **Marc Daniel Didier Lenette, Bank Officer Grade 1 - International and Institutional Relations** attended the SADC Financial Inclusion Subcommittee hosted by SADC from 13 to 15 June 2023, Johannesburg, South Africa.

- **Mehisha Luchmadu-Imrit, Bank Officer Grade I - Supervision,** attended the Advanced Programme in Accounting Standards hosted by College of Supervisors, Reserve Bank of India from 1 to 2 June 2023, Mumbai, India.

- **Balaganapathi Mootoo, Bank Officer Grade I - Supervision,** attended the Programme on Use of Analytics - Opportunities in New Gen Supervision and Regulation hosted by College of Supervisors, Reserve Bank of India from 30 January to 3 February 2023, Mumbai, India.

- **Smita Munnee, Bank Officer Grade I - Supervision,** attended the Basic Programme on Supervisory Assessment of Liquidity Risk hosted by College of Supervisors, Reserve Bank of India from 23 to 25 May 2023, Mumbai, India.

- **Faizal Mahomed Mussa, Bank Officer Grade I - Statistics,** attended the High Level Meeting on Design of Digital Remittances Data Collection Tools with CsPro and Survey Solutions hosted by African Union from 12 to 16 December 2022, Dakar, Senegal.

- **Nishta Ramsurn, Bank Officer Grade I - Supervision,** attended the Basic Programme on Supervisory Assessment of Market Risk hosted by College of Supervisors, Reserve Bank of India from 17 to 19 May 2023, Mumbai, India.

- **Nirmala Nunkoo, Bank Officer Grade I - Supervision,** attended a meeting on AU-APRM support to Member States on Credit Ratings hosted by the African Peer Review Mechanism from 5 to 7 December 2022, Durban, South Africa.

- **Neezla Polin, Bank Officer Grade I-Supervision,** attended the Basic Programme on Supervisory Assessment of Credit Risk hosted by College of Supervisors, Reserve Bank of India from 2 to 4 May 2023 in Mumbai, India.

- **Damien Christophe Seblin, Bank Officer Grade I - Reserve Management,** attended the Official Institutions Training on Fixed Income and Investment Management hosted by DWS from 17 to 21 October 2022, London, United Kingdom.

- **Cedric Wong Tai Yun, Bank Officer Grade I - Financial Markets Operations,** attended the Seminar on Repo Market Development hosted by AFRITAC/IMF/SARB from 11 to 14 April 2023, Johannesburg, South Africa.

Bank Officers

- **Lance Venkatasami, Bank Officer-Enterprise Risk,** attended the Official Institutions Training on Fixed Income and Investment Management hosted by DWS from 17 to 21 October 2022, London, United Kingdom.

Bank Officers Grade II

- **Manisa Mungroo, Bank Officer Grade II - Governor's Office,** accompanied the Governor for Meetings and Working Sessions with NPCI from 18 to 20 January 2023 in Mumbai, India.

Appendix V

Staff Turnover

Recruitment

Sn	Name	Designation	Effective Date
1.	NUNKOO-JORAI, Mrs Nisha Priyadarshinee Devi	Analyst	11/07/22
2.	DOOLUB-RAMJEET, Mrs Dhima	Analyst	11/07/22
3.	BHAGAN, Mr Chandra Sen	Analyst	02/09/22
4.	MATABUDUL, Ms Tilottama Rachna	Consultant / Adviser	21/11/22
5.	BISSESSUR, Mr Hansraj	Senior Payment Systems Developer	09/01/23
6.	KANNAH, Ms Roubini	Bank Officer Grade II	23/01/23
7.	RAMDHOONEEA, Ms Cheasta	Bank Officer Grade II	23/01/23
8.	TARACHAND, Mr Ashvin Lallah	Bank Officer Grade II	23/01/23
9.	GOWARDUN, Mr Harshitsingh	Bank Officer Grade II	23/01/23
10.	CHEENEEBASH, Mr Daveshlall	Bank Officer Grade II	23/01/23
11.	RAMSURRUN, Mr Akash	Bank Officer Grade II	23/01/23
12.	NURSING, Ms Manisha Devi	Bank Officer Grade II	23/01/23
13.	BABOOLALL, Mr Yogeshwar	Bank Officer Grade II	13/02/23
14.	DELAWAR, Mr Ally Hossen	Bank Officer Grade II	13/02/23
15.	KISTOMOHUN, Ms Vandana	Bank Officer Grade II	13/02/23
16.	DAHAL, Ms Maleeha Sumaiya	Bank Officer Grade II	13/02/23
17.	MAUREE, Mr Poonyash	Bank Officer Grade II	13/02/23
18.	RAMLOCHUND, Ms Drishty Devi	Bank Officer Grade II	13/02/23
19.	LUTCHMAN, Ms Priashvi	Bank Officer Grade I	21/02/23
20.	RAMLUKUN, Mr Yashiv	Bank Officer Grade I	21/02/23
21.	CHARAWAH-MUHOLEE, Mrs Preeyanka	Bank Officer Grade I	21/02/23
22.	BOLAKY, Ms Urvashi	Bank Officer Grade I	21/02/23
23.	LAUTAN UBHEE, Mrs Goodhakheshni	BI Developer	21/02/23
24.	RAMGOLAM, Mr Mithilesh	BI Developer	13/03/23
25.	MOOTOOSAMY, Ms Rumita	BI Developer	24/04/23
26.	CUNEE, Mr Dessigen Moganah	Procurement Officer	01/06/23
27.	RAGHU, Mrs Chitra	Procurement Officer	01/06/23

Retirement

Sn	Name	Designation	Effective Date
1.	SUROOPRAJALLY, Mrs Roshan Ara	Bank Officer Grade II	14/07/22
2.	NABEE, Mrs Najma	Chief	17/08/22
3.	GOPAUL, Mr Roshan Kumar	Analyst	01/09/22
4.	SEEBALLUCK, Mr Prithviraj	Chief	07/09/22
5.	GHOORAH, Mrs Premi Jyoti Santoshi	Analyst	21/09/22
6.	VEERABUDREN, Mrs Vima	Bank Officer	26/09/22
7.	MUNESHAR DEWOO, Mrs Purritadevi	Bank Officer Grade II	29/09/22
8.	KOONJUL, Mr Ved Prakash Anand	Senior Analyst	20/01/23
9.	JEHANGUR, Mr Mohammed Zaid	Bank Attendant/Driver	13/02/23
10.	PANDOO, Mr Jaywant	Assistant Director	21/04/23

Resignation

Sn	Name	Designation	Effective Date
1.	BEESOON, Miss Khema Deepti	Analyst	20/08/22
2.	MOOTOOSAMY-CHICOORY, Mrs Vijaya Lakshmi	Bank Officer Grade I	03/09/22
3.	NEERUNJUN, Mrs Bharisha	Bank Officer	17/11/22
4.	SEWAK, Miss Tayushma	Bank Officer Grade I	01/12/22
5.	MANRAKHAN, Mrs Vanessa	Bank Officer	30/12/22
6.	JHUMUN, Ms Madhvi	Bank Officer Grade I	12/01/23
7.	CHEENEEBASH, Mr Daveshlall	Bank Officer Grade II	25/01/23
8.	TARACHAND, Mr Ashvin Lallah	Bank Officer Grade II	05/03/23
9.	KAMADU, Miss Reemsha	Bank Officer	13/04/23
10.	DAHAL, Miss Maleeha Sumaiya	Bank Officer Grade II	04/06/23
11.	L'ESPÉRANCE, Miss Florence Anasthasia	Bank Officer Grade II	30/06/23
12.	WONG TAI YUN, Mr Cedric	Bank Officer Grade I	30/06/23

Termination

Sn	Name	Designation	Effective Date
1.	BHAGAN, Mr Chandra Sen	Analyst	29/11/22

Appendix VI

Main Legislative Amendments

The Finance (Miscellaneous Provisions) Act 2023

The Finance (Miscellaneous Provisions) Act 2023, which provides for the implementation of measures announced in the Budget Speech 2023-2024 and for matters connected, consequential and incidental thereto, has been gazetted on 20 July 2023 as Act No. 12 of 2023.

The amendments, which are of interest to the Bank of Mauritius ('Bank'), are set out hereunder. These amendments pertain to the Bank of Mauritius Act 2004 ('BoM Act'), the Banking Act 2004 ('BA'), and the Ombudsperson for Financial Services Act 2018 ('OFSA'). The amendments to the BoM Act and OFSA came into operation on 20 July 2023, whilst the amendment to the BA is deemed to have come into operation on 16 January 2023.

I. Bank of Mauritius Act 2004

The amendments brought to Sections 6, 46 and 47 of the BoM Act, set out at paragraphs a) to c) below, relate to the repeal of the amendments which were brought thereto through the COVID-19 (Miscellaneous Provisions) Act 2020 (Act No. 1 of 2020).

a) Section 6 – Powers of Bank

i. Paragraph (oa) of Section 6(1), which provided that subject to the BoM Act, the Bank may, on account of the Covid-19 virus having a negative impact on the economy of Mauritius, grant such amount to Government as the Board may approve to assist it in its fiscal measures to stabilise the economy of Mauritius, has been repealed.

ii. The definition of "Covid-19 virus" has also been deleted from Section 6(16).

b) Section 46 - Official foreign reserves

Subsection (5) of Section 46, which provided that the Bank may, for the purpose of section 6(1)(y), invest, with the approval of the Board, such amount of the official foreign reserves as the Board may determine in any corporation or company set up for the purpose of facilitating economic development and any amount so invested shall not be included in the computation of the official foreign reserves of Mauritius, has been repealed.

c) Section 47 - Special Reserve Fund

Subsection (6) of Section 47, which provided that notwithstanding subsection (5), the Board may, on account of the Covid-19 virus having a negative impact on the economy of Mauritius, approve such grant from the Special Reserve Fund to assist Government in its fiscal measures to stabilise the economy of Mauritius, has been repealed.

d) Section 52A - Establishment of Central KYC System and Central Accounts Registry

i. Subsection (1A) of Section 52A has been amended to enable the Bank to seek the collaboration or co-operation of such body corporate, as may be necessary for the establishment of the Central KYC System or the Central Accounts Registry.

ii. Subsection (1B) of Section 52A has also been amended to enable the body corporate referred to in subsection (1A) to, notwithstanding any other enactment, extend such collaboration and assistance as it may determine to the Bank for the prompt and efficient establishment of the Central KYC System or the Central Accounts Registry.

II. Banking Act 2004

With the introduction of the new Monetary Policy Framework on 16 January 2023, which featured a change in the Policy Rate of the Bank, namely that the replacement of the Key Repo Rate by the "Key Rate" as the policy rate used to signal the stance of monetary policy, Subsection (1) of Section 96B entitled 'Limitation of Interest', has been amended to reflect the above change. Thus the term "Repo" was deleted and replaced by the term "Key" therein.

III. Ombudsperson for Financial Services Act 2018

The definition of "financial services" in Section 2 has been amended to exclude from the scope of "financial services", services not licensed or regulated by the Bank or the Financial Services Commission, thus excluding such services from the purview of the Ombudsperson for Financial Services.

Code Civil Mauricien (Rate of Interest) Regulations 2023

The new Monetary Policy Framework, which is effective as from 16 January 2023, features a change in the Policy Rate of the Bank. Under the new framework, the “Key Rate” has replaced the Key Repo Rate as the policy rate used to signal the stance of monetary policy. The level of the “Key Rate” has been set at the same level as the Key Repo Rate.

In furtherance of the above change in policy rate, the Code Civil Mauricien (Rate of Interest) Regulations 2023 were made by the Minister of Finance, Economic Planning and Development, under article 1153 of the Code Civil Mauricien, to inter alia provide that, for the purpose of article 1153 of the Code Civil Mauricien, the rate of interest (commonly known as the Legal Rate) shall be equivalent to the Key Rate as determined by the Bank and prevailing at 31 December of every year, and shall be effective from 1 January to 31 December of the following year.

These regulations are deemed to have come into operation on 16 January 2023.

Appendix VII

List of Banks, Non-Bank Deposit Taking Institutions, Money-Changers, Foreign Exchange Dealers and Payment Service Providers Licensed by the Bank of Mauritius

The following is an official list of banks holding a Banking Licence, institutions other than banks, which are licensed to transact deposit taking business, cash dealers licensed to transact the business of money-changer or foreign exchange dealer in Mauritius and Rodrigues and payment service providers as at 30 June 2023.

Banks

1. ABC Banking Corporation Ltd
2. Absa Bank (Mauritius) Limited
3. AfrAsia Bank Limited
4. Bank One Limited
5. Bank of Baroda
6. Bank of China (Mauritius) Limited
7. BCP Bank (Mauritius) Ltd
8. Habib Bank Limited
9. HSBC Bank (Mauritius) Limited
10. Investec Bank (Mauritius) Limited
11. MauBank Ltd
12. SBI (Mauritius) Ltd
13. SBM Bank (Mauritius) Ltd
14. Silver Bank Limited
15. Standard Bank (Mauritius) Limited
16. Standard Chartered Bank (Mauritius) Limited
17. The Hongkong and Shanghai Banking Corporation Limited
18. The Mauritius Commercial Bank Limited
19. Warwyck Private Bank Ltd[1]

Non-Bank Deposit Taking Institutions

1. La Prudence Leasing Finance Co. Ltd
2. Mauritius Housing Company Ltd
3. MCB Leasing Limited
4. SICOM Financial Services Ltd
5. SPICE Finance Ltd
6. The Mauritius Civil Service Mutual Aid Association Ltd

Money-Changers (Bureaux de Change)

1. Abbey Royal Finance Ltd
2. EFK Ltd
3. Iron Eagle Ltd
4. Moneytime Co. Ltd
5. Unit E Co Ltd
6. Vish Exchange Ltd

Foreign Exchange Dealers

1. British American Exchange Co. Ltd
2. Change Express Ltd
3. Swan Forex Ltd
4. Mauritius Post Foreign Exchange Co Ltd
5. Shibani Finance Co. Ltd
6. Thomas Cook (Mauritius) Operations Company Limited

Payment Service Providers

1. CIM Financial Services Ltd
2. Emtel MFS Co Ltd
3. Cellplus Mobile Communications Ltd

[1] *The bank carries on exclusively private banking business.*

List of Charts

List of Tables

AACB	Association of African Central Banks
AML/CFT	Anti-Money Laundering/Combatting the Financing of Terrorism
ATM	Automated Teller Machine
BA	Banking Act 2004
BARC	Board Audit & Risk Committee
BCBS	Basel Committee on Banking Supervision
BCS	Bulk Clearing System
BIS	Bank of International Settlements
BoM	Bank of Mauritius
BoM Act	Bank of Mauritius Act 2004
CAR	Capital Adequacy Ratio
CBC	COMESA Business Council
CBDC	Central Bank Digital Currency
CCBG	Committee of Central Bank Governors
CCC	Climate Change Centre
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CPS	Card Payment System
CRR	Cash Reserve Ratio
CSG	Contribution Sociale Généralisée
DNFBP	Designated Non-Financial Business and Professions
D-SIBs	Domestic Systemically-Important Banks
EDB	Economic Development Board
EFT	Electronic Fund Transfer
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
ESG	Environmental, Social & Governance
FATF	Financial Action Task Force
f.o.b	Free on Board
FSC	Financial Services Commission
FX	Foreign Exchange
FY	Financial Year
GBC	Global Business Companies
GBP	Green Bank of Mauritius Project
GBLH	Global Business Licence Holders
GDP	Gross Domestic Product
GIFCS	Group of International Finance Centre Supervisors
GIZ	German Agency for International Cooperation
GSBF	Groupe des Superviseurs Bancaires Francophones
HQLA	High Quality Liquid Assets
ICC	Interagency Coordination Committee
IMF	International Monetary Fund

List of Acronyms

IPS	Instant Payment System
KR	Key Rate
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
MACSS	Mauritius Automated Clearing and Settlement System
MauCAS	Mauritius Central Automated Switch
MBA	Mauritius Bankers Association Limited
MCIB	Mauritius Credit Information Bureau
MEXA	Mauritius Export Association
MFSGG	Ministry of Financial Services and Good Governance
MLRO	Money Laundering Reporting Officer
MMIs	Money Market Instruments
MoFEPD	Ministry of Finance, Economic Planning and Development
MPC	Monetary Policy Committee
MPF	Monetary Policy Framework
MRA	Mauritius Revenue Authority
NBDTIs	Non-Bank Deposit Taking Institutions
NGFS	Network for Greening the Financial System
NPL	Non-Performing Loan
NPO	Non-Profit Making Organisation
OECD	Organisation for Economic Co-operation and Development
OFSA	Ombudsperson for Financial Services Act
PLACH	Port-Louis Automated Clearing House
PSP	Payment Service Provider
QR	Quick Response
RCE	Regional Centre of Excellence
REPSS	Regional Payment and Settlement System
RTGS	Real Time Gross Settlement
SADC	Southern African Development Community
SOC	Security Operations Centre
SRI	Systemic Risk Indicator
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TA	Technical Assistance
TCIB	Transactions Cleared on an Immediate Basis
TSC	Technical Sub-Committee on Coordination
TSE	Toulouse School of Economics
TSE-P	Toulouse School of Economics- Partenariat Foundation
TSL	Technical Sub-Committee on Legal and Regulatory requirements, Training and Outreach
TSS	Technical Sub-Committee on Supervision
VAITOS	Virtual Asset and Initial Token Offering Services
WGFS	Working Group on Financial Stability

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BANK OF MAURITIUS

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