Annual Report

Year ended June 2021

CONTENTS

LETTER OF TRANSMITTAL

The Governor

Bank of Mauritius
Port Louis

27 October 2021

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 2020-21

In accordance with the provision of Section 32(3) of the Bank of Mauritius Act 2004, I transmit herewith the fifty-fourth Annual Report of the Bank, which also contains the first audited Consolidated and Separate Financial Statements of the Bank for the year ended 30 June 2021.

Yours sincerely

Harvesh Seegolam

STATEMENT FROM THE GOVERNOR

As I share with you the Bank's activities and achievements for financial year 2020-21, it is increasingly evident that the worst of the Covid-19 pandemic is behind us. The deployment of vaccines has helped many countries deal with, and eventually circumvent, successive waves of infection and re-imposition of lockdowns. As a result, the global economy is recovering quite strongly this year, albeit unevenly across countries and regions. While uncertainty about the virulence of actual and potential variants continues to tilt the balance of risks to the growth outlook to the downside, prolonged accommodative monetary and fiscal policies, in conjunction with growing vaccination rates worldwide, will support economic revival.

The Mauritian economy is also well on the road to recovery after the severe blow dealt by the pandemic in 2020, despite the setback experienced in the second quarter of 2021 when a second sanitary lockdown took place. The full re-opening of borders as from October 2021, with the resumption of air travel, is expected to lift sentiment and shore up growth prospects. The Covid-19 vaccination programme is bearing fruit, with around 70 per cent of the population having already received two doses of vaccines, and contributing to the positive outlook.

> **“The Mauritian economy is also well on the road to recovery after the severe blow dealt by the pandemic in 2020 .... Banks have remained sound and resilient, while continuing to hold strong capital and liquidity positions”**

In this challenging context, the Bank remains committed to its mandates of price stability and financial stability while promoting balanced economic development. Monetary policy continued to be accommodative throughout FY2020-21, aiming at keeping interest rates low and maintaining the banking system liquid enough to provide the much-needed fillip to growth. In parallel, the Bank maintained its Support Programme introduced at the outset of the pandemic in March 2020. This Support Programme, a blend of conventional and unconventional financial and regulatory measures, ensures that the supply of credit to households and firms continues to function. There is no doubt that without these actions, the impact of the crisis on the Mauritian economy and financial system would have been much more sizeable and protracted than experienced so far.

Inflation has been on the rise lately, driven by supply-side factors. This is part of a global phenomenon arising from persistent disruptions to global supply chains due to the pandemic, as well as rising food, energy and freight prices. Strengthening global demand, low vaccination rates in many emerging markets, and production bottlenecks in some main markets signal that supply-chain disruptions may linger for some time. Nonetheless, as sanitary conditions continue to normalise, these constraints should gradually lessen during the course of next year and ease inflationary pressures. The Bank will continue to closely monitor the risks to the inflation outlook and remain vigilant against signs that inflation expectations are being altered on the upside.

The banking sector has largely benefited from the Bank's Support Programme, including those aimed at temporarily providing flexibility with regard to the regulatory environment, and from the various assistance schemes set up by Government. Banks have remained sound and resilient, while continuing to hold strong capital and liquidity positions. Non-performing loans have remained under control. Profitability levels have understandably gone down on the back of higher provisioning and fall in net interest income, but the fact that they stayed broadly positive augur well for the ability of the sector to bounce back and support economic development in the future.

Indeed, the Bank's credit and liquidity stress tests show that the banking system continues to be resilient to a range of severe but plausible scenarios. Banks, which had been advised to refrain from making dividend payments until the end of 2020, can now envisage doing so while complying to the Guideline on Payment of Dividend that the Bank issued in September 2020.

The Mauritius Investment Corporation (MIC), which the Bank set up as a fully-owned subsidiary in 2020 to, among others, help systemically large and viable companies affected by Covid-19, has been instrumental in propping up those firms and contributing to the resilience of the banking sector. Up to the end of September 2021, the MIC had already disbursed Rs12.3 billion to companies mainly operating in the "Accommodation and Food Service Activities" sector. The MIC will undeniably continue to play a preponderant role in safeguarding the stability of the financial system while aiding to re-shape the economic landscape of Mauritius.

The Bank will continue to regularly ascertain the health of the banking system and take pre-emptive action as and when necessary. This task will now be undertaken under a clear legal mandate that in June 2021, has enlarged the Bank's remit to that of macroprudential authority of Mauritius. As the macroprudential authority, the Bank is expected to work in close collaboration with other financial regulators to identify and mitigate systemic risk, and protect the stability of the financial system. The Bank is currently working on establishing a comprehensive macroprudential policy framework in line with international best practice to ensure that it fulfils this mandate successfully.

Going forward, notwithstanding the uncertainty posed by the pandemic, the Bank is preparing for the gradual unwinding of the Covid-19 measures and working in close collaboration with banks to come up with an appropriate exit strategy. This process has to be targeted and time-bound to prevent households and businesses facing cliff-edge effects when measures are removed. It is being coordinated by the two Task Forces that I established last year on Banking Resilience and on the Covid-19 Support Programme, respectively.

The Bank is, in addition, revamping its monetary policy framework to better anchor inflation expectations and reinforce the effectiveness of monetary policy. The review is being undertaken in collaboration with the IMF to ensure that monetary policy strategy is forward-looking and transparent. The operational framework for the implementation of monetary policy is also being reviewed with a view to strengthening the monetary policy transmission mechanism. It is expected that the new framework will become effective in 2022.

The development of financial markets, which provides a strong foundation for monetary policy transmission, continues to be a major endeavour for the Bank. The Bank has revamped the guidelines under which Primary Dealers operate in order to boost the secondary market for securities and sustain a proper yield curve. In December 2020, the Bank granted the first licence for the issue of a Money Market Instrument and there is burgeoning interest from corporates for other issues. As a result of our constant efforts to improve the financial market structure, Mauritius has integrated the Bloomberg African Bond Indices (ABABI), which enables investors to measure and track the performance of Africa's local markets. Being part of the ABABI, which captures close to 90% of the outstanding amount of African sovereign local currency bonds, strengthens Mauritius' position as a reputable International Financial Centre (IFC).

During the year, the Bank has continuously engaged with banks through surveys and meetings to prepare for the cessation of most LIBOR settings at the end of December 2021. The domestic banking sector is estimated to have the equivalent of about Rs260 billion outstanding in contracts linked to LIBOR as at that date. The Bank issued a Guidance on LIBOR transition setting out the key milestones and related timelines that banks are expected to meet in their preparation for the phasing out of LIBOR in April 2021, and updated it in September 2021.

The domestic FX market remained under pressure given the protracted closure of borders. The Bank maintained its interventions to supply the market, as well as the State Trading Corporation, with FX to facilitate international payments and other transactions. Despite these interventions, international reserves have remained at adequate levels as buffers against external shocks according to IMF metrics. The Bank reviewed the Strategic Asset Allocation of the FX reserves in January 2021 in an attempt to enhance returns while preserving their security and liquidity in a riskier and lower-yielding global environment.

The pandemic has reshaped the way in which the Bank conducts business and accelerated the shift towards technology-driven and sustainable processes. Internally, teleworking is now an integral way in which staff deliver on their tasks, and virtual meetings have become prevalent. More staff have been able to follow courses online as well. In this context, having the right IT support is essential. The Bank has thus embarked on a major IT Transformation project to streamline and automate our internal systems while promoting Straight Through Processing. This necessarily means greater emphasis on tackling issues related to cyber-security. Among actions undertaken so far, the Bank is developing a Guideline on Cyber and Technology Risk Management with the assistance of IMF AFRITAC South; a Memorandum of Understanding and a Cooperation Agreement to Counteract Cyber Attacks were signed between the Bank and the Bank of Russia to improve bilateral cooperation and fight cybercrime; the Bank is also collaborating with the Ministry of Information Technology, Communication and Innovation and other key stakeholders to draft the National Cyber Security strategy for Mauritius.

At the same time, I am speeding up digitalisation and technological innovation of the market infrastructure and

STATEMENT FROM THE GOVERNOR

> **Technology is changing the way financial institutions conduct business and meet customer expectations. The financial industry has to harness the potential of these technologies to uphold the digital transformation process of Mauritius**

of the banking system in general. In November 2020, I established a multilateral Fintech Committee comprising various agencies to chart a roadmap for the financial industry to embrace fintech and adapt the regulatory framework accordingly. Technology is changing the way financial institutions conduct business and meet customer expectations. The financial industry has to harness the potential of these technologies to uphold the digital transformation process of Mauritius.

Based on the Fintech Committee's recommendations, the Banking Act was amended to empower the Bank to grant a regulatory sandbox authorisation to a financial institution, a licensee under the National Payment Systems Act or a body corporate. The authorised entity can use the regulatory sandbox to experiment with fintech, regtech or other innovation-driven financial services falling under the purview of the Bank in a controlled testing environment. To encourage an entrepreneurship culture, the Bank will also establish a fintech innovation hub and digital lab. These initiatives will accelerate the development of fintech and support the Digital Mauritius 2030 Strategic Plan with the ambition to make Mauritius a regional fintech hub.

The Bank is working in close collaboration with the Ministry of Information Technology, Communication and Innovation, representatives of banks and the MBA to use the MoKloud platform and the central database of the Civil Status Office, the InfoHighway, to come up with a mechanism to facilitate digital onboarding of customers and online verification and validation of identity.

With regard to the payments system in the post-pandemic world, consumers will look beyond debit and credit cards and demand safer and more convenient payment means such as access to digital wallets and contactless payments. In this perspective, the Bank has continued to broaden the services available on the MauCAS platform to give further impetus to the digitalisation of the payment ecosystem. One of our main achievements is the deployment in September 2021 of a national QR Code, the MauCAS QR Code, an important instrument in payments and a low-cost enabler of payment inter-operability.

Moreover, with the coming in force of the National Payment Systems (Authorisation and Licencing) Regulations in June 2021, a body corporate may apply to the Bank for an authorisation to operate a payment system, clearing system or settlement system in Mauritius or for a licence to act as a payment service provider in Mauritius. Non-bank players have the potential to bring innovation and foster competition in payments systems. The Regulations will ensure a competitive level playing field while setting out standards to ensure a fair and uniform operating environment.

To mitigate the risks posed by innovations to the payments landscape and to ensure its safety and efficiency, the Bank is gearing up its oversight capacity. The National Payment Systems Act was amended in August 2021 to allow for the establishment of the National Payment Systems Committee, which will act as an advisory body to the Bank in the exercise of its payments oversight function. The Committee will also serve as a forum for cooperation, thereby supporting the achievement of sound and efficient payment systems in Mauritius.

The Bank is currently developing, with the assistance of the IMF AFRITAC South, a licensing and regulatory framework for the establishment of digital banks in Mauritius. Digital banking will encourage innovation and competition in the banking industry and contribute to position our IFC as a leading centre in digital financial services. As part of the enabling infrastructure, the Bank is consulting with the banking industry on a regulatory framework for the use of cloud services.

Last year, I had launched the groundwork for the introduction of a Central Bank Digital Currency (CBDC). In view of the far-reaching implications of a CBDC for the financial system and the economy, the Bank is carrying out with the assistance of the IMF a feasibility study that will culminate into a pilot run for the Digital Rupee next year. CBDCs have become popular among central banks and work is ongoing worldwide to analyse the various aspects and implications of its introduction.

The pandemic has pushed the climate change agenda to the forefront. This is an issue of particular concern to Mauritius as a small island economy and to the

Bank of Mauritius. Our resilience to climate-related and environmental risks depends on the actions being taken now to make our financial system more sustainable. Since joining the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) in July 2020, the Bank has actively participated in the projects of various NGFS workstreams. The Bank has also embarked on several sustainability projects, of which a Guide for the Issue of Sustainable Bonds launched in June 2021 and a draft Guideline on Climate-related and Environmental Financial Risk Management issued for consultation in September 2021.

In October 2021, I was particularly delighted to launch the Bank's Climate Change Centre. The Centre aspires to integrate climate-related and environmental financial risks into the Bank's regulatory, supervisory and monetary policy frameworks, while supporting the development of sustainable finance. The Centre will also oversee the Bank's internal operations to reduce its carbon footprint. The Centre will be a forum for engagement with stakeholders to better understand climate and environmental vulnerabilities and develop suitable strategies to mitigate them.

"In October 2021, I was particularly delighted to launch the Bank's Climate Change Centre......... The Centre will be a forum for engagement with stakeholders to better understand climate-related and environmental vulnerabilities and develop suitable strategies to mitigate them"

Also high on the Bank's agenda this year was the work to exit Mauritius from the Financial Action Task Force (FATF) list of jurisdictions under increased monitoring and the EU blacklist. I have had the privilege of leading the Mauritius delegation for discussing with the FATF Joint Group, as a result of which the FATF Joint Group, at its Plenary meeting in June 2021, concluded that Mauritius has taken all the necessary measures to implement the remaining action items of the FATF Action Plan. Accordingly, the Joint Group conducted an on-site visit in September 2021 to validate the implementation of these action items. On 21 October 2021, the FATF announced the removal of Mauritius from its list of jurisdictions under increased monitoring. This confirms the effective mechanism that Mauritius has in place to combat money laundering and the financing of terrorism.

I must here commend the close collaboration among regulatory authorities and law enforcement agencies to coordinate efforts to address the deficiencies. The Interagency Coordination Committee (ICC), which I chair, has played a key role in the process over the past year and has been an important platform to improve AML/CFT supervisory effectiveness.

The AML/CFT Core Group, of which the Bank is a member, has been given legal status in the Financial Intelligence and Money Laundering Act in August 2021 and is responsible to coordinate and monitor progress made by the different stakeholders to implement the FATF Action Plan. As member of the National AML/CFT Committee, the Bank is actively engaged in various sub-committees for ground-level and cooperative work to align Mauritius with the FATF recommendations.

Training of staff is paramount in ensuring continued supervisory effectiveness. Trainings, including outreach and awareness sessions in various AML/CFT areas, have been delivered by partners and international organisations, including the ESAAMLG and the FATF. Furthermore, the AML/CFT Unit at the Bank has been strengthened with seasoned supervisors as well as qualified young recruits. The Bank will soon launch a one-year training programme on AML/CFT to young graduates in collaboration with the Financial Services Commission.

Gauging by the developments expounded above, central banking is evolving at a faster pace than ever before. The Bank has therefore engaged in the modernisation of the banking legislation. The Bank of Mauritius Act and Banking Act are both being reviewed under the auspices of the IMF to align them to international best practice.

The banking industry also needs to adapt to the changes currently occurring and be able to benefit from the opportunities that are arising. To this end, I have established the Committee on the Future of Banking in Mauritius (CFBM) in July 2020 to identify strategic objectives and chart the way forward for the banking industry. Membership of the CFBM, under my chairmanship, comprises my Deputy

STATEMENT FROM THE GOVERNOR

Governors, Chief Executive of the MBA, Chief Executive Officers of a number of banks and two seasoned financial sector experts. This collaboration between the Bank and the MBA will culminate in the elaboration of an actionable strategic roadmap for sustained development of the banking sector. The CFBM appointed Oliver Wyman as consultant to study the banking sector and develop the strategic roadmap to attain the core strategic objectives determined by the CFBM. The roadmap recommended by the consultant will be published next year.

To contribute to these developments, the Bank has set up an Advisory Committee to the Governor. The Advisory Committee is a platform for the exchange of ideas and experience on several matters relevant to central banking. The Committee, which I chair, comprises my Deputy Governors and select international professionals who are eminent experts in their respective fields. The Committee held its first meeting in March 2021. In July 2021, the third meeting of the Committee was stylized as the first edition of the BoM Thought Leadership Series, which was a roundtable session around the theme of banking resilience. I intend to promote discussions among industry players on topical themes of direct relevance to central banking and the banking industry.

In concluding, I wish to express my utmost 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, and Dr the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development for their unflinching support to the Bank in fulfilling its duties of maintaining price stability and financial stability and for sparing no effort in safeguarding the economy during the crisis, and as the country prepares to bounce back. I am also grateful to the Board of Directors including my Deputy Governors for their contribution and commitment.

I thank the staff of the Bank for rising up to the challenges posed by these testing times and allowing the Bank to continue delivering effectively on its mandate. I also present my thanks to the MPC Members, CEOs of banks and financial institutions, and all stakeholders for their steady collaboration.

Harvesh Seegolam
Governor

27 October 2021

ABOUT BANK OF MAURITIUS

View of Port Louis Harbour from Tonneliers Island

Strategically located at the entrance of the Port, the Tonneliers Island was linked to mainland Mauritius by a causeway named after the Chevalier de Tromelin. During the Dutch period, the island was known as Kuipers Eylandt as it served as a postal depot for receiving and dispatching mail. Letters were deposited inside inverted bottles hung on trees and emptied or filled up by sailors. Under the French Administration, the Island was used for the manufacturing of barrels that were filled with fresh water to cater for ships coming to the Port of call. Thereafter, Tonneliers Island gradually disappeared to become Mer Rouge, emerging from a port modernisation project in the early 1970's.

ABOUT BANK OF MAURITIUS

OBJECTS AND FUNCTIONS

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 and, in terms of Section 3 of the Act, the Bank is a body corporate with perpetual succession.

Primary Object

- Maintain price stability and promote orderly and balanced economic development

Other Objects

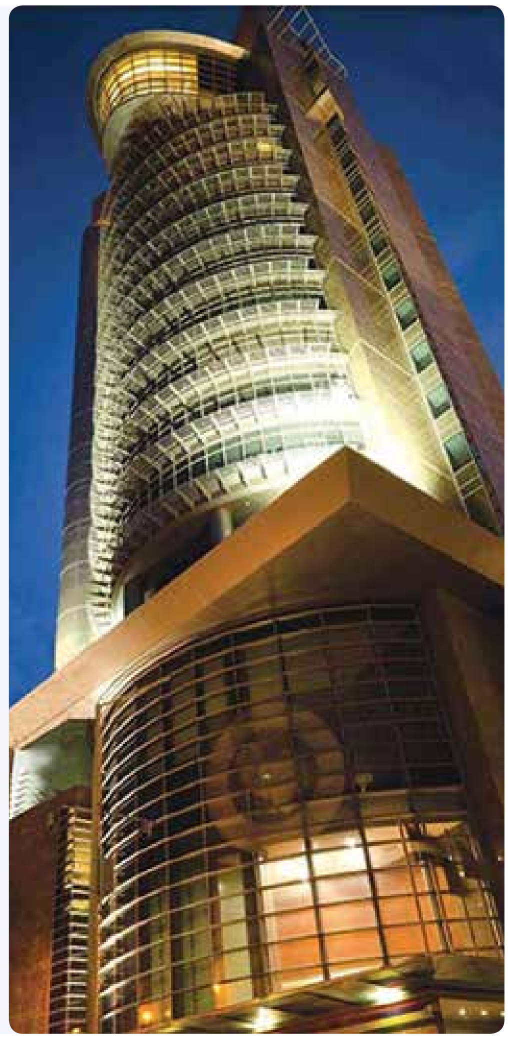
- Regulate credit and currency in the best interests of the economic development of Mauritius
- Ensure the stability and soundness of the financial system
- Act as central bank for Mauritius

Monetary Policy

- Conduct monetary policy consistent with the Bank's objectives

Operations

- Sole issuer of currency
- Oversee and supervise the national payment systems to support the smooth functioning of the economy
- Safeguard the rights and interests of depositors and creditors



Other Functions

Conduct monetary policy and manage the exchange rate of the rupee, taking into account orderly and balanced economic development of Mauritius	Regulate and supervise financial institutions falling under its purview, and promoting their soundness and their compliance with governing laws, rules and regulations	Manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Mauritius	Collect, compile, disseminate, on a timely basis, monetary and related financial statistics	Formulate and implement appropriate policies to promote economic activities having due regard to domestic and international economic developments	Manage the foreign exchange reserves of Mauritius

CORPORATE GOVERNANCE

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.

The Board is statutorily required to meet at the seat of the Bank at least once every two months. 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.

The Board of Directors held 10 meetings during FY2020-21.

Composition of the Board of Directors as at 30 June 2021

Harvesh Seegolam
Governor, Chairperson [10/10]

Mardayah Kona Yerukunondu
First Deputy Governor, Director [10/10]

Hemlata Sadhna Sewraj-Gopal
Second Deputy Governor, Director [9/10]

Antoine Seeyave
Director [9/10]

Saïd Toorbuth
Director [6/10]

Ishwar Anoopum Gaya
Director [10/10]

Christine Marie Isabelle Sauzier
Director [8/10]

Piragalathan Chinnapen
Director [10/10]

Melissa Prishni Ramsahye
Director [9/10]

Note: Number of meetings attended in square brackets

Harvesh Seegolam

Mardayah Kona Yerukunondu

Hemlata Sadhna Sewraj-Gopal

Antoine Seeyave

Saïd Toorbuth

Ishwar Anoopum Gaya

Christine Marie Isabelle Sauzier

Piragalathan Chinnapen

Melissa Prishni Ramsahye

Audit and Risk Committee

The Audit and Risk Committee of the Bank provides oversight over the adequacy of the Bank's internal controls, governance, financial reporting system and compliance with legal requirements. The Committee also oversees the Bank's risk management processes.

The Committee comprises three non-executive Board Directors, namely:

Chairman	Saïd Toorbuth
Member	Ishwar Anoopum Gaya
Member	Melissa Prishni Ramsahye

The Committee held two meetings during FY2020-21. The Officer-in-Charge of the Internal Audit Office is in attendance at the Audit and Risk Committee meetings.

MONETARY POLICY COMMITTEE

As stipulated in Section 5(1)(a) of the Bank of Mauritius Act 2004, the Bank is responsible for the conduct of monetary policy and for managing the exchange rate of the rupee, taking into account the orderly and balanced economic development of Mauritius. To that end, the Monetary Policy Committee (MPC), set up under Section 54 of the Bank of Mauritius Act 2004, formulates and determines monetary policy to be conducted by the Bank to achieve its primary object. In its decision-making process, the MPC takes into account latest international economic developments, current domestic economic conditions, staff projections and the balance of risks to inflation and GDP growth. The MPC signals the monetary policy stance through changes in the Key Repo Rate, which is the policy rate.

Table 1.1: Monetary Policy Committee Meetings

		Meetings attended			Total fees Rs
		08.07.20	23.09.20	04.02.21	
Harvesh Seegolam	Governor, Chairperson	✔	✔	✔	600,000
Mardayah Kona Yerukunondu	First Deputy Governor	✔	✔	✔	360,000
Hemlata Sadhna Sewraj-Gopal	Second Deputy Governor	✔	✔	✔	360,000
Sanjeev Kumar Sobhee	External Member, Appointed by the Prime Minister	✔	✔	✔	360,000
Lim Chan Kwong Lam Thuon Mine	External Member, Appointed by the Prime Minister	✔	✔	✔	360,000
Streevarsen Narrainen	External Member, Appointed by the Finance Minister	✔	✔	✔	360,000
Mohammad Mushtaq Namdarkhan	External Member, Appointed by the Finance Minister	✔	✔	✔	360,000
Christine Marie Isabelle Sauzier	External Member, Appointed by the Finance Minister	✔	✔	✔	360,000

Note: ✔ Attended.

ABOUT BANK 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. 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.

The MPC usually meets on a quarterly basis, but stands ready to meet in between its regular meetings, should the need arise. After every MPC meeting, the Governor holds a press conference on the same day to explain the motivations behind the MPC decision. The press statement of the Governor is posted on the Bank's website, along with a media release that provides an assessment of prevailing economic and financial conditions as well as forecast for inflation and GDP growth rates. The Minutes of the meeting are also posted on the Bank's website two weeks after the meeting and contain the voting pattern of the MPC members.

Composition of the Monetary Policy Committee as at 30 June 2021

Harvesh Seegolam

Mardayah Kona Yerukunondu

Hemlata Sadhna Sewraj-Gopal

Sanjeev Kumar Sobhee

Lim Chan Kwong Lam Thuon Mine

Streevarsen Narrainen

Mohammad Mushtaq Namdarkhan

Christine Marie Isabelle Sauzier

ABOUT BANK OF MAURITIUS

LANDMARK EVENTS

During FY2020-21, the Bank undertook several initiatives pertaining to novel climate change practices by central banks, enhancing supervision and regulatory capacity, as well as further improving international cooperation with leading institutions. Some of these are outlined below.

24 July 2020

Green Initiative

The Bank joins the Network of Central Banks and Supervisors for Greening the Financial System

30 October 2020

Enhancing Supervision Capacity

The Bank becomes a member of the Groupe des Superviseurs Bancaires Francophones

14 December 2020

International Cooperation

The Bank and the Deutsche Bundesbank sign a Memorandum of Understanding

19 January 2021

Bloomberg Bond Index

Mauritius is included in the African Development Bank Bloomberg Bond Index

17 February 2021

International Cooperation

The Bank becomes a member of the Global Financial Innovation Network

18 March 2021

International Cooperation

The Bank and Bangko Central Ng Pilipinas sign a Memorandum of Understanding

03 May 2021

International Cooperation

The Bank becomes a member of the Organisation for Economic Co-operation and Development International Network on Financial Education

01 June 2021

Regulation

The National Payment Systems (Authorisation and Licencing) Regulations come into force

07 June 2021

Green Initiative

The Bank releases a guide for the issue of Sustainable Bonds in Mauritius

06 August 2021

Thought Leadership

The Bank launches its Thought Leadership Series with an inaugural session on *Banking Resilience: Global and Domestic Perspectives*

ABOUT BANK OF MAURITIUS

ORGANISATIONAL STRUCTURE

Following the change in the Bank's leadership in March 2020, the Bank's organisation structure was reviewed in August 2020. New directorates focusing on Financial Crime, Enforcement & AML/CFT and Digital Innovation and Payment Systems were set up to enable the Bank to meet the challenges facing the banking landscape.

Enterprise Risk Management

Risk management is fundamental to the Bank. Being able to adopt a pragmatic and systematic enterprise-wide risk approach is key, especially in the light of evolving risks posed by the COVID-19 pandemic, climate change and sustainability issues. The Bank has revamped its governance structure and redefined its existing Risk and Product Control Division as the Enterprise Risk Division to reinforce its focus and commitment to risk management. The implementation of a modern Enterprise Risk Management (ERM) framework will facilitate a risk-based operating environment which prioritises the assessment and management of risks throughout the Bank.

Risk is unavoidable and present in virtually every situation. The Bank will identify and assess the principal risks across the range of its functions and activities, evaluate the resulting impact on its operations and implement the appropriate responses in alignment with its risk appetite.

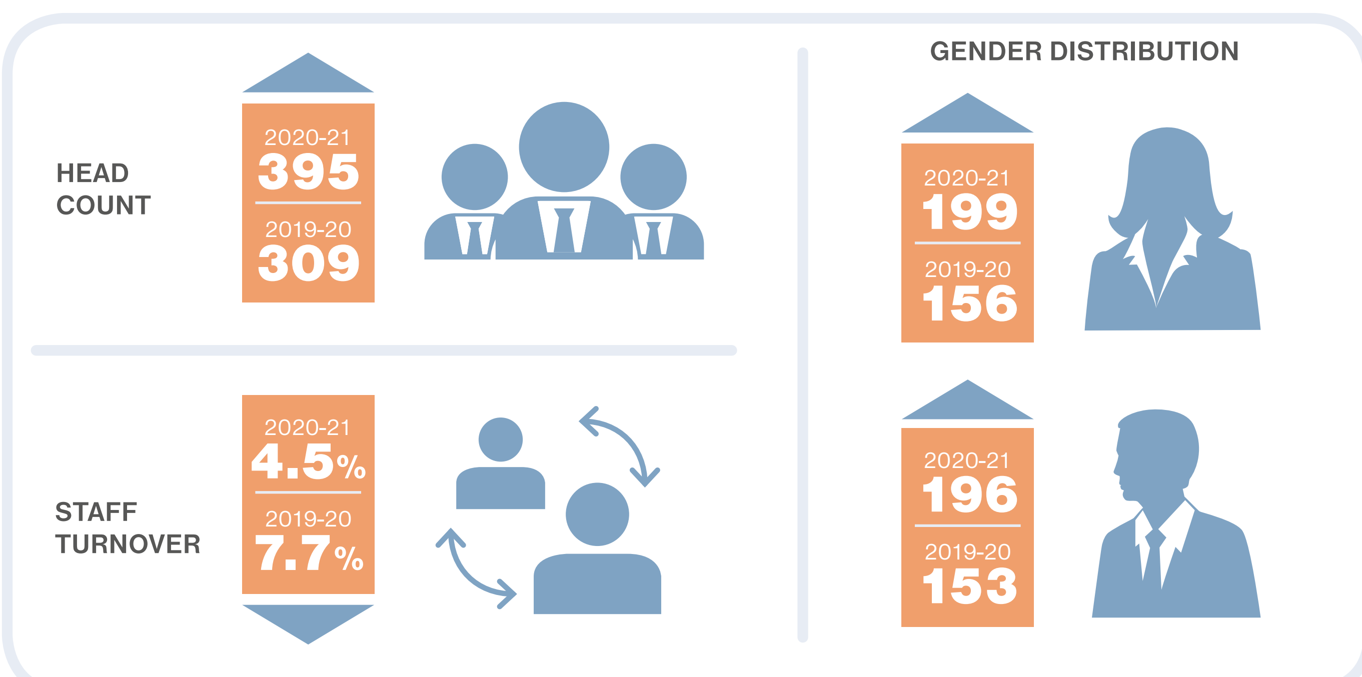
HUMAN RESOURCES

The Bank holds its personnel at the heart of its achievements and of its business resilience. The Bank boasts of a skilled and diverse workforce focused on achieving the strategic objectives of the Bank. Despite the challenges that the second wave of the COVID-19 pandemic posed, Bank staff were guided towards the efficient continuity of the Bank's operations and adopted the concept of Work from Home. Staff well-being and safety were put at the forefront, and effective people management was crucial in the Bank's approach in dealing with the unprecedented challenges induced by the pandemic.

Workforce

The Bank remains committed to attracting and retaining a talented and diverse workforce. In FY2020-21, the Bank recruited 114 staff across all divisions of the Bank to consolidate the existing pool of qualified workforce. As at 30 June 2021, the Bank employed 395 staff members, of whom 389 were on the permanent and pensionable establishment and 6 on contractual basis.

With a view to catering for the Bank's succession planning strategy and ensuring a committed and motivated workforce, 66 staff members were promoted during the period under review. The staff turnover rate stood at 4.5 per cent for FY2020-21 compared to 7.7 per cent in the previous year.

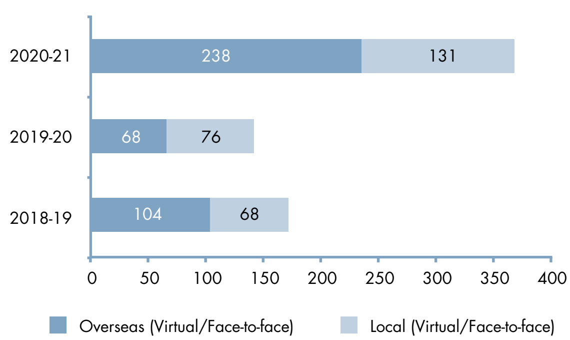


ABOUT BANK OF MAURITIUS

Training and Development

The Bank provides continuous learning and development opportunities to its staff with a view to promoting a culture of high performance. As social interactions were being restricted due to COVID-19, almost all training courses, seminars and workshops transited to online platforms to enable employees to continue enhancing their skills. Due to the convenience of virtual training and learning, a marked increase in courses attended by employees was recorded during FY2020-21.

Courses / Seminars/ Workshops



Internship

The Bank's Internship Programme continues to attract numerous applications, mainly from university students. The programme provides students with valuable exposure and work experience, specifically for those seeking to pursue a career in the banking and financial sector. In FY2020-21, 34 interns were recruited and were posted in divisions relevant to their field of study.

Employee Welfare

Each year, the Bank engages in celebrations and employee events to enhance the work environment and strengthen bonding amongst its workforce.

The year 2020-21 was very challenging for the staff as most outdoor activities were restricted due to the COVID-19 pandemic.

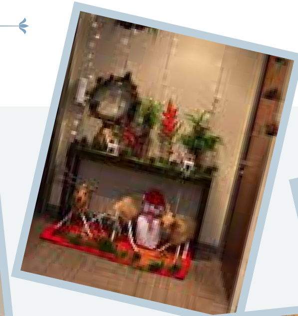
Celebrations

To celebrate Diwali, the Bank's canteen was filled with brightness and warmth. The canteen was enlivened with lights, and the entrances were decorated by staff members with beautiful and intricate patterns of the Rangoli, as well as flower garlands. For Diwali and Eid festivals, sweet treats were shared with all employees.

No Christmas is complete without carolling. In December 2020, the ''Chorale de la Cathédrale Saint Louis'' performed Christmas Carols at the Bank, spreading joy and the Christmas spirit on Christmas Eve.

Seasons 2020 Decorations

To enliven the festive season, the Bank organises a Christmas Decoration Competition every year. Staff members were invited to conceptualise the decorations in their respective departments inspired from ecofriendly themes and materials. The Bank of Mauritius Tower was also adorned with festive decorations, adding to the feel of the holiday season.



End of Year BoM Got Talent Competition 2020

Launched in 2018, the BoM Got Talent Competition has become an end-of-year tradition at the Bank. Staff members teamed up to display a plenitude of talent ranging from traditional dance to singing and acting.

BoM Football Tournament

The Bank has always encouraged its staff to participate in sports activities with a view of building team spirit among employees. In November 2020, a football tournament was conducted at Muga Phoenix, with competition among six teams of eight players.

Reaching out to the Community

At the Bank of Mauritius, we strongly believe in community engagement as part of our Corporate Social Responsibility.Upon the initiative of the Employee Welfare Committee and the Bank of Mauritius Employees Union, the ‘Christmas Gifts for the Children’ event was a great success owing to the support and generosity of staff members.

Gifts and other basic necessities were purchased and gifted to babies, children and teenagers at two Child Development Unit regulated shelters. From toys to stationeries and clothes, staff donated generously towards bringing a smile and festive cheer to these children.

COVID-19

In an effort to address the adverse sanitary impact of the second wave of the pandemic, the Bank implemented a COVID-19 protocol to ensure a safe working environment, while ensuring continuity of its operations. All visitors and employees are required to go through a temperature screening control at the entrance. Regular disinfection and cleaning exercises are conducted at the Bank to ensure that the workplace is COVID secure. Furthermore, staff members who have been in close contact with positive cases or suspected cases are closely monitored and regular follow ups are carried out in line with the Bank's COVID-19 sanitary protocol.

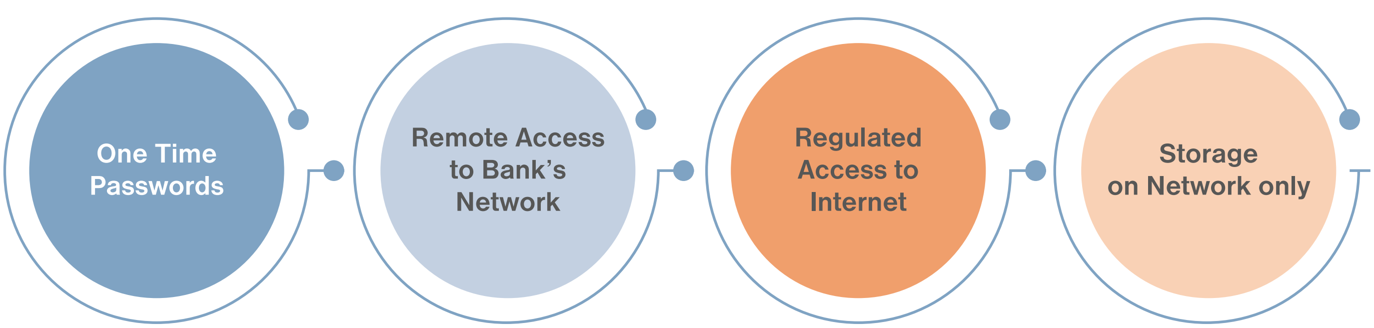
Employees were given the option to work from home and only staff members performing critical tasks were granted work access permits to attend duty at the Bank. All necessary precautions were put in place, including maintaining social distancing, using hand sanitisers and wearing of masks at all times at the work place. Regular communication was maintained with staff members through the Bank's Intranet and IT-Support platform. Users were trained and better equipped to carry out their daily tasks from home. Network and security configuration were already set up and only had to be re-activated. The IT Division's involvement in setup and organisation of various online meetings throughout the Bank was crucial.

COVID-19 has required a more flexible and pragmatic approach to work. In this light, the Bank has effectively managed the changes to the work environment by being agile and responsive, providing support to ensure that operations remain unhindered at the Bank.

IT Security

The Bank continues to invest internally in new technologies to safeguard its digital assets and support flexible work arrangements. The Bank acknowledges the importance of cyber security and resilience by integrating these into its broader strategic objectives and establishing appropriate governance. It is sustaining business continuity by anticipating and adapting to cyber threats.

The rapid adoption of telework has increased the threat of cyberattacks. Recent significant investments in its information technology systems and continuous process improvements enabled the Bank to effectively mitigate these risks. With the 'Work from Home' programme introduced since the first lockdown in March 2020 and pursued in 2020-21, several measures were adopted to ensure a secure work environment while staff worked from home. These included, amongst others:



Measures to support the Economy

The Bank stood ready to support the economy, more specifically economic operators, SMEs, households and individuals, with measures aimed at providing relief in the wake of the disruption to economic activity caused by the pandemic. These are further detailed below.

March 2020

- A reduction of 50 basis points in the Key Repo Rate (KRR) to 2.85 per cent
- Implementation of the COVID-19 Support Programme
- Special Relief Amount of Rs5 billion to help meet cash flow and working capital requirements of economic operators directly impacted by COVID-19
- Reduction of the Cash Reserve Ratio from 9 per cent to 8 per cent
- Moratorium on capital repayment for loans, including household loans
- Payment of interest by the Bank over 3 months for households earning a combined monthly basic salary of up to Rs50,000
- Easing of banking guidelines on Credit Impairment Measurement and Income Recognition
- Issue of 2.5 % Two-Year Bank of Mauritius 2020 Savings Bond
- Provision of Special Foreign Currency (USD) Line of Credit of USD300 million to banks for funding purposes
- Introduction of USD/MUR swap arrangement of USD100 million to enable banks to support import-oriented businesses

April 2020

- A reduction of 100 basis points in KRR to 1.85 per cent
- Reduction of interest rate on Special Relief Amount by 100 basis points

May 2020

- Review of Guideline on Standardised Approach to Credit Risk and Guideline on the Computation of Debt-to-Income Ratio for Residential Property Loans
- Deferral of implementation of the last tranche of the capital conservation buffer in respect of the Guideline on Scope of Application of Basel III and Eligible Capital
- Setting up of the Mauritius Investment Corporation Ltd
- One-off exceptional contribution of Rs60 billion to Government
- Measure in favour of economic operators, SMEs, households and individuals regarding MCIB report for those who have availed themselves of moratorium facilities.

July 2020

- Extension of specific measures under the COVID-19 Support Programme such as Special Relief Amount facility
- Increase of USD/MUR swap arrangement by USD100 million and extension of facility
- FX line of credit to banks raised from USD300 million to USD500 million

September 2020

- Extension of moratoriums to 31 December 2020

December 2020

- Further extension of moratoriums and Special Relief Amount to 30 June 2021

January 2021

- Payment of interest by the Bank for another 3 months for households
- Introduction of transitional arrangements for the regulatory capital treatment of IFRS9 provisions

June 2021

- Additional extension on moratoriums and Special Relief Amount to 30 June 2022 and reduction in the Cash Reserve Ratio maintained until 30 June 2022.

Museum

During FY2020-21, around 4,000 people visited the Bank of Mauritius Museum, roughly the same as the previous year. The Bank of Mauritius Museum was not spared by the effects of the COVID-19 pandemic. It was closed to the public for almost four months, as from March 2021.

The Bank of Mauritius Museum has been working on developing alternate methods of disseminating history and culture. Among the social media used by the Museum, its Facebook page recorded a significant increase in the number of followers. Moreover, the publicity of the Bank of Mauritius Museum on other Search Engine Optimisations, such as Google Ads and YouTube, added visibility to the Museum which registered more views.

Prior to the lockdown of March 2021, the Bank of Mauritius Museum worked in collaboration with the Centre de Lecture D'Animation Culturelle and the Senior Citizens Council. The day spent at the Museum by the visitors from these organisations have improved their understanding of the central bank's basic operations. In addition, it was an opportunity for them to reminisce about the rich history of currency in Mauritius. Students were also invited to discover this long history.

The Bank of Mauritius Museum celebrated the International Museum Day virtually through an interactive map of International Council of Museums under the theme ***"The Future of Museums: Recover and Reimagine"***, which helped the Museum garner more visibility.

REVIEW OF THE ECONOMY

View of Port Louis Harbour during the French Period (Isle de France)

Abandoned by the Dutch in 1710, Mauritius became a French colony in September 1715 when Captain Guillaume Dufresne d'Arsel took possession of the island. The decision to have Mauritius as a French overseas territory was prompted by the fact that the island was a strategic stopover for French vessels on their way to India.

REVIEW OF THE ECONOMY

The domestic economy improved in 2020H2 relative to 2020H1 with the financial services, distributive trade and ICT sectors recovering the most. The manufacturing sector experienced a broad-based rebound as production increased to meet order backlogs from previous quarters. Activity in the construction sector also improved significantly, mostly supported by ongoing large-scale infrastructure projects. On the expenditure side, domestic demand recorded a smaller decline, on account of higher consumption and investment activity. Household spending improved amid resumption of economic activity and continued financial support from the Government. Gross fixed capital formation regained some momentum, especially in 2020Q4 amid the resumption of construction activity. On the external font, net external demand remained a drag on domestic economic activity, as reflected by the protracted contraction in exports of goods and services.

In March 2021, the authorities imposed a second national lockdown in the wake of a resurgence of COVID-19 infections. However, the economic damage of the second wave of the pandemic has been much more limited than the first, mostly due to the prompt roll-out of work access permits. The readiness of households and business operators in adapting to the new environment also facilitated a rapid resumption of most economic activities. Containment measures were subsequently relaxed, although several activity restrictions remained in place through to end-June 2021. The economy rebounded in 2021Q2 as key economic sectors recovered and as a result of base effects. All sectors registered positive growth in 2021Q2 as sentiment gradually improved amid the ongoing vaccination campaign. Domestic demand recovered, mostly reflecting a rebound in building and construction work.

Labour market conditions remained subdued during the period under review due to the COVID-19 pandemic. The unemployment rate escalated from 6.9 per cent in 2020Q1 to 9.8 per cent in 2021Q1 and further to 10.5 per cent in 2021Q2. Nonetheless, policy responses to COVID-19, notably the Wage Assistance Scheme and Self-Employed Assistance Scheme, have cushioned the impact of the shock. In addition, measures announced in the 2021/22 Budget with regard to job creation across different sectors of the economy are expected to create new employment opportunities in the public sector and contribute to reduce youth unemployment.

The external current account deficit widened during FY2020-21, primarily reflecting a deficit in the services account due to a significant decline in tourism receipts and a lower surplus in the primary income account. Current account deficit as a ratio to GDP rose from 15.3 per cent in 2020Q2 to 17.2 per cent in 2021Q2. The outlook of the external sector is, however, projected to gradually recover as a result of the rebound in global economic activity and the reopening of borders. Gross Official International Reserves (GOIR) remained at a comfortable level and stood at USD7.3 billion as at end-June 2021, sufficient to finance 18 months of imports of goods and services.

Headline inflation rose from 1.8 per cent in FY2019-20 to 2.2 per cent in FY2020-21, mainly due to domestic supply shocks while demand-side pressures remained muted. The rise in CPI during FY2020-21 resulted primarily from seasonal volatility in the price of fresh vegetables and supply chain disruptions stemming from the COVID-19 pandemic. The depreciation of the rupee and higher freight charges also contributed to higher inflation. Nonetheless, these factors are deemed transitory and are expected to subside in the near-term.

Going forward, the economy is likely to register positive growth as sentiment gradually improves with the ongoing vaccination campaign and the reopening of national borders. Key sectors of the economy, notably *'construction', 'manufacturing', 'financial and insurance activities'* and *'information and communication'* are projected to drive the recovery in output. On the expenditure side, household consumption and private investment would be supported by improved consumer and investor confidence. Continued public spending in infrastructure projects is expected to sustain domestic economic activity.

REVIEW OF THE ECONOMY

FY2020-21 AT A GLANCE

GDP at market prices
Rs435.6 billion

Real GDP growth at basic prices
-3.3%

Investment to GDP ratio
20.1%

Gross Domestic Savings to GDP ratio (2020)
8.2%

Headline Inflation
(as at June 2021)
2.2%

Key Repo Rate
(as at June 2021)
1.85%

Budget Deficit to GDP ratio
5.6%

Trade Deficit to GDP ratio
20.5%

Current Account Deficit to GDP ratio
15.8%

Unemployment rate
(as at 2021Q2)
10.5%

Public Sector Domestic Debt to GDP ratio
(as at end-June 2021)
69.9%

Public Sector External Debt to GDP ratio
(as at end-June 2021)
25.1%

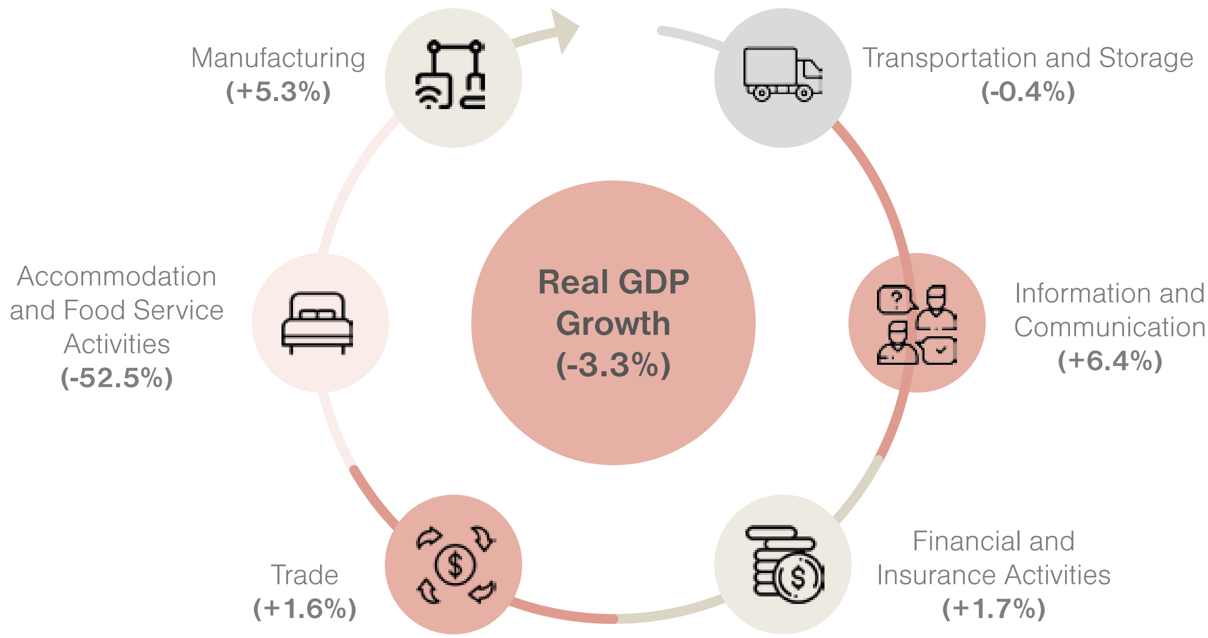
Annual average growth rate of BML
16.5%

Gross Official International Reserves
(as at end-June 2021)
Rs309.9 billion

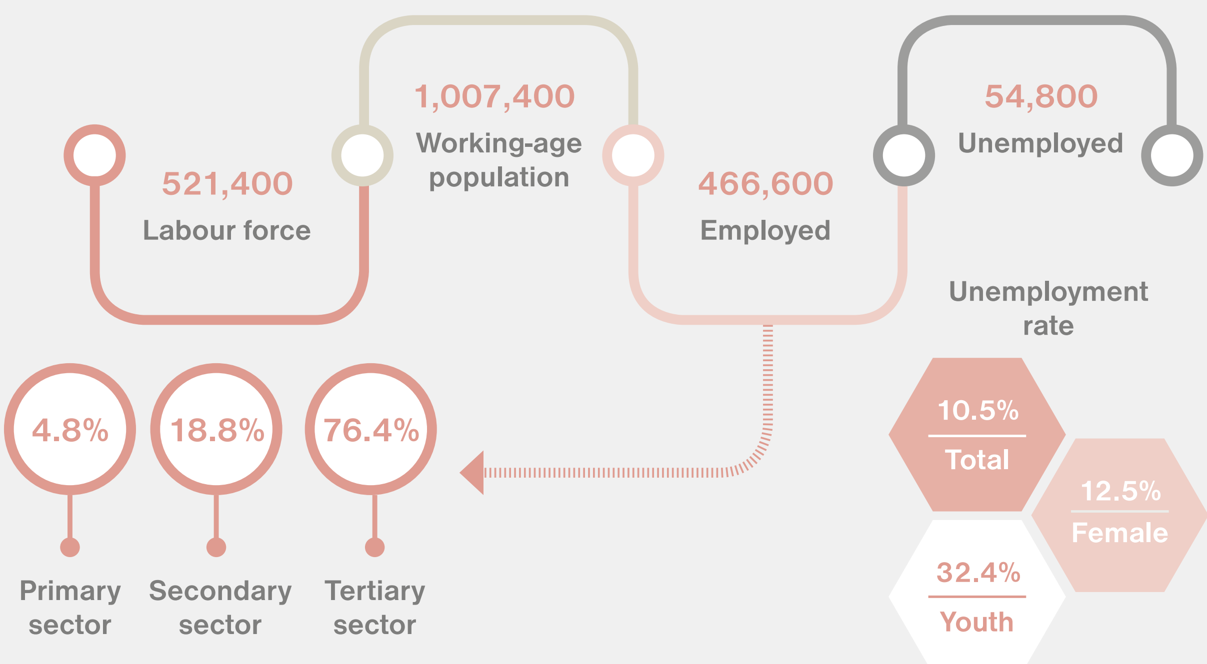
Import Cover
(as at end-June 2021)
18.2 months

REVIEW OF THE ECONOMY

Real Growth in Key Sectors for FY2020-21



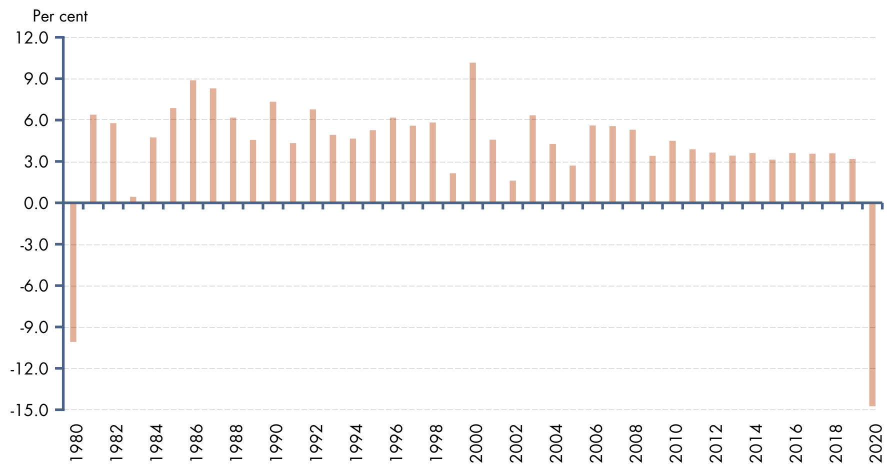
Labour Market Conditions in 2021Q2



NATIONAL INCOME AND PRODUCTION

The Mauritian economy slipped into its worst-ever recession in 2020 following the outbreak of the COVID-19 pandemic. Containment measures, border closures and weak external demand exerted a significant drag on domestic economic activity. Overall, real GDP contracted by 14.7 per cent in 2020 as against growth of 3.2 per cent in 2019 (Chart 2.1). GDP at current market prices dropped to Rs429.7 billion, representing a loss in output of Rs68.6 billion compared to the previous year. Per capita Gross National Income (GNI) at market prices fell by 16.4 per cent to Rs369,914 (USD9,453) in 2020, from Rs442,374 (USD12,432) in 2019.

Chart 2.1: Real GDP Growth



Source: Statistics Mauritius.

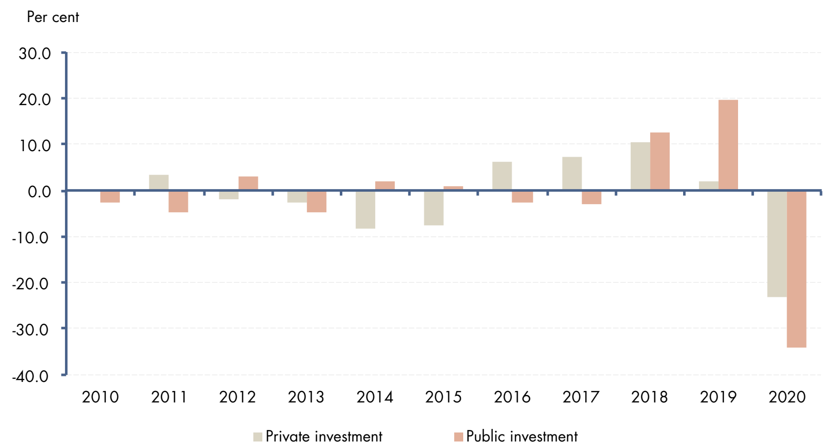
Expenditure

Domestic demand was heavily impacted by the pandemic, as noted in the synchronised contractions of major demand drivers. After registering a growth of 3.0 per cent in 2019, final consumption expenditure fell by 15.7 per cent in 2020. Lower spending during the national confinement period, together with income and employment losses amid weak consumer confidence, led to a contraction of 18.7 per cent in household consumption, notwithstanding the financial support initiatives rolled out by the Bank and Government. Government consumption contracted by 1.2 per cent in 2020 as against growth of 2.0 per cent in 2019.

Investment spending was significantly scaled back given constraints and delays in the implementation of projects amid muted investor sentiment. Gross Fixed Capital Formation (GFCF) contracted by 26.2 per cent in 2020 as against growth of 6.2 per cent in 2019. Investment in *'building and construction work'* and *'machinery and equipment'* declined by 24.9 per cent and 28.6 per cent, respectively, in 2020. Private and public sector investment posted declines of 23.2 per cent and 34.1 per cent, respectively, as subdued external conditions and heightened uncertainty affected business sentiment and investment plans, while capital expenditure was reduced by Government in 2020 (Chart 2.2).

On the external front, the contraction in the exports of goods and services deepened from 4.2 per cent in 2019 to 38.0 per cent in 2020 in the wake of a major decline in external demand. Exports of goods fell by 23.1 per cent, while exports of services were almost 50 per cent lower in the absence of tourism flows. Imports of goods and services dropped by 28.9 per cent in 2020, reflecting a decline of 25.5 per cent in imports of goods while imports of services fell by 37.0 per cent.

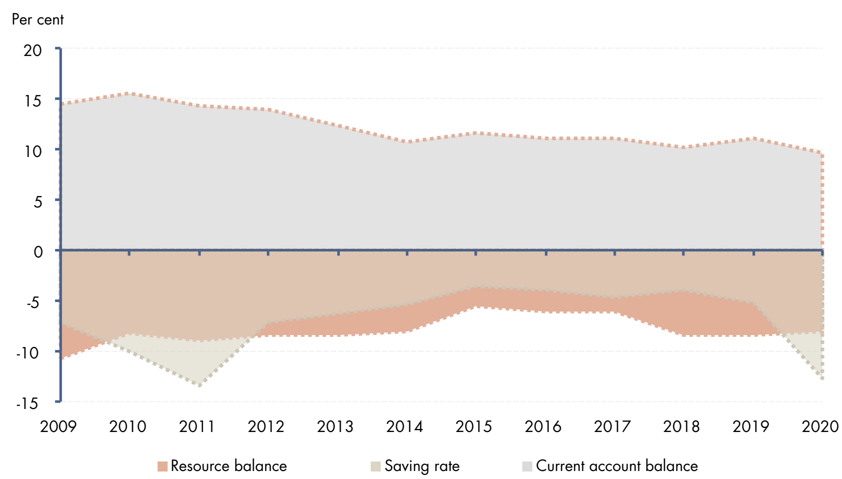
Chart 2.2: Growth Rates of Public and Private Investment



Source: Statistics Mauritius.

Gross National Savings (GNS) decreased by 25.4 per cent, from Rs56.2 billion in 2019 to Rs42.0 billion in 2020. The Saving Rate, defined as the ratio of GNS to Gross National Disposable Income (GNDI) excluding net primary income and transfer of Global Business Companies (GBC) from abroad, fell from 11.0 per cent in 2019 to 9.6 per cent in 2020. The Resource Balance (defined as Savings minus Investment) as a percentage of GDP at market prices, improved from -8.3 per cent in 2019 to -8.1 per cent in 2020 (Chart 2.3).

Chart 2.3: Resource Balance, Saving Rate and Current Account Balance

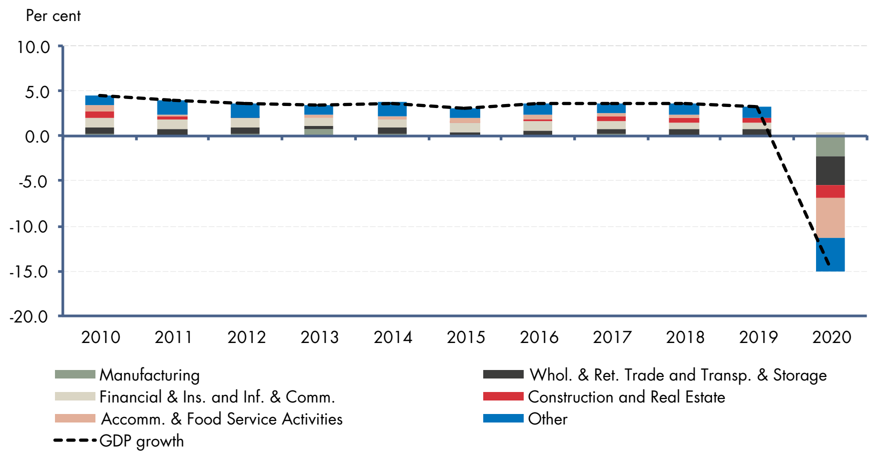


Sources: Statistics Mauritius and Bank of Mauritius.

Production

Activity in key economic pillars was severely constrained as mobility restrictions imposed in March 2020 entailed complete cessation of activities for some sectors and reduced operations for others. With the easing of confinement measures in 2020H2, activity resumed in most sectors. However, the prolonged closure of borders substantially affected the tourism and transport-related sectors and had major ripple effects on other sectors. Except for *'information and communication'* and *'financial and insurance activities'*, all remaining sectors contracted during 2020 (Chart 2.4).

Chart 2.4: Contribution to GDP Growth by Sector



Source: Statistics Mauritius.

The *'agriculture'* sector contracted by 2.5 per cent in 2020 as against growth of 4.1 per cent in 2019. This was largely explained by the national lockdown, which led to a decline in sugar production from 331,105 tonnes in 2019 to 270,875 tonnes in 2020. The fishing sub-sector also performed poorly on account of both pandemic-related disruptions and the Wakashio oil spill incident. Fish production dropped by nearly 35.0 per cent from 35,055 tonnes in 2019 to 22,943 tonnes in 2020. In 2021, the agricultural sector is expected to recover and gain momentum as economic conditions improve.

The *'manufacturing'* sector contracted by 17.8 per cent in 2020, after tepid growth of 0.5 per cent in 2019. Manufacturing activity was impacted by both the COVID-19 confinement measures and a shortage of intermediate inputs for some domestic industries. The 'textile' sub-sector suffered from lacklustre foreign demand and registered a fall of 28.6 per cent in its value added content. Output in the 'sugar' and 'food' sub-sectors declined by 17.2 per cent and 10.4 per cent, respectively. The sector is forecast to recover in 2021 as expected increases in domestic and external demand lift the prospects of its key segments.

Activity in the *'construction'* sector declined by 25.8 per cent in 2020, reflecting mainly the halt in activities during the confinement period. Implementation delays and postponement of projects, coupled with weak investor sentiment, translated into lower outturn for the sector. These disruptions have more than offset the progress made by the sector as a result of large infrastructure projects undertaken by the Government prior to the pandemic. Growth in the *'real estate'* sector also tempered to -1.9 per cent in 2020 as against 3.4 per cent in 2019. In 2021, these sectors are projected to rebound, reflecting renewed investor optimism and a resumption of large-scale projects.

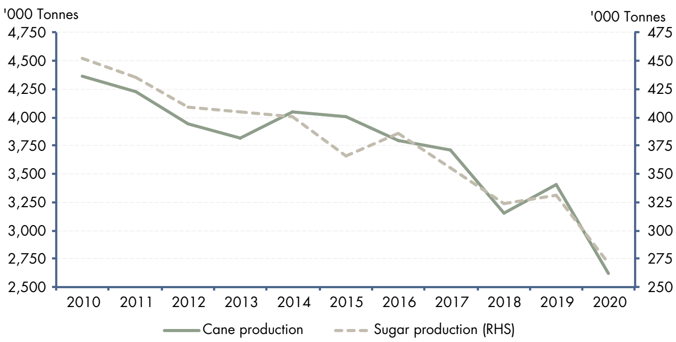
The *'accommodation and food service activities'* sector was the hardest hit, posting a contraction of 65.8 per cent in 2020. Tourist arrivals were lower by almost 80.0 per cent relative to 2019, representing a shortfall of more than one million tourists. Gross tourism earnings plunged to Rs17.7 billion in 2020, from Rs63.1 billion in 2019. This unprecedented downturn was mainly driven by the inter-play of factors such as travel restrictions, closure of national borders and sanitary lockdown. The phased re-opening of national borders in 2021H2 is anticipated to give a boost to the sector in 2021.

In contrast, the *'financial and insurance activities'* and *'information and communication'* sectors weathered the headwinds of the pandemic relatively well and registered positive growth rates. The *'financial and insurance activities'* sector grew by 1.0 per cent in 2020, supported by a recovery in economic activity in 2020H2. Growth in the *'information and communication'* sector firmed to 5.9 per cent in 2020, from 5.5 per cent in 2019, benefitting mainly from increased demand for data communication services given the shift to remote working. In 2021, the recovery in growth and enhanced demand prospects would be expected to be beneficial for these sectors.

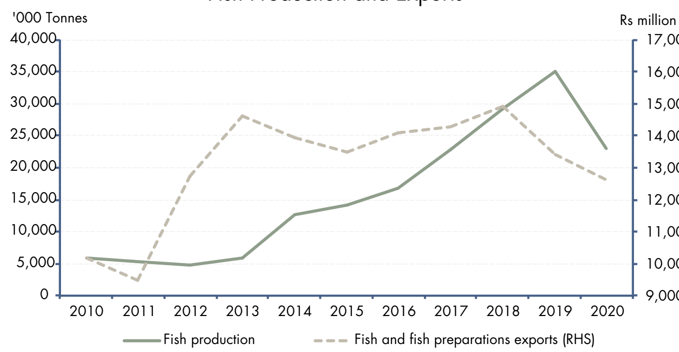
REVIEW OF THE ECONOMY

Selected Sectoral Indicators

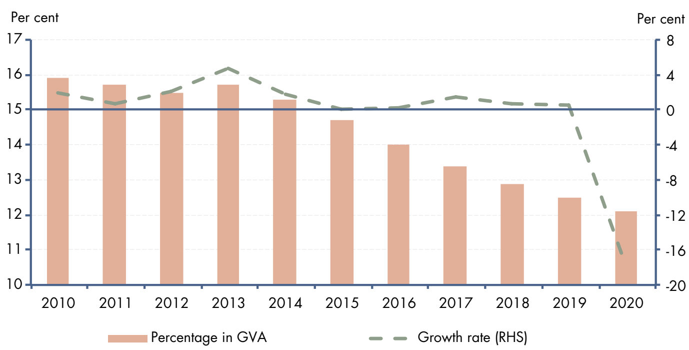
Cane and Sugar Production



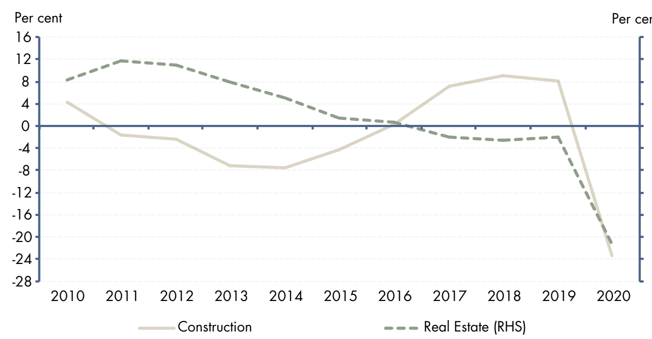
Fish Production and Exports



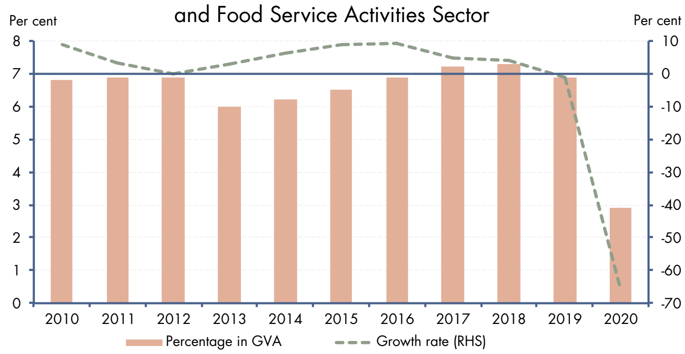
Share and Growth of Manufacturing Sector



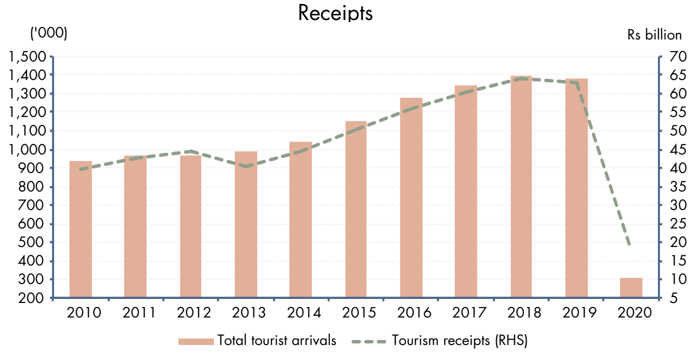
Growth in Construction and Real Estate Sectors



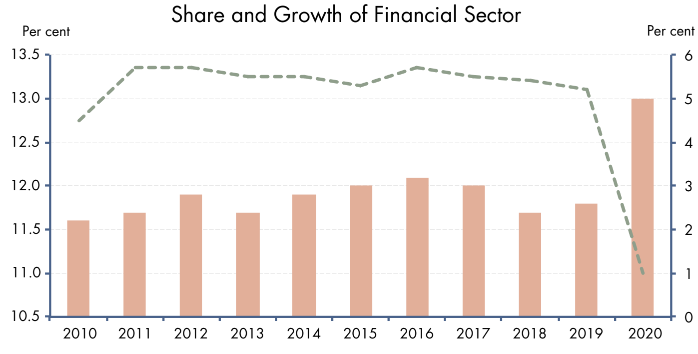
Share and Growth of Accommodation and Food Service Activities Sector



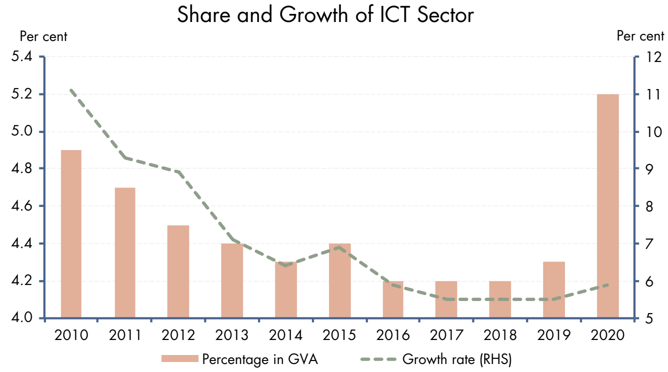
Tourist Arrivals and Tourism Receipts



Share and Growth of Financial Sector



Share and Growth of ICT Sector

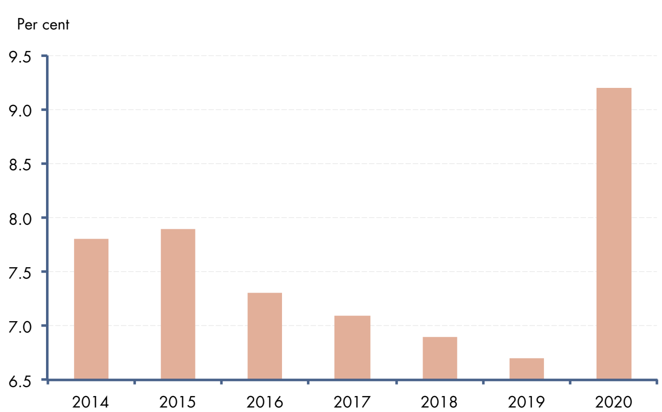


Sources: Statistics Mauritius and Bank of Mauritius.

LABOUR MARKET DEVELOPMENTS

Labour market conditions were significantly impacted by the outbreak of the COVID-19 pandemic and the enforcement of national lockdown. The unemployment rate rose from 6.7 per cent in 2019 to 9.2 per cent in 2020 (Chart 2.5). The number of employed persons fell by 33,400, while some 26,000 workers moved out of the labour force. Young and female workers remained the most affected, with youth and female unemployment rates rising to 26.1 per cent and 11.1 per cent, respectively, in 2020. Nonetheless, support measures rolled out by Government, notably the Wage Assistance Scheme and Self-Employed Assistance Scheme, were able to cushion the impact on workers' remunerations and averted a major social disturbance.

Chart 2.5: Unemployment Rate



Source: Statistics Mauritius.

Labour productivity, which is a key determinant of competitiveness and growth, dropped by 9.7 per cent in 2020 mainly due to the large contraction in output. Subsequently, unit labour cost (ULC), which measures the remuneration of labour per unit of output, rose by 7.9 per cent in 2020, as the decline in labour productivity outweighed the fall in compensation of employees. However, in US dollar terms, ULC fell by 1.9 per cent due to depreciation of the rupee during the period under review.

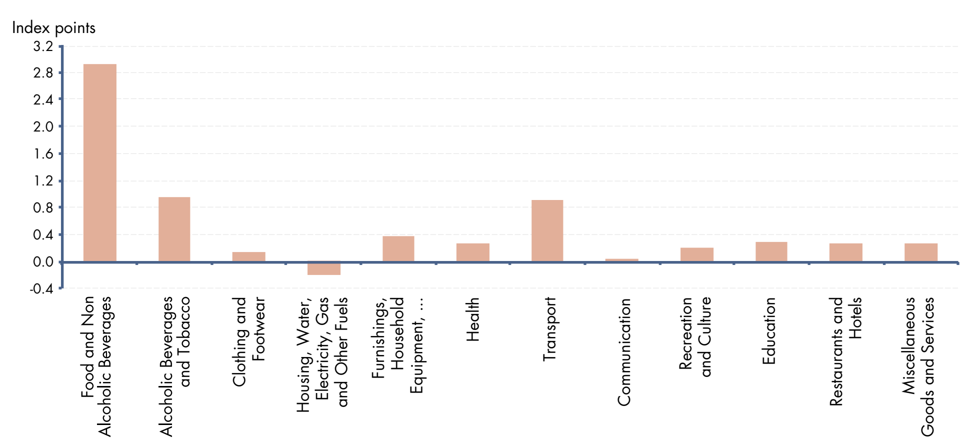
Wage Rate Index

The Wage Rate Index, which gauges changes in labour costs across the economy, rose by 0.9 per cent in 2020, underpinned primarily by the Pay Research Bureau interim allowance paid to employees of the public sector as from January 2020. Private sector wages increased by 0.3 per cent, while wages in the public sector rose by 1.7 per cent. The sectors contributing to the increase in wages during 2020 were: Water supply; sewerage, waste management and remediation activities (8.5 per cent), Mining and quarrying (8.4 per cent), Real estate activities (7.3 per cent), Agriculture, forestry and fishing (5.3 per cent) and Public administration and defence; and compulsory social security (4.3 per cent).

PRICE DEVELOPMENTS

The overall Consumer Price Index (CPI) increased at a noticeable pace during FY2020-21, prompted by upward price pressures from both food and non-food products. The CPI increased by 6.2 index points or 5.9 per cent, from 105.2 in June 2020 to 111.4 in June 2021. The main contributors to the increase in the CPI were *'Food and non-alcoholic beverages'* (2.9 index points), while *'Housing, water, electricity, gas and other fuels'* posted a negative contribution of 0.2 index point. Chart 2.6 shows the weighted divisional contribution to the change in CPI during the period under review.

Chart 2.6: Weighted Divisional Contribution to Change in CPI



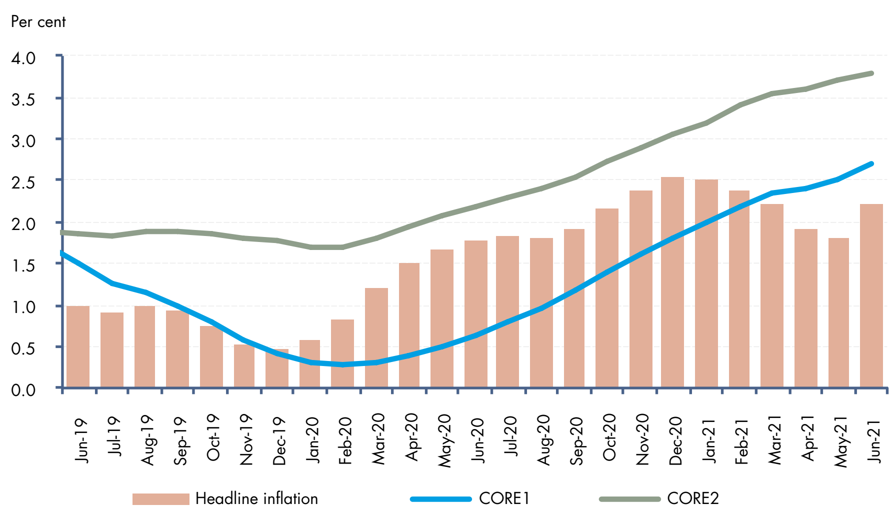
Note: Figures may not add up due to rounding.
Sources: Statistics Mauritius and Bank of Mauritius.

Headline inflation, computed as the percentage change in the yearly average CPI, rose from 1.8 per cent in June 2020 to 2.2 per cent in June 2021. 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 1.7 per cent in June 2020 to 5.9 per cent at the close of FY2020-21, partly due to higher excise duties applicable on alcoholic beverages and tobacco products as well as unfavourable base effects.

Core Inflation

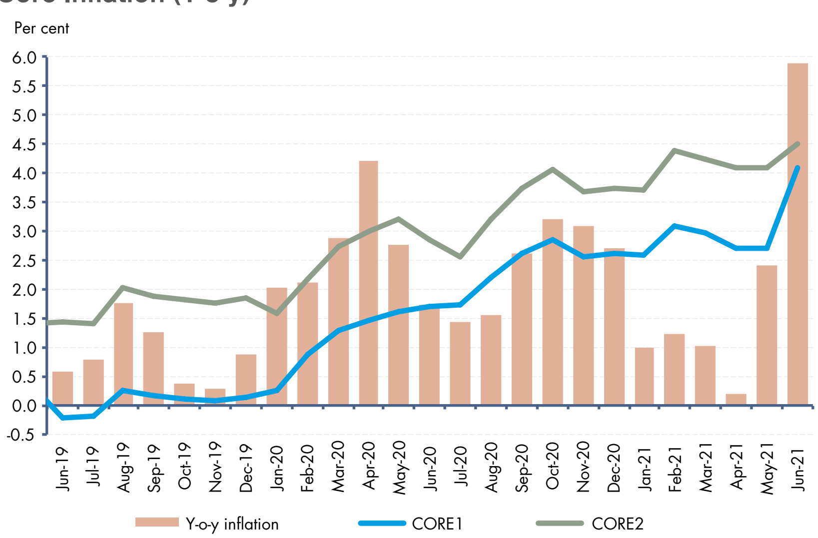
Underlying inflationary pressures, as reflected by the core measures of inflation, gained some momentum during the course of FY2020-21. On a 12-month average basis, CORE1 inflation rose steadily from 0.6 per cent in June 2020 to 2.7 per cent in June 2021, while CORE2 inflation increased from 2.2 per cent to 3.8 per cent over the same period. On a y-o-y basis, CORE1 inflation settled at 4.1 per cent in June 2021, compared to 1.7 per cent in June 2020. CORE2 inflation displayed a similar pattern, rising from 2.9 per cent in June 2020 to 4.5 per cent at the close of FY2020-21. Chart 2.7 illustrates the evolution of headline and core inflation over the period June 2019 through June 2021 and Chart 2.8 shows the y-o-y movements of CPI and core inflation over the same period.

Chart 2.7: Headline and Core Inflation (12-month Average)



Sources: Statistics Mauritius and Bank of Mauritius.

Chart 2.8: CPI and Core Inflation (Y-o-y)



Sources: Statistics Mauritius and Bank of Mauritius.

Terms of Trade Developments

The terms of trade (ToT) improved by 2.3 per cent in FY2020-21 compared to FY2019-20 as the rise in export prices more than offset the growth in import prices. Excluding the import price of *'mineral fuels, lubricants and related materials',* ToT deteriorated by 0.6 per cent while excluding commodity prices, the ToT worsened by 0.4 per cent. Excluding *'mineral fuels, lubricants and related materials',* the import price index (IPI) increased by 13.5 per cent in FY2020-21 compared to FY2019-20 while excluding commodity prices, the IPI went up by 12.9 per cent. The export price index (EPI) excluding commodity prices rose by 12.4 per cent over the same period.

The EPI increased by 12.8 per cent and the EPI, adjusted for exchange rate effects, rose by 2.7 per cent in FY2020-21 compared to FY2019-20. The IPI went up by 10.2 per cent while adjusted for exchange rate effects, the IPI increased by 0.2 per cent over the same period. Chart 2.9 shows the evolution of the terms of trade from FY2014-15 to FY2020-21.

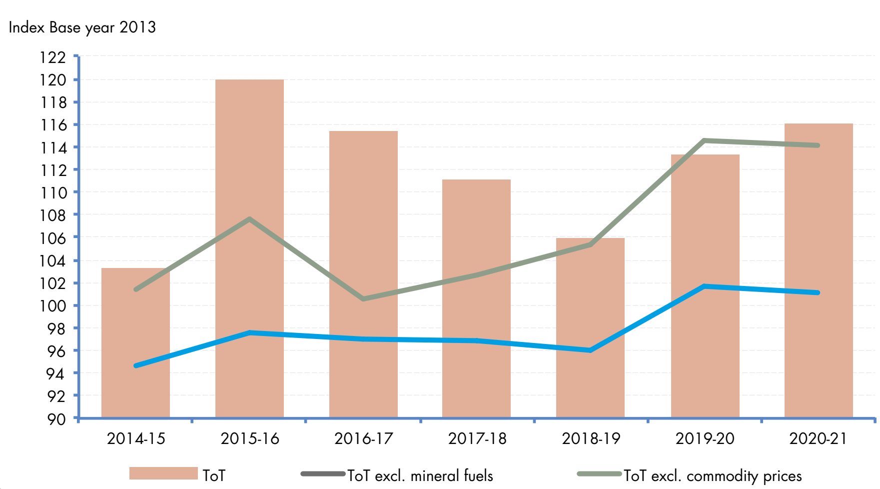
MONETARY AGGREGATES AND KEY MONETARY RATIOS

Broad Money Liabilities (BML) expanded rapidly during FY2020-21, following measures taken by the Bank under its COVID-19 Support Programme towards preventing potential failures of systemically important domestic companies and ensuring continuation of provision of credit to both households and businesses. Y-o-y, BML rose by 18.8 per cent as at end-June 2021, up from 12.7 per cent as at end-June 2020, driven largely by substantial growth in rupee deposits from 10.9 per cent to 22.4 per cent. Growth in foreign currency deposits slowed from 30.7 per cent in FY2019-20 to 15.9 per cent in FY2020-21, while growth in currency with public dropped from 20.2 per cent to 9.1 per cent over the period under review. Chart 2.10 shows the components and sources of BML as at end-June 2018 through to end-June 2021.

In absolute terms, net foreign assets (NFA) of depository corporations (DCs) increased from Rs710.0 billion as at end-June 2020 to Rs822.0 billion as at end-June 2021, indicating an annual growth rate of 15.8 per cent. Domestic claims of DCs registered an increase of 13.3 per cent in FY2020-21 compared to 10.1 per cent in FY2019-20. Net claims on Central Government contracted by 4.3 per cent to Rs104.1 billion as at end-June 2021. Growth in claims on other sectors (excluding financial derivatives) accelerated to 17.2 per cent as at end-June 2021, from 6.0 per cent as at end-June 2020.

The monetary base expanded by 61.1 per cent, from Rs148.3 billion at the end of June 2020 to Rs238.9 billion at the end of June 2021, compared to an increase of 40.3 per cent in the preceding corresponding period. The expansion of the monetary base was driven by an increase in liabilities to other sectors, and mainly reflected the monetary measures taken by the Bank to support the flow of credit to systemic economic operators. On the sources side of the monetary base, NFA of the Bank grew by 9.3 per cent in FY2020-21 compared to 10.2 per cent in FY2019-20. Domestic claims rose significantly in FY2020-21, largely mirroring the increase in claims on other sectors.

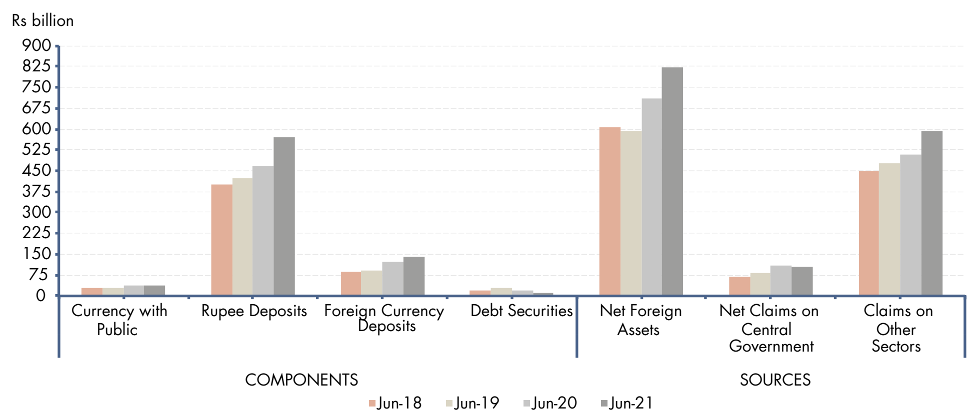
Chart 2.9: Terms of Trade



Source: Statistics Mauritius.

ABOUT BANK OF MAURITIUS
REVIEW OF THE ECONOMY
REGULATION AND SUPERVISION
FINANCIAL MARKETS DEVELOPMENTS
PAYMENT SYSTEMS AND CURRENCY MANAGEMENT
REGIONAL AND INTERNATIONAL AFFILIATION
FINANCIAL STATEMENTS
APPENDICES

Chart 2.10: Components and Sources of BML



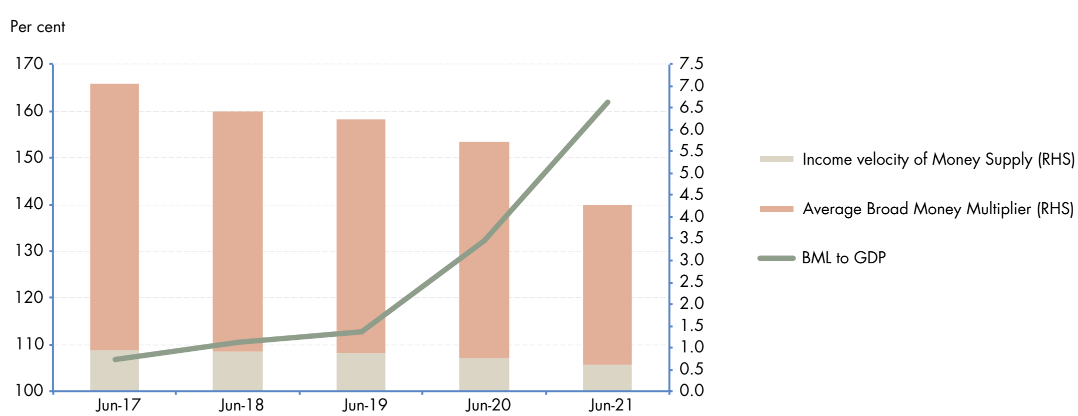
The income velocity of money, which refers to the frequency of monetary transactions in an economy, maintained a downward trend from 0.8 at the end of June 2020 to 0.6 at the end of June 2021, while the average broad money multiplier fell further to 3.7 as at end-June 2021, from 5.0 as at end-June 2020. The ratio of BML to GDP, which provides a measure of financial depth, rose from 132.3 per cent as at end-June 2020 to 161.9 per cent as at end-June 2021. Chart 2.11 shows selected monetary ratios for the years ended June 2017 through to June 2021.

Bank Loans to Other Nonfinancial Corporations, Households and Other Sectors (excluding GBCs)

Annual growth in bank loans[1], which stood at 4.0 per cent in June 2020, dropped to 2.8 per cent in March 2021, before recovering to 3.6 per cent in June 2021. Y-o-y growth in bank loans to corporates moderated from 3.5 per cent in June 2020 to 2.5 per cent in June 2021 and was largely driven by additional borrowings by 'Other Nonfinancial Corporations' (ONFCs). Bank loans to ONFCs rose by Rs13.6 billion in FY2020-21, mainly due to additional facilities granted to the *'Accommodation and food service activities'* and *'Real estate activities'* sectors. Loans to these sectors rose by 34.6 per cent and 35.6 per cent, respectively, during FY2020-21, compared to 11.3 per cent and 16.7 per cent, respectively, during FY2019- 20.

Y-o-y growth in bank loans to households rose from 5.1 per cent in June 2020 to 5.5 per cent in June 2021, reflecting higher expansion in housing loans. Annual growth in housing loans rose from 7.0 per cent in June 2020 to 7.8 per cent in June 2021. Household loans granted for 'other purposes'[2] grew modestly by 1.1 per cent in June 2021 compared to growth of 1.5 per cent in June 2020. The upturn in household borrowings mainly reflected growing consumer confidence and rising optimism over domestic economic recovery (Chart 2.12).

Chart 2.11: Selected Monetary Ratios



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

[2] *'Other purposes' include loans availed by households for acquisition of other consumer durable goods, purchase of land property, purchase of motor vehicles, education, medical expenses, purchase of equity, purchase of other financial assets, working capital/longer-term funds for proprietorships and other miscellaneous purposes.*

Chart 2.12: Y-o-y Change in Bank Loans to Corporates and Households

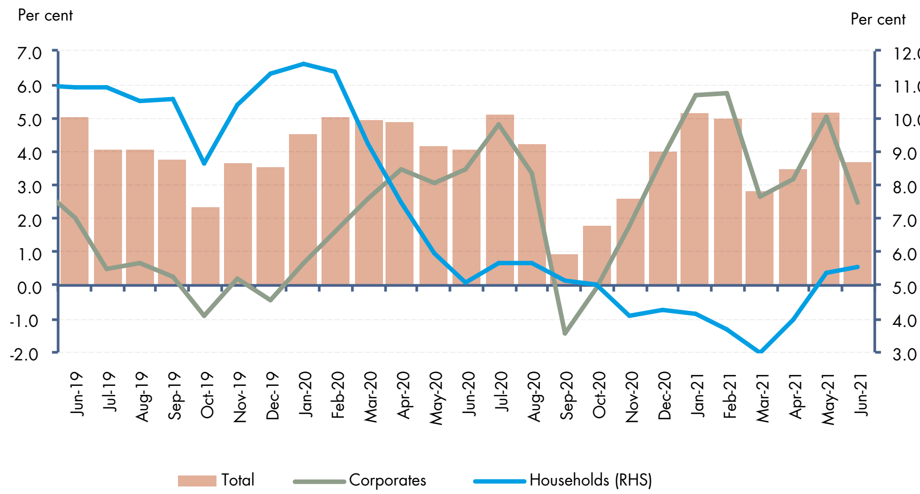
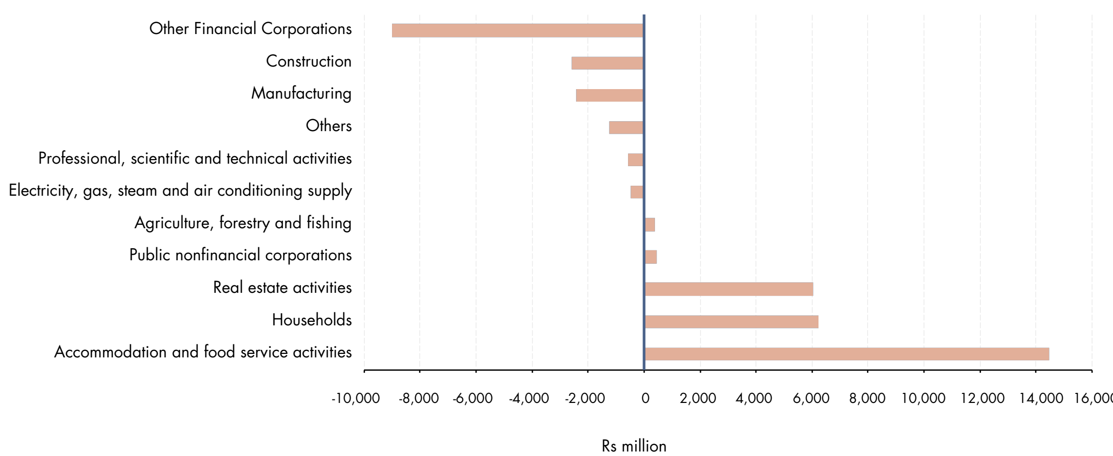


Chart 2.13: Contribution to the Increase in Bank Loans between June 2020 and June 2021



Bank lending to the *'Accommodation and food service activities'* sector picked up by 34.6 per cent from Rs41.8 billion as at end-June 2020 to Rs56.3 billion as at end-June 2021, mainly due to additional loans availed by *'Resort Hotels'* (Chart 2.13). Loans granted to this sector represented 17.2 per cent of total bank loans as at end-June 2021 compared to 13.2 per cent as at end-June 2020. Bank loans to the *'Real estate activities'* sector increased by 35.6 per cent from Rs17.0 billion as at end-June 2020 to Rs23.0 billion as at end-June 2021. This sector accounted for 7.0 per cent of total bank loans as at end-June 2021, up from 5.4 per cent as at end-June 2020.

The *'Construction'* sector accounted for 5.1 per cent of total bank loans as at end-June 2021, down from 6.1 per cent as at end-June 2020. Loans extended to this sector contracted by 13.4 per cent, largely explained by net-repayments in the 'Construction of Buildings' sub-sector. Likewise, borrowings in the *'Manufacturing'* sector fell by 10.9 per cent to Rs19.9 billion as at end-June 2021, primarily due to the decline in loans extended to the 'manufacture of wearing apparels' sub-sector.

New Loans Disbursed by Banks to Other Nonfinancial Corporations, Households and Other Sectors (excluding GBCs)

New loans disbursed by banks averaged Rs15.2 billion during FY2020-21, slightly higher compared to an average of Rs14.6 billion during FY2019-20. The ONFCs sector accounted for the bulk of new loans disbursed, holding a share of 69.6 per cent. New borrowings were mostly extended in rupee, averaging Rs11.5 billion in FY2020-21 compared to Rs10.8 billion in FY2019-20 while new loans in foreign currency averaged Rs3.7 billion compared to Rs3.9 billion (Charts 2.14 and 2.15).

Chart 2.14: New Loans Disbursed to Other Nonfinancial Corporations, Households and Other Sectors (excluding GBCs)

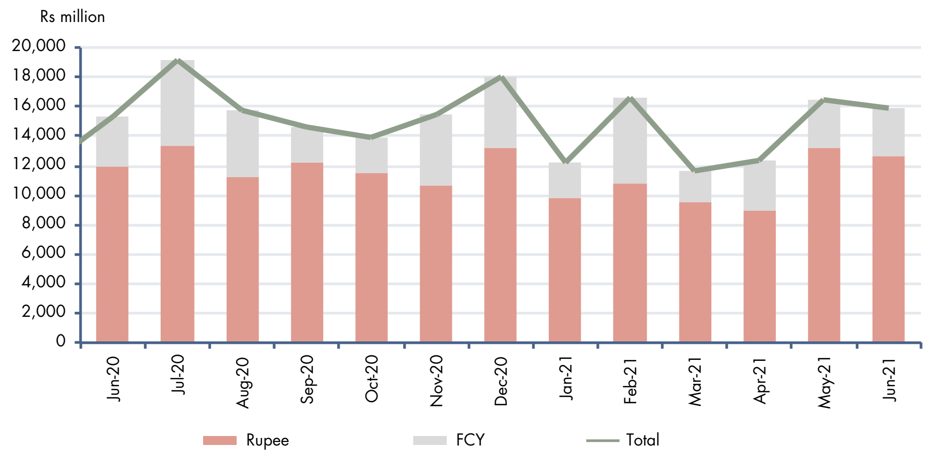
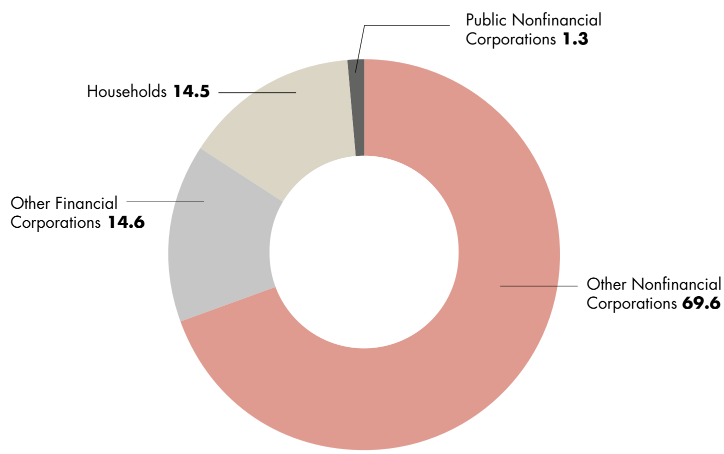


Chart 2.15: Share of Major Sectors in New Loans Disbursed during FY2020-21, Per cent



Maintenance of Cash Reserve Ratio

During FY2020-21, the fortnightly minimum Cash Reserve Ratio (CRR) that banks are required to maintain on their rupee deposits was maintained at 8.0 per cent. The required fortnightly minimum CRR on foreign currency deposits held by banks also remained unchanged at 6.0 per cent. Banks' annual average rupee excess reserves stood at Rs34.6 billion, up from Rs18.4 billion in the previous financial year. The annual average foreign currency excess reserves held by banks stood at an equivalent of Rs25.1 billion compared to Rs15.6 billion in FY2019-20. The overall average cash ratio increased to around 17 per cent compared to around 14 per cent during FY2019-20.

Excess cash holdings soared during the first half of FY2020-21, driven by rupee excess reserves that reached an all-time high of Rs49.6 billion on 17 December 2020. The upsurge in rupee excess reserves was mainly due to a net increase in government expenditure that was partly offset by net issuances of Government and Bank of Mauritius securities. During the second half of FY2020-21, foreign currency excess reserves reached a historical high equivalent to Rs45.6 billion on 28 January 2021, with part of these reserves serving as unencumbered high-quality liquid assets to meet banks' Liquidity Coverage Ratio. Chart 2.16 shows the evolution of excess rupee cash holdings and average rupee cash ratio, while Chart 2.17 depicts movements of foreign currency excess reserves and foreign currency cash ratio.

Chart 2.16: Rupee Excess Cash Holdings and Average Rupee Cash Ratio

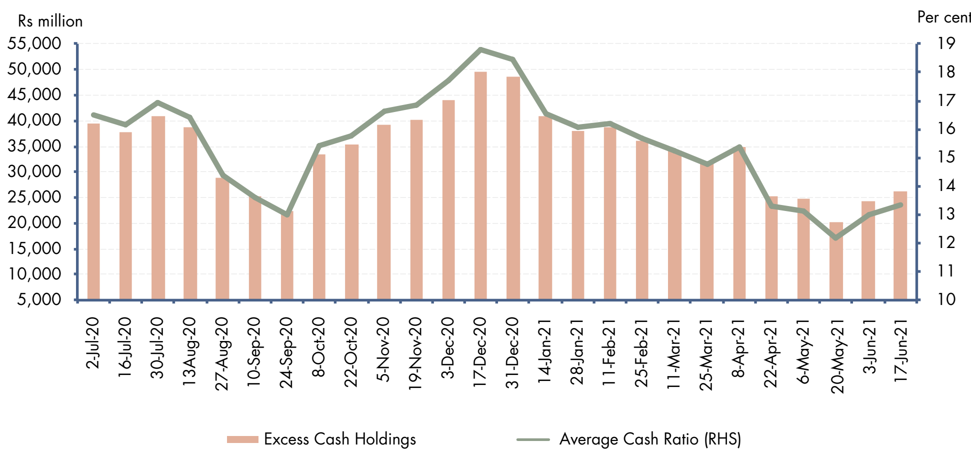
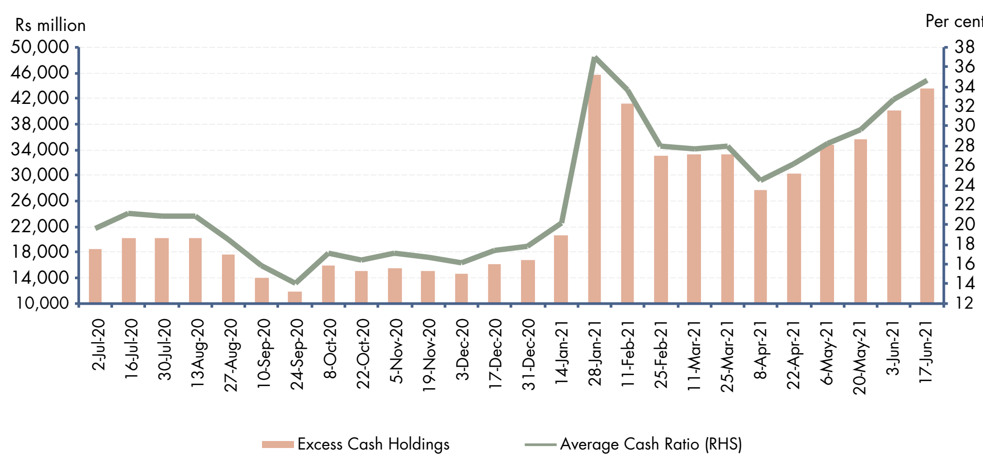


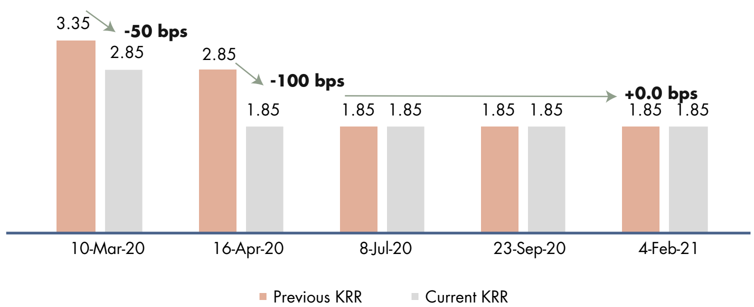
Chart 2.17: Rupee Equivalent of Foreign Currency Excess Cash Holdings and Average Foreign Currency Cash Ratio



Banks' Principal Interest Rates

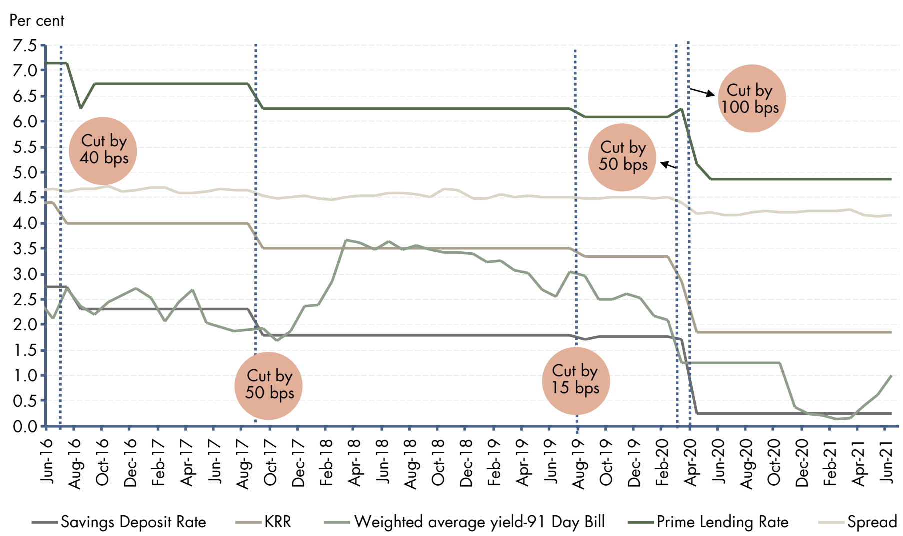
The Key Repo Rate (KRR) was kept unchanged at 1.85 per cent per annum at the three MPC meetings held during FY2020-21. Banks' Savings Deposit Rate (SDR) fluctuated between 0.15-0.60 per cent during FY2020-21, while the Prime Lending Rate (PLR) remained within a range of 4.00-6.85 per cent. The weighted average rupee deposit rate of banks dropped from 0.50 per cent in June 2020 to 0.43 per cent in June 2021. Banks' weighted average lending rate reached a peak of 4.73 per cent in September 2020, but subsequently inched down to 4.59 per cent in June 2021. The spread between the weighted average lending and deposit rates varied between 4.13 per cent and 4.26 per cent during FY2020-21 compared to a range of 4.17 per cent and 4.52 per cent during the preceding year (Charts 2.18 and 2.19).

Chart 2.18: Changes in the Key Repo Rate



Note: bps refers to basis points.

Chart 2.19: Evolution of Interest Rates



Maturity Pattern of Foreign Currency Deposits

Banks' total foreign currency (FCY) deposits rose by 23.9 per cent, from Rs757 billion as at end-June 2020 to Rs937 billion as at end-June 2021. Deposits denominated in US dollar remained the dominant FCY deposits held by banks, rising further from Rs577 billion as at end-June 2020 to Rs753 billion as at end-June 2021 (Chart 2.20).

The maturity structure of banks' FCY deposits remained broadly unchanged in FY2020-21. Of the total FCY deposits mobilised by banks, the share of transferable deposits increased from 69.7 per cent as at end-June 2020 to 71.7 per cent as at end-June 2021, while the share of time deposits dropped from 30.3 per cent to 28.3 per cent. More than 90 per cent of FCY time deposits were held in tenors of up to 12 months as at end-June 2021 (Chart 2.21).

EXTERNAL TRADE AND BALANCE OF PAYMENTS

The current account deficit is estimated to have widened in FY2020-21, resulting from a turnaround in the services account from surplus to deficit and lower surplus in the income account although the goods account deficit narrowed considerably (Table 2.1). The country recorded a larger overall balance of payments deficit in FY2020-21.

Reflecting the fallout of the COVID-19 pandemic on the Mauritian economy, the current account deficit worsened from Rs36.5 billion in FY2019-20 to Rs69.0 billion in FY2020-21. As a ratio to GDP, the current account deficit increased from 8.0 per cent to 15.8 per cent. The goods account deficit contracted by Rs11.7 billion, from Rs101.0 billion (or 22.1 per cent of GDP) in FY2019-20 to Rs89.4 billion (or 20.5 per cent of GDP) in FY2020-21.

Chart 2.20: Foreign Currency Deposits (Rs equivalent) Mobilised by Banks

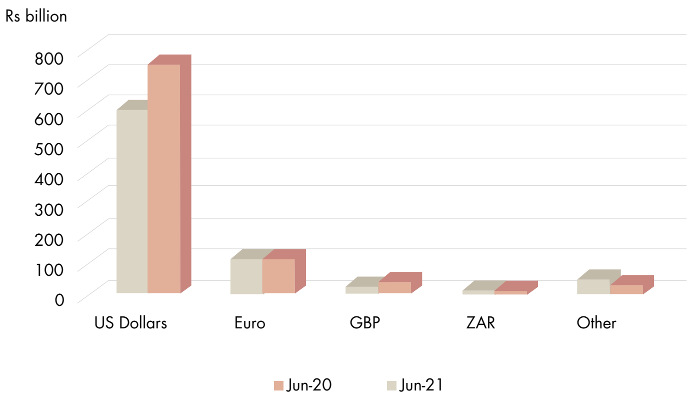
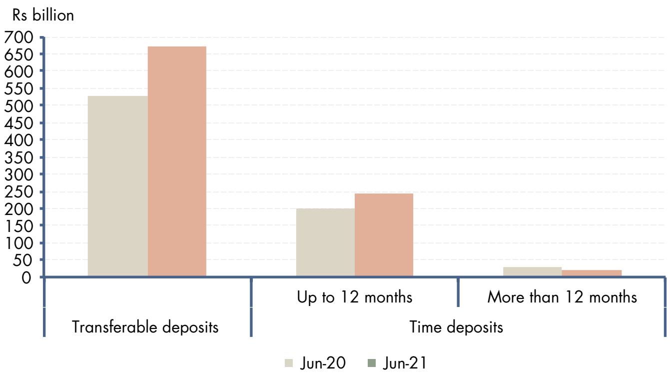


Chart 2.21: Maturity Structure of Foreign Currency Deposits



Total imports (c.i.f) declined by Rs2.4 billion, from Rs182.1 billion in FY2019-20 to Rs179.7 billion in FY2020-21, dragged down by *'mineral fuels, lubricants and related products'* imports and *'machinery and transport equipment'* imports falling by 22.3 per cent and 12.7 per cent, respectively. Total exports (f.o.b.) rose by Rs5.6 billion or 7.9 per cent, from Rs70.3 billion in FY2019-20 to Rs75.8 billion in FY2020-21, reflecting a pick-up in *'domestic exports'* and *'re-exports'*.

The services account posted a deficit to the tune of Rs12.9 billion in FY2020-21 as against a surplus of Rs23.1 billion in FY2019-20, largely due to the cessation of activities in the tourism sector. Gross tourism earnings plummeted to Rs2.5 billion in FY2020-21, from Rs48.1 billion in FY2019-20 following border closures and other travel restrictions introduced to address the COVID-19 pandemic. The primary income account surplus declined from Rs53.4 billion in FY2019-20 to Rs48.1 billion in FY2020-21, impacted by the slowdown in global economic activity and low international interest rates. The deficit on the secondary income account increased from Rs11.9 billion in FY2019-20 to Rs14.8 billion in FY2020-21. Chart 2.22 shows the main components of the current account for FY2014-15 through FY2020-21.

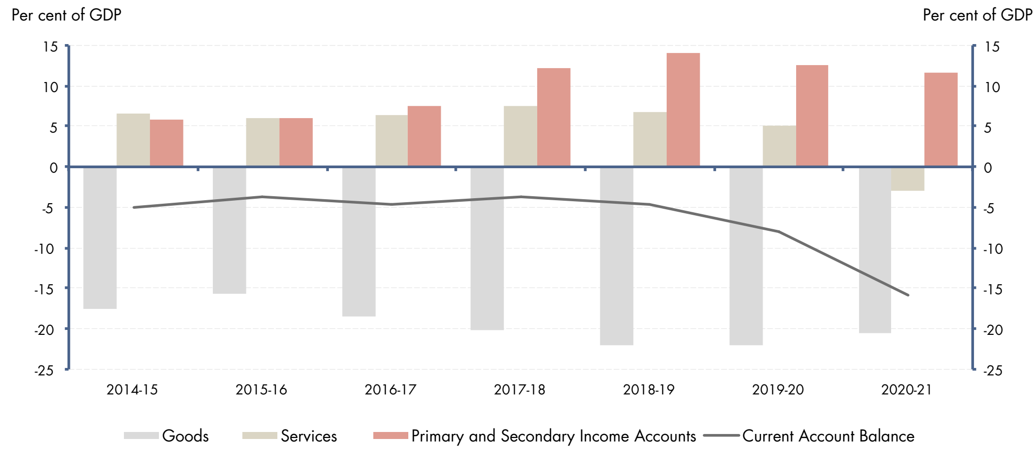
Table 2.1: Balance of Payments Summary

Rs million

	2016-17	2017-18	2018-19 [1]	2019-20 [1]	2020-21 [2]
Current Account	**-20,669**	**-17,758**	**-22,695**	**-36,452**	**-69,027**
Goods	**-82,083**	**-94,844**	**-107,685**	**-101,030**	**-89,372**
Exports (f.o.b.)	82,370	78,784	81,827	70,261	75,814
Imports (f.o.b.)	164,453	173,628	189,512	171,291	165,186
Services	**28,238**	**35,461**	**32,989**	**23,098**	**-12,949**
Primary Income	**42,909**	**53,648**	**66,926**	**53,401**	**48,070**
o/w global business	*36,125*	*45,778*	*50,251*	*39,533*	*39,554*
Secondary Income	**-9,733**	**-12,022**	**-14,925**	**-11,921**	**-14,776**
o/w global business	*-12,440*	*-11,976*	*-14,258*	*-13,924*	*-12,943*
Capital Account	**0**	**0**	**-109**	**0**	**0**
Financial Account*	**-23,476**	**-13,577**	**-25,922**	**-35,828**	**-69,509**
Direct Investment	-655,926	-429,157	-83,068	-115,289	-145,819
o/w global business	*-639,639*	*-418,490*	*-71,369*	*-104,742*	*-138,606*
Portfolio Investment	161,391	271,231	86,543	44,717	146,775
o/w global business	*142,687*	*205,936*	*30,235*	*27,233*	*92,567*
Financial derivatives	692,539	628,151	15,448	15,684	1,840
o/w global business	*695,076*	*626,985*	*16,290*	*14,337*	*2,481*
Other Investment	-240,124	-531,352	-62,366	22,594	-65,487
o/w global business	*-277,708*	*-458,292*	*24,718*	*2,987*	*-33,538*
Reserve Assets	**18,644**	**47,549**	**17,521**	**-3,534**	**-6,818**
Net Errors and Omissions	**-2,807**	**4,264**	**-3,118**	**624**	**-482**

[1] *Revised estimates.*
[2] *Preliminary estimates.*
* *As per the Balance of Payments and International Investment Position Manual - Sixth Edition (BPM6), Net inflows/ Net borrowing are shown as negative and Net outflows/ Net lending with a positive sign.*

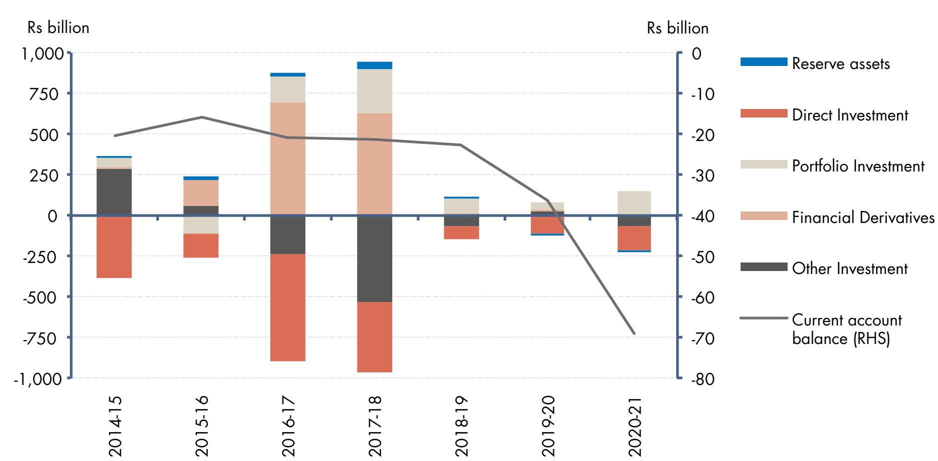
Chart 2.22: Components of the Current Account



Capital and Financial Account

Net inflows in the financial account have been estimated at Rs69.5 billion in FY2020-21, higher than Rs35.8 billion recorded in FY2019-20. Inclusive of Global Business Licence Holders (GBLHs) transactions, the direct investment account is estimated to have registered higher net inflows of Rs145.8 billion in FY2020-21 compared to Rs115.3 billion a year ago. Non-GBLHs' investment by non-residents in Mauritius, net of repatriation, amounted to Rs7.4 billion in FY2020-21. The *'Real estate activities'* sector remained the major recipient of these flows in the country. Excluding GBLHs' transactions, direct investment abroad, net of repatriation, is estimated at Rs0.2 billion in FY2020-21. The portfolio investment account, inclusive of GBLHs' transactions, is estimated to have recorded net outflows of Rs146.8 billion in FY2020-21, higher compared to Rs44.7 billion in FY2019-20. Non-residents' net disinvestments from the domestic capital market amounted to Rs1.5 billion in FY2020-21, lower compared to net disinvestments of Rs2.2 billion in FY2019-20. Chart 2.23 shows the financing of the current account from FY2014-15 to FY2020-21.

Chart 2.23: Financing of the Current Account



The 'other investment' account, inclusive of GBLHs' transactions, is estimated to have recorded net inflows of Rs65.5 billion in FY2020-21 as against net outflows of Rs22.6 billion in FY2019-20. The general government sector registered net disbursement of external loans of Rs21.4 billion in FY2020-21 compared to a net repayment of loans of Rs1.1 billion in FY2019-20.

Gross Official International Reserves

The Gross Official International Reserves (GOIR) of the country, comprising principally the gross foreign assets of the Bank and reserve position in the IMF, rose by Rs20.4 billion, from Rs289.5 billion as at end-June 2020 to Rs309.9 billion as at end-June 2021 (Chart 2.24). In US dollar terms, the GOIR rose from USD7,194.2 million to USD7,269.5 million over the same period. Based on the value of imports of goods (f.o.b.) and non-factor services for calendar year 2020, the GOIR of the country represented 18.2 months of imports as at end-June 2021 compared to 17.0 months as at end-June 2020, representing an adequate buffer against potential external shocks.

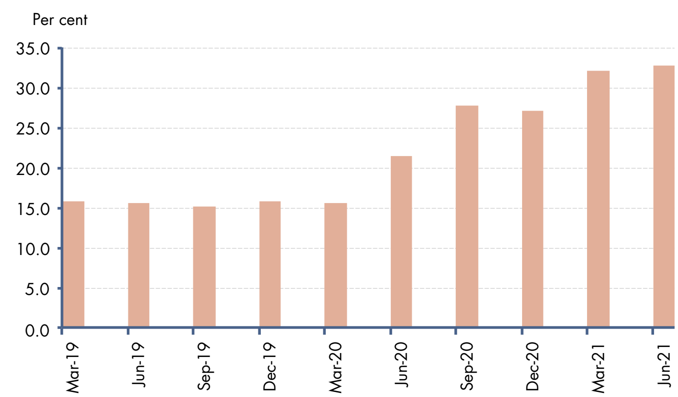
EXTERNAL VULNERABILITIES INDICATORS

The external vulnerabilities position of Mauritius weakened to some extent during FY2020-21, following a significant rise in the level of gross external debt and contraction in the exports of services. As a ratio to GDP, the gross external debt rose noticeably from 21.5 per cent as at end-June 2020 to 32.8 per cent as at end-June 2021. The ratio of gross external debt to exports of goods and services increased from 62.1 per cent to 129.1 per cent over the same period. The significant decline in imports of goods and services and rise in GOIR caused the ratio of GOIR to imports of goods and services to improve from 122.4 per cent in FY2019-20 to 145.6 per cent in FY2020-21.

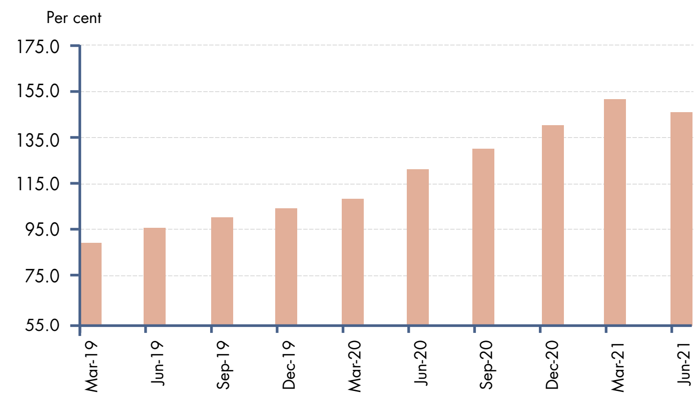
Chart 2.24: Gross Official International Reserves and Import Cover

External Vulnerabilities Indicators

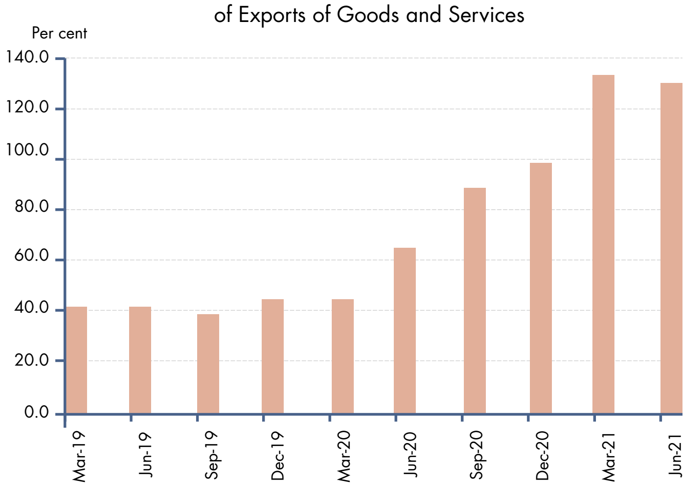
Gross External Debt as a Share of GDP



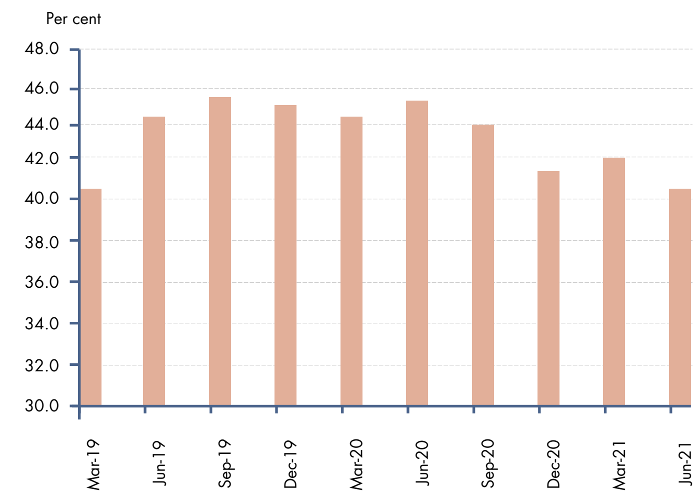
Reserves as a Share of Imports of Goods and Services



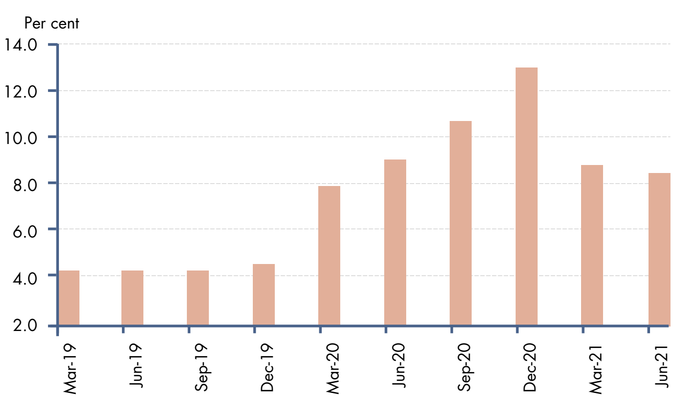
Gross External Debt as a Share of Exports of Goods and Services



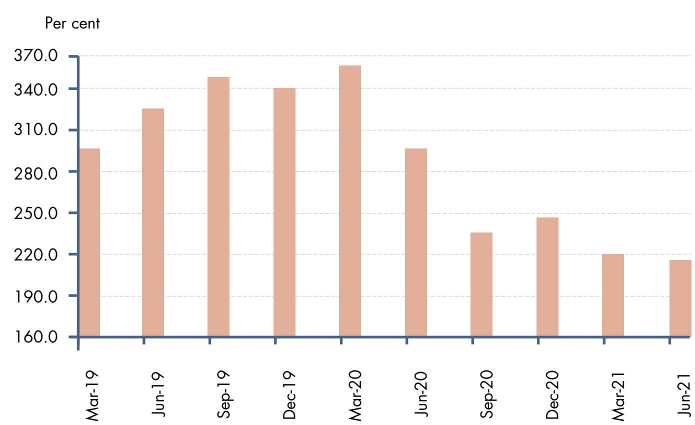
Reserves as a Share of Broad Money Liabilities



External Debt Service as a Share of Exports of Goods and Services



Reserves as a Share of Gross External Debt



International Investment Position

The net creditor position of Mauritius vis-à-vis non-residents weakened as at end-December 2020, mainly on account of lower net claims of GBLH on non-residents. The International Investment Position (IIP) statistics indicated that the country's net foreign asset position stood at Rs653 billion as at end-December 2020, down from Rs992 billion as at end-December 2019, reflecting mostly a decline in the net portfolio investment position (Table 2.2). Total claims on non-residents rose from Rs17,316 billion as at end-December 2019 to Rs19,283 billion as at end-December 2020. Total liabilities due to non-residents recorded a higher increase from Rs16,324 billion to Rs18,631 billion over the same period.

Table 2.2: International Investment Position: As at end-2019 and end-2020

Rs billion

		2019	2020			2019	2020
Net Foreign Asset Position		**992**	**653**				
o/w:	*Non-GBLH*	*433*	*528*				
	GBLH	*559*	*125*				
Claims on Non-residents		**17,316**	**19,283**	**Liabilities to Non-residents**		**16,324**	**18,631**
o/w:	*Non-GBLH*	*1,111*	*1,258*	*o/w:*	*Non-GBLH*	*678*	*729*
	GBLH	*16,205*	*18,026*		*GBLH*	*15,646*	*17,901*
Direct Investment		*9,947*	*11,394*	*Direct Investment*		*11,817*	*13,333*
o/w:	*Non-GBLH*	*26*	*27*	*o/w:*	*Non-GBLH*	*212*	*225*
	GBLH	*9,922*	*11,367*		*GBLH*	*11,605*	*13,108*
Portfolio Investment		*4,757*	*5,397*	*Portfolio Investment*		*1,154*	*2,017*
o/w:	*Non-GBLH*	*262*	*350*	*o/w:*	*Non-GBLH*	*42*	*44*
	GBLH	*4,494*	*5,047*		*GBLH*	*1,112*	*1,973*
Other Investment		*2,225*	*2,076*	*Other Investment*		*3,323*	*3,234*
o/w:	*Non-GBLH*	*552*	*591*	*o/w:*	*Non-GBLH*	*421*	*458*
	GBLH	*1,674*	*1,485*		*GBLH*	*2,902*	*2,776*
Financial Derivatives		*117*	*129*	*Financial Derivatives*		*31*	*46*
o/w:	*Non-GBLH*	*2*	*2*	*o/w:*	*Non-GBLH*	*3*	*3*
	GBLH	*115*	*127*		*GBLH*	*28*	*43*
Reserve Assets		*269*	*288*				

Workers' Remittances

Inward workers' remittances have been estimated at Rs2,869 million in FY2020-21, higher compared to Rs2,726 million in FY2019-20. The top ten source countries for inward workers' remittances accounted for 71.7 per cent of the total in FY2020-21 (Table 2.3). As a percentage of GDP, inward remittances stood at 0.7 per cent in FY2020-21, higher than 0.6 per cent in FY2019-20.

Outward workers' remittances have been estimated at Rs8,032 million in FY2020-21, higher than Rs7,067 million in FY2019-20 (Table 2.4). Workers' remittances to Bangladesh and India, the top two destination countries, amounted to Rs3,310 million (or 41.2 per cent of the total) and Rs2,598 million (or 32.3 per cent of the total), respectively.

The overall average charges for inward and outward remittances inched down during FY2020-21, averaging 0.04 per cent and 0.7 per cent, respectively. Mauritius remained compliant with the United Nations Sustainable Development Goals, target 10.c, that is, to reduce to less than 3 per cent the transaction costs of migrant remittances.

Table 2.3: Inward Workers' Remittances, Top 10 Source Countries

	2019-20		2020-21	
	Amount (Rs million)	Share (%)	Amount (Rs million)	Share (%)
Inward Remittances	**2,726**		**2,869**	
France	623	22.9	781	27.2
United Kingdom	353	13.0	391	13.6
USA	58	2.1	129	4.5
Ireland	82	3.0	103	3.6
Switzerland	284	10.4	165	5.7
Italy	99	3.6	106	3.7
Canada	36	1.3	49	1.7
United Arab Emirates	223	8.2	86	3.0
Australia	72	2.6	118	4.1
Belgium	85	3.1	130	4.5

Table 2.4: Outward Workers' Remittances, Top 5 Destination Countries

	2019-20		2020-21	
	Amount (Rs million)	Share (%)	Amount (Rs million)	Share (%)
Outward Remittances	**7,067**		**8,032**	
Bangladesh	2,395	33.9	3,310	41.2
India	2,889	40.9	2,598	32.3
France	309	4.4	360	4.5
South Africa	134	1.9	134	1.7
United Kingdom	99	1.4	166	2.1

GOVERNMENT FINANCE

Fiscal Dynamics in FY2020-21

Since the onset of COVID-19 in March 2020, government finances remained under significant pressure, mainly reflecting subdued tax revenue and extended financial support to businesses and individuals. These support measures were maintained during FY2020-21 as the economic fallout of the pandemic lingered and deeply affected a number of key sectors.

Tax collection dropped in FY2020-21 owing to the fall in income and consumption spending. Tax revenue fell from Rs89.0 billion in FY2019-20 to Rs82.9 billion in FY2020-21, led by declines of Rs2.2 billion and Rs4.8 billion in taxes on income and profits and taxes on property, respectively.

Government expenditure increased by Rs14.8 billion, from Rs165.3 billion in FY2019-20 to Rs180.1 billion in FY2020-21, reflecting the roll-out of fiscal measures, notably Wage Assistance Scheme and Self-Employed Assistance Scheme to support businesses and the self-employed who were financially distressed by the COVID-19 pandemic. Social benefits rose from Rs43.0 billion in FY2019-20 to Rs45.7 billion in FY2020-21 on account of provision of social relief during the confinement period. Transfer to Special Funds increased from Rs12.1 billion to Rs31.7 billion over the same period. In contrast, subsidies provided by Government dropped by Rs7.3 billion, from Rs15.6 billion to Rs8.2 billion. The budget deficit amounted to Rs24.6 billion in FY2020-21 compared to Rs63.6 billion in

FY2019-20. As a ratio to GDP, the budget deficit improved considerably from 13.6 per cent in FY2019-20 to 5.6 per cent in FY2020-21, primarily on account of the one-off exceptional contribution of Rs60 billion from the Bank of Mauritius. As a result, government borrowing requirements decreased from Rs69.8 billion in FY2019-20 to Rs40.0 billion in FY2020-21.

Outlook for FY2021-22

For FY2021-22, the budget deficit is estimated to remain contained at 5.0 per cent of GDP, reflecting Government's efforts to rein in the budget deficit and expectations of a robust rebound in economic activity. Recurrent revenue is estimated to rise by Rs6.7 billion, from Rs127.1 billion in FY2020-21 to Rs133.8 billion in FY2021-22. Taxes on goods and services are expected to increase by nearly Rs20.0 billion in FY2021-22 on the back of buoyant consumption spending while taxes on income and profits are forecast to rise by Rs6.4 billion.

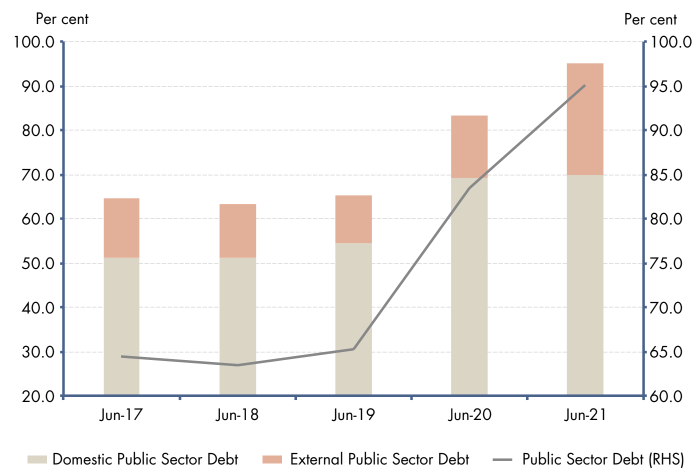
Government expenditure is estimated to drop by Rs17.5 billion, from Rs180.1 billion in FY2020-21 to Rs162.6 billion in FY2021-22. Recurrent expenditure is estimated at Rs135.3 billion, down by Rs1.1 billion compared to the preceding fiscal year mainly on the basis of declines in subsidies and other expense. Capital expenditure is forecast to be lower by Rs16.4 billion, mainly on account of a significant decrease in the transfer to special funds. Nonetheless, spending on major public sector infrastructure projects is anticipated to accelerate in FY2021-22 in a bid to boost economic growth. Acquisition of non-financial assets is forecast to increase from Rs8.0 billion in FY2020-21 to Rs13.9 billion in FY2021-22. Government borrowing requirements are estimated to amount to Rs30.6 billion, representing 6.1 per cent of GDP, and are projected to be fully financed from domestic sources.

Public Sector Debt

Although fiscal measures have undoubtedly supported individuals and businesses adversely impacted by the COVID-19, these measures have also led to a rise in public sector debt. Public sector debt rose by nearly 10 per cent, from Rs381.8 billion as at end-June 2020 to Rs419.3 billion as at end-June 2021. Budgetary Central Government domestic debt fell by 1.5 per cent, from Rs299.4 billion to Rs294.6 billion, reflecting the drop in the issuance of Government securities of short and medium term tenors. In contrast, issuance of long-term securities increased by 9.0 per cent from Rs195.2 billion as at end-June 2020 to Rs212.1 billion as at end-June 2021. Budgetary Central Government external debt rose from Rs43.7 billion to Rs85.3 billion during the period under review.

Public sector debt increased from 83.4 per cent of GDP as at end-June 2020 to 95.0 per cent of GDP as at end-June 2021 (Chart 2.25). Public sector domestic debt, which accounts for almost 70 per cent of GDP, declined from Rs317.0 billion to Rs308.0 billion. In contrast, public sector external debt increased from Rs64.8 billion as at end-June 2020 to Rs110.9 billion as at end-June 2021, representing 25.1 per cent of GDP.

Chart 2.25: Public Sector Debt as a Ratio to GDP



GLOBAL ECONOMIC DEVELOPMENTS

The global economy continued to recover but the growth momentum has weakened amid the headwinds from the Delta variant and supply chain disruptions. In its October 2021 World Economic Outlook report, the IMF trimmed its 2021 global growth forecast to 5.9 per cent, from the 6.0 per cent forecast made in July 2021. Lingering supply disruptions and softer consumption have led to some downward revisions for some advanced economies. In particular, growth in the US was marked down by 1.0 percentage point (p.p.) to 6.0 per cent, while that of the UK was downgraded by 0.2 p.p. to 6.8 per cent. The IMF also cut growth forecasts for other advanced economies - Germany's growth was reduced by 0.5 p.p. to 3.1 per cent while Japan's growth was lowered by 0.4 p.p. to 2.4 per cent.

Growth in Emerging Market and Developing Economies has been revised slightly upward to 6.4 per cent in 2021 while growth in Low-Income Developing Countries was scaled down by 0.9 p.p. to 3.0 per cent amid evolving pandemic trends and slow roll-out of vaccines. China's

2021 growth forecast was trimmed by 0.1 p.p. to 8.0 per cent, mostly due to a faster-than-expected scaling back of public investment spending. India's growth forecast was unchanged at 9.5 per cent but prospects in other emerging Asian countries have weakened due to a worsening of the pandemic. The IMF underscored vaccine access as the determining factor in driving the global recovery, in particular gaps in recovery momentum across economies. Global growth forecast for 2022 was maintained at 4.9 per cent, assuming further progress in vaccine coverage and accommodative fiscal and monetary support remain in place.

Global inflationary pressures surfaced in FY2020-21 given unusual pandemic-related developments and supply-demand mismatches, although these factors were expected to be transitory. The upturn in headline inflation rates also reflected the recovery in energy and other commodity prices and a surge in freight and shipping costs. The IMF projects global inflation to increase from 3.2 per cent in 2020 to 4.3 per cent in 2021.

The global oil market has witnessed a significant improvement during FY2020-21. The pick-up in oil demand as economies re-opened, coupled with a large drop in oil inventories and reduced uncertainty resulted in a strong rebound in crude oil prices, surpassing levels reached before the pandemic. Market confidence also improved as OPEC and participating non-OPEC countries have, in the Declaration of Cooperation, undertaken to maintain strong conformity levels in their voluntary production adjustments. ICE Brent traded at USD75.13 a barrel at end-June 2021 compared to USD41.15 at end-June 2020.

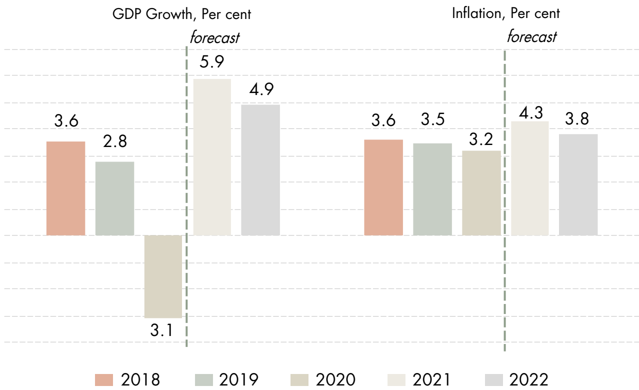
The Food and Agriculture Organisation (FAO) Food Price Index, which provides a broad indication of movements of global food prices, increased in FY2020-21 due to higher prices of almost all of its sub-components, barring meat. The FAO Food Price Index rose by 15.3 per cent in FY2020-21 compared to FY2019-20, mainly reflecting a surge of 50.4 per cent in the price of vegetable oil due to production slowdown in leading producing countries and firm global import demand.

Global financial conditions remained accommodative to support economic recovery. Central banks in major advanced economies, notably US Federal Reserve, European Central Bank and the Bank of England, have maintained their asset purchase programmes during FY2020-21. Their decision to keep policy rates unchanged reflected, to some extent, anchored inflation expectations as well as the view that price increases were temporary. In contrast, several central banks in major emerging economies such as Brazil, Russia, Turkey and Mexico tightened monetary policy in 2021 to contain domestic inflationary pressures.

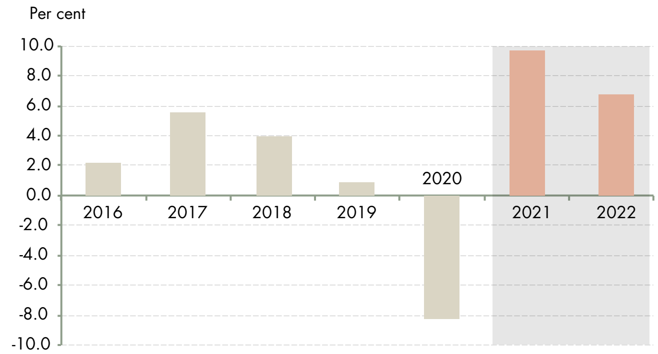
Receding uncertainty as a result of progress in vaccine roll-out, coupled with expectations of prolonged accommodative US monetary policy, undermined the performance of the US dollar in FY2020-21. The Dollar Index decreased by 6.3 per cent in FY2020-21 as against a gain of 2.0 per cent in FY2019-20. The euro appreciated by 7.9 per cent against the US dollar, trading at an average of USD1.19 in FY2020-21 compared to USD1.11 in FY2019-20, on account of increased market confidence in the recovery of the euro area economy and improving global economic climate.

Selected Global Economic Indicators

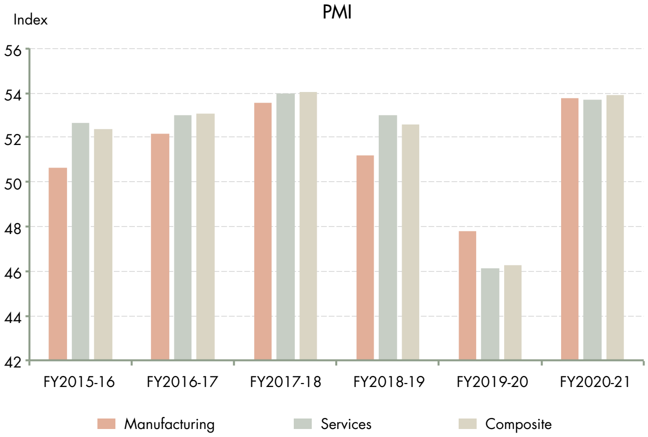
Global Economy



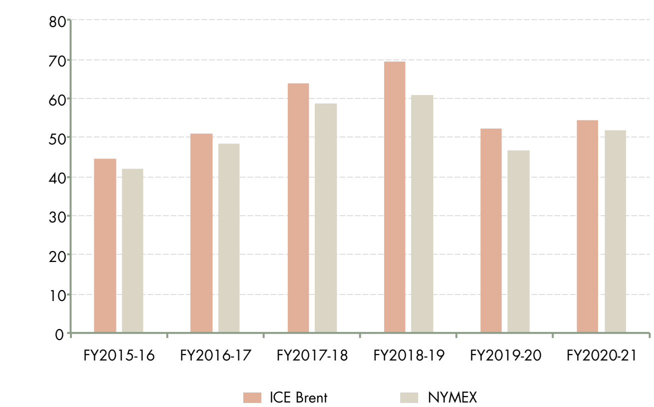
World Trade Growth



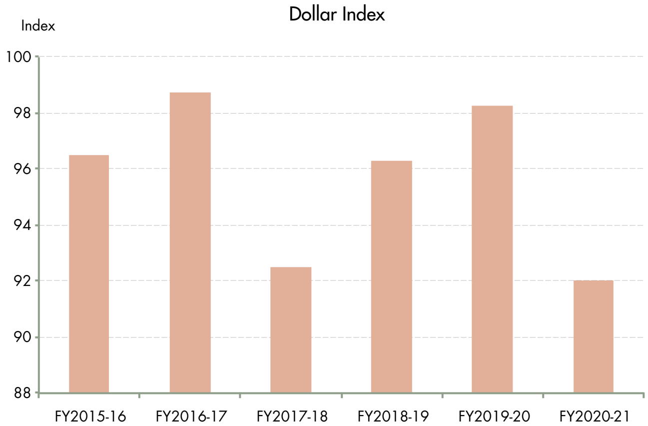
PMI



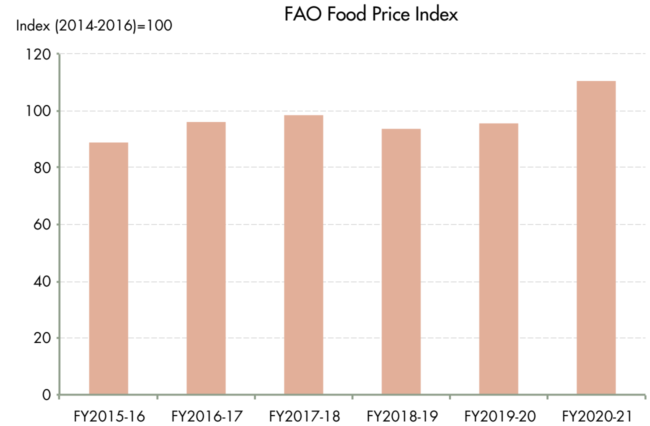
Crude Oil Prices, USD per barrel



Dollar Index



FAO Food Price Index



Sources: IMF, Markit, Reuters and FAO.

REVIEW OF THE ECONOMY

MONETARY POLICY DURING FY2020-21

The Monetary Policy Committee (MPC) of the Bank met on three occasions during FY2020-21 and voted unanimously at these meetings to keep the Key Repo Rate (KRR) unchanged at 1.85 per cent per annum.

The 56th meeting of the MPC was held on 8 July 2020. The MPC noted that the global economy remained fraught with uncertainty as countries continued to be subject to the adverse effects of the COVID-19 pandemic, resulting in global growth downgrades. Weaker domestic demand due to national lockdowns and low commodity prices further pushed global inflation down. MPC members discussed the effects of the pandemic on the domestic economy and noted that output had been adversely impacted by the imposition of confinement measures. The Mauritian economy, in particular key sectors such as tourism and manufacturing, was already being buffeted by the pandemic. Members noted that household consumption and private investment would remain subdued in 2020. Domestic inflation had remained low and stable and was projected to remain broadly contained, barring exogenous shocks. Members concurred that there might be a paradigm shift in the way monetary policy had been operating and discussed the role of monetary policy, including unorthodox measures taken to support the economy during the health crisis. While they viewed that the previous cumulative 150 basis points cut in the KRR was still working through the economy, they agreed that the current monetary policy stance was appropriate as it would help to revive growth and mitigate the impact of COVID-19 on the economy.

At its 57th meeting held on 23 September 2020, the MPC noted that the global economic landscape continued to remain subject to uncertainty due to the pandemic. The OECD had estimated that global output would contract at a lower rate of 4.5 per cent in 2020, underpinned mainly by better growth performance for China, US and the euro area. Global inflationary pressures remained contained amid low commodity prices, muted wage pressures and weak aggregate demand. On the domestic front, MPC members noted that domestic economic activity had started to recover from the lows of 2020Q2 following the lifting of confinement measures in June 2020. However, they conceded that the uncertainty characterising the economic outlook was quite strong and warranted caution. The MPC also viewed that risks to the inflation outlook remained on the downside in the absence of exogenous shocks. The low inflation environment was deemed to support economic growth and development. The MPC agreed that the principal concern for monetary policy ought to remain focused on supporting the recovery of the economy by keeping an accommodative monetary policy stance as long as necessary to revive growth.

The 58th MPC meeting was held on 4 February 2021, during which the Committee noted that the outlook for the global economy had improved following the successful development and roll-out of COVID-19 vaccines. Growth forecasts for the global economy and for some of Mauritius' major trading partners had been revised upwards. Nonetheless, MPC members acknowledged that the global economic environment remained subject to uncertainty and growth in a majority of countries would fall short of their pre-pandemic levels in the near term. Global inflation also remained subdued and below targets. Turning to the domestic economy, members noted that output had recovered during 2020Q3 following the lifting of confinement measures. Consumption expenditure had also rebounded. In discussing the outlook for real GDP growth, MPC members took note that the forecasts under the baseline scenario had been revised upward, reflecting the improving global economic outlook and resiliency of the domestic economy. With regard to the outlook for inflation, they agreed that underlying inflationary pressures were expected to remain subdued in 2021. MPC members viewed that the current monetary policy stance supported economic recovery.

REGULATION AND SUPERVISION

1839: Central Market of Port Louis

After being shifted around between Le Jardin de la Compagnie and Port Louis Theatre area for a while during the early colonial period, the Central Market of Port Louis ultimately settled in what was previously the 'Bassin des Chaloupes' and presently its current location. The front structure of the Central Market dates back to 1839.

The facade was elaborately decorated with wrought ironwork, floral patterns, inscriptions and a stone arch. The market has always been a bustling trading place with stalls manned by immigrants from India and China. Today, the market place remains a lively and colorful place which makes it an iconic tourist attraction.

REGULATION AND SUPERVISION

BANKING SECTOR DEVELOPMENTS

The Bank regulates and supervises banks, non-bank deposit taking institutions (NBDTIs) and cash dealers whereas other financial corporations fall under the regulatory purview of the Financial Services Commission (FSC).

The banking sector remained resilient during FY2020-21, underpinned by strong capital and liquidity positions of banks. Support measures rolled out by the Bank have helped the banking sector weather the adverse impact of the COVID-19 pandemic. These measures have provided assistance to households and corporates financially impacted by COVID-19, while risks to the stability of the financial system were duly mitigated. Notwithstanding the challenges posed by the pandemic, banks' balance sheets continued to grow with deposit funding. The rise in deposits over the period under review most likely reflected precautionary savings. However, uncertainty surrounding the pace of the economic recovery, which may impact on the ability of households and corporates to repay their debts, still pose challenges to the banking sector. The Bank is cognizant of the risks facing financial institutions and is constantly monitoring the financial health of entities under its purview while ensuring that they adhere to supervisory and regulatory guidelines.

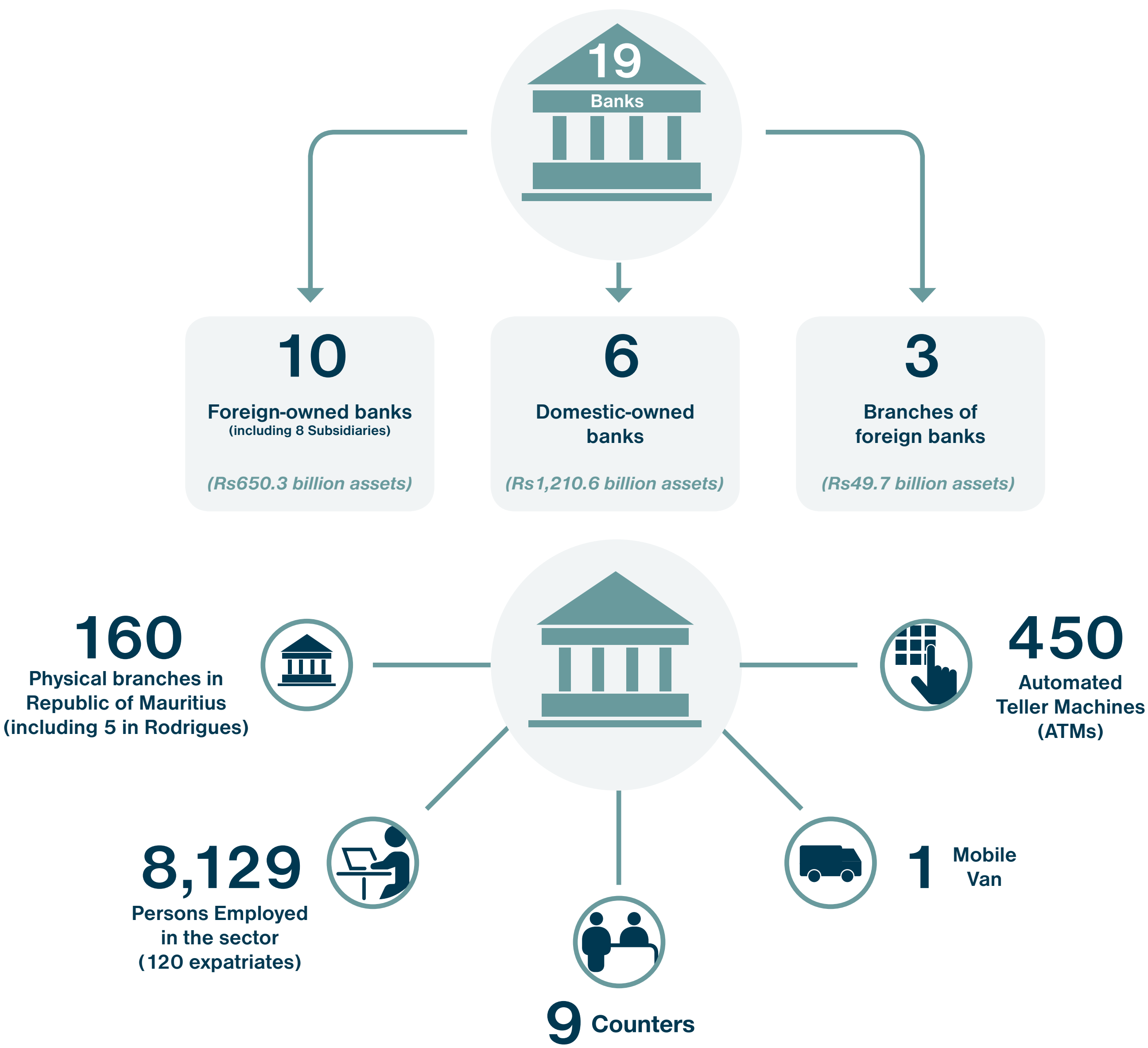
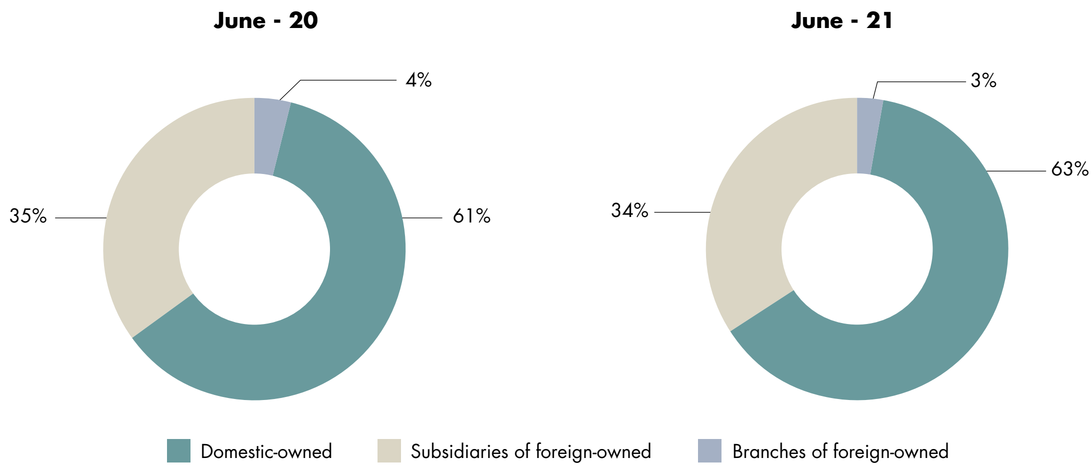


Chart 3.1: Assets of Banks, Share to Total



The banking sector's total assets represented about 445 per cent of GDP as at end-June 2021. Assets of domestic-owned banks constituted 63 per cent of total banking sector assets while assets of foreign-owned subsidiaries and branches represented 34 per cent and 3 per cent of total assets, respectively (Chart 3.1).

Of the 19 banks, five banks are identified as Domestic Systemically-Important Banks (D-SIBs) and are subject to enhanced supervision by the Bank, in line with the regulatory and supervisory framework of the Basel Committee on Banking Supervision (BCBS). The five banks maintained their status as D-SIBs, following the conclusion of the latest annual assessment. As at end-June 2021, D-SIBs' total assets stood at Rs1,305 billion, representing 68 per cent of total banks' assets, 69 per cent of total banks' deposits and 66.3 per cent of total banks' loans.

In June 2014, the Bank issued the Guideline for Dealing with D-SIBs which sets out the methodology to be applied for assessing the systemic importance of banks and the ensuing capital surcharge to be maintained by them. These D-SIBs are required to hold a capital surcharge ranging from 1.0% to 2.5% of their risk weighted assets depending on their systemic importance. The assessment consists of identifying those banks whose resident assets represent at least 3.5% of GDP at market prices. Once these banks are identified, their importance in terms of five key indicators namely, size, exposure to large groups, interconnectedness, complexity and substitutability are computed on the basis of data provided. With these measures, the Bank aims at improving the resilience of D-SIBs to face shocks.

REGULATION AND SUPERVISION

Regulatory Developments during FY2020-21

COVID-19

In the context of the COVID-19 pandemic, amendments to the Bank's regulatory framework have been mainly geared towards fostering the resilience of financial institutions, easing the flow of credit to the real economy and addressing other regulatory concerns. The measures taken were in line with recommendations of the BCBS and those adopted by other central banks.

With a view to mitigating the adverse impact of COVID-19 on the financial system, the Bank provided capital relief to banks through the deferral of the last tranche of the capital conservation buffer until 1 April 2022, as well as the introduction of transitional arrangements for regulatory capital treatment of IFRS 9 provisions for expected credit losses. To further facilitate access to credit, the Bank reviewed the threshold for the Debt-to-Income ratio applicable to residential property loans.

During FY2020-21, banks were advised to refrain from paying dividends so as to maintain adequate capital buffers to absorb potential losses that might be incurred due to COVID-19. This measure was also adopted by a number of central banks worldwide. In line with the new Guideline on Payment of Dividend issued on 25 September 2020, the Bank is now considering payment of dividend on a case-to-case basis, subject to compliance with the requirements of the said guideline. In parallel, the Task Force on Banking Sector Resilience, which comprises the Bank and representatives from the banking sector, met regularly to, *inter alia*, discuss current and emerging risks, and the unwinding of COVID-19 measures.

During FY2020-21, activity and profitability of money changers and foreign exchange dealers were undermined by the fallout of COVID-19. Following representations from these institutions, the Banking (Processing and Licence Fees) (Amendment) Regulations 2021 were issued by the Bank with the approval of the Minister of Finance, Economic Planning and Development on 3 May 2021. These Regulations empowered the Bank to adjust the licence fee of money changers and foreign exchange dealers for FY2020-21. Accordingly, the Bank waived the annual licence fees for cash dealers that met the eligibility criteria, as laid down in the Regulations.

Further, the Bank streamlined reporting requirements during the national lockdown periods to allow financial institutions to focus on critical functions. Flexibility was provided for the submission of audited financial statements and other statutory reports.

Climate change

Climate change is gaining prominence worldwide, with major central banks incorporating climate change in their risk assessment. To this end, the Bank is fully committed to incorporate climate-related and environmental risks in its supervisory framework to ensure that the financial system is resilient to these risks.

Since joining the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) in 2020, the Bank has been actively participating in projects of the different workstreams of the NGFS. Further, as announced in Budget 2021-22, the Bank has taken the inaugural steps for the establishment of its Climate Change Centre, with the Task Force on Climate-related and Environmental Financial Risks having already held its first meeting in 2021. The Bank is working on its supervisory expectations regarding climate-related and environmental financial risks, which will ultimately be issued to banks for consultation.

Other regulatory measures

The COVID-19 pandemic further underscored the need for revamping the financial sector landscape, with remote access and work from home arrangements becoming increasingly necessary to ensure operational resilience. Additionally, digital services offered by banks and other payment service providers have gathered momentum and are expected to expand further.

The Bank has initiated several projects with a view to enhancing its supervisory framework to keep pace with current innovations. With the assistance of IMF-AFRITAC South, the Bank is developing a conducive licensing and regulatory framework for the establishment of digital banks and a guideline on cyber and technology risk management. The Bank is also drafting a guideline on the use of cloud services, with a view to providing more clarity on its supervisory expectations regarding usage of cloud to the industry. The Bank is also working on the establishment of a fintech innovation hub and digital lab for payment and banking solutions and the relevant guideline on the usage of application programming interface for open banking.

The guidelines for banks licensed to carry on private banking business have equally been fully revamped to reflect new developments in the area and a draft guideline for private banking business has been issued for public consultation.

Main Developments in the Regulatory and Supervisory Sphere During FY2020-21

Amendment to existing guidelines / New guidelines

Guideline on Agent Banking	The Guideline on Agent Banking was revised to, *inter alia,* include provisions in respect of encashment of cheques by agents.
Guidelines on the implementation of Targeted Financial Sanctions under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019	The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (the 'UN Sanctions Act') was enacted to enable the Government of Mauritius to implement targeted sanctions, including financial sanctions, arms embargo and travel ban, and other measures imposed by the United Nations Security Council under Chapter VII of the Charter of the United Nations, with a view to addressing threats to international peace and security, including terrorism, the financing of terrorism and proliferation of weapons of mass destruction. In August 2020, the National Sanctions Secretariat, established under the UN Sanctions Act, issued the "Guidelines on the implementation of Targeted Financial Sanctions under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019" to assist reporting persons, namely banks and other financial institutions licensed by the Bank of Mauritius, amongst others, with the implementation of the restrictive measures, in particular the financial prohibitions prescribed under the Act.
Guideline on Cross-Border Exposure	On 4 September 2020, the Bank issued a new Guideline on Cross-Border Exposure, which lays down a set of minimum standards to be followed by banks in respect of their cross-border exposure. These standards provide for a risk-based management framework aiming to mitigate the main cross-border banking risks.
Guideline on Payment of Dividend	On 25 September 2020, a new Guideline on Payment of Dividend was issued to set out the regulatory and prudential requirements to be observed by banks and non-bank deposit taking institutions before declaring dividend payments or other transfers from profits in addition to those already stipulated in the Banking Act. The Guideline also offers a forward-looking approach to the preservation of capital by banks and non-bank deposit taking institutions.
Guidelines on Outsourcing by Financial Institutions	On 13 October 2020, the Guidelines on Outsourcing by Financial Institutions were amended to require financial institutions to strictly adhere to the Data Protection Act and the Banking Act, including confidentiality provisions set out under Section 64 thereof, when storing customers' information on the cloud.
Guideline on Liquidity Risk Management	On 11 January 2021, the Guideline on Liquidity Risk Management was, in consideration of the impact of the COVID-19 pandemic, revised to provide banks with some flexibility regarding the Liquidity Coverage Ratio for foreign currency.
Capital Adequacy Ratio	In May 2020, because of the COVID-19 pandemic, the Bank deferred the phased implementation of the last tranche of the capital conservation buffer (CCB) of 0.625% to 1 January 2021. On 11 January 2021, the implementation of the last tranche was further deferred to 1 April 2022, such that banks will be required to maintain a CCB of 1.875% until 31 March 2022.

REGULATION AND SUPERVISION

Transitional Arrangements for Regulatory Capital Treatment of IFRS 9 Provisions under Expected Credit Losses	On 13 January 2021, the Bank introduced transitional arrangements for regulatory capital treatment of IFRS 9 provisions for expected credit losses with a view to alleviating the impact of the COVID-19 pandemic on provisioning levels of financial institutions.
Application of IFRS 9	On 13 January 2021, the Bank provided additional guidance to banks and non-bank deposit taking institutions on the application of IFRS 9 in context of COVID-19.
Guideline on the Recognition and Use of External Credit Assessment Institutions	On 1 April 2021, the list of recognised External Credit Assessment Institutions (ECAIs) under the Guideline on the Recognition and Use of ECAIs was updated to include an additional ECAI under the indirect recognition method.
Guideline on the Computation of Debt-to-Income Ratio for Residential Property Loans	On 17 June 2021, the Guideline on the Computation of Debt-to-Income Ratio for Residential Property Loans was reviewed and the Debt-to-Income Ratio limit for single and joint borrowers was increased to 50 per cent.
Guideline on Scope of Application of Basel III and Eligible Capital	On 28 June 2021, the Guideline on Scope of Application of Basel III and Eligible Capital was revised to widen the scope of eligible investment, in line with the Basel III standards on the definition of eligible capital.

Other Supervisory Developments

Risk-based supervision	The Bank continued to make progress towards the implementation of a Risk-Based Supervision framework with technical assistance from the World Bank. As one of the components of supervisory effectiveness, staff training also remains high on the Bank's agenda.
Climate change	Subsequent to announcement made in the Budget 2021-22, the Bank is in the process of establishing a Climate Change Centre, in line with latest practices at other central banks. Further, the Bank initiated work on supervisory expectations regarding climate-related and environmental risks.
Central KYC (CKYC)	Meetings have been held with the relevant stakeholders to pave the way for an enabling CKYC Registry project, which will provide fast and reliable KYC information. The project will be implemented in a phased manner.
Century Banking Corporation Ltd (Revocation of banking licence)	On 24 August 2020, the Bank revoked the Islamic Banking Licence of Century Banking Corporation Ltd with immediate effect, under section 17 of the Banking Act 2004.
Surveys on GBC and non-resident deposits	Two surveys were carried out on 21 October 2020 and on 12 May 2021 among selected banks to obtain information on global business companies (GBC) and non-resident deposits in view of assessing the potential impact of the inclusion of Mauritius on the FATF list of jurisdictions under increased monitoring and EU black list. The Bank also devised a new return on GBC/non-resident deposits to enhance its monitoring toolkit.
Survey on COVID-19	The Bank carried out a survey on COVID-19 among all banks on 4 May 2021 to assess the potential impact of the pandemic on the resilience of the banking sector as well as the measures taken by banks to enhance their credit risk management process. The Bank also devised a new quarterly return to collect more data on the impact of COVID-19 on credit facilities granted by banks, including details on restructured loans due to COVID-19 and the provisions made by those institutions.

Key highlights of the banking sector

	FY2019-20	FY2020-21
Number of Banks	20	19
Total Assets	Rs 1,686 (Billion)	Rs 1,911 (Billion)
Capital Adequacy Ratio (Per cent)	19.4	19.2
NPL to Total Loans (Per cent)	5.3	4.8
Loans-to-deposit Ratio (Per cent)	65.8	58.8
Liquidity Coverage Ratio (Per cent)	236.0	246.1
Pre-tax Return on Assets (Per cent)	1.5	0.9
Post-tax Return on Equity (Per cent)	12.1	7.2

Number of Banks: The Bank revoked the Licence of one bank under section 17 of the Banking Act 2004 in August 2020.

Capital Adequacy Ratio: Minimum regulatory capital requirement: 11.875 per cent
Capital conservation buffer: 1.875 per cent
D-SIB buffer: range between 1.0 to 2.5 per cent

Liquidity Coverage Ratio: Regulatory requirement: 100 per cent.

Total assets

During FY2020-21, total assets of banks rose by 13.3 per cent from Rs1,686 billion as at end-June 2020 to Rs1,911 billion as at end-June 2021, mainly driven by higher investments in Government and Bank of Mauritius (BoM) securities, which rose by 25.9 per cent, from Rs331.7 billion as at end-June 2020 to Rs417.5 billion as at end-June 2021.

Placements effected by banks increased by 22.1 per cent, from Rs322.8 billion as at end-June 2020 to Rs394.2 billion as at end-June 2021 while advances increased by 5.8 per cent, from Rs815.3 billion to Rs862.3 billion, over the same period.

REGULATION AND SUPERVISION

Resident and Non-Resident Assets

Resident assets (including advances to GBC) increased by 8.5 per cent, from Rs854.5 billion as at end-June 2020 to Rs927.1 billion as at end-June 2021. The share of resident assets (including advances to GBC) to total assets decreased slightly from 50.7 per cent as at end-June 2020 to 48.5 per cent as at end-June 2021. The share of resident assets (excluding advances to GBC) to total assets decreased from 45.7 per cent to 45.0 per cent, while the share of advances to GBC to total assets dropped from 5.0 per cent to 3.5 per cent during FY2020-21.

Non-resident assets comprising mainly loans and advances and placements increased by 18.2 per cent, from Rs831.8 billion as at end-June 2020 to Rs983.5 billion as at end-June 2021, that is, 51.5 per cent of total assets.

Chart 3.2: Composition of Assets of Banks

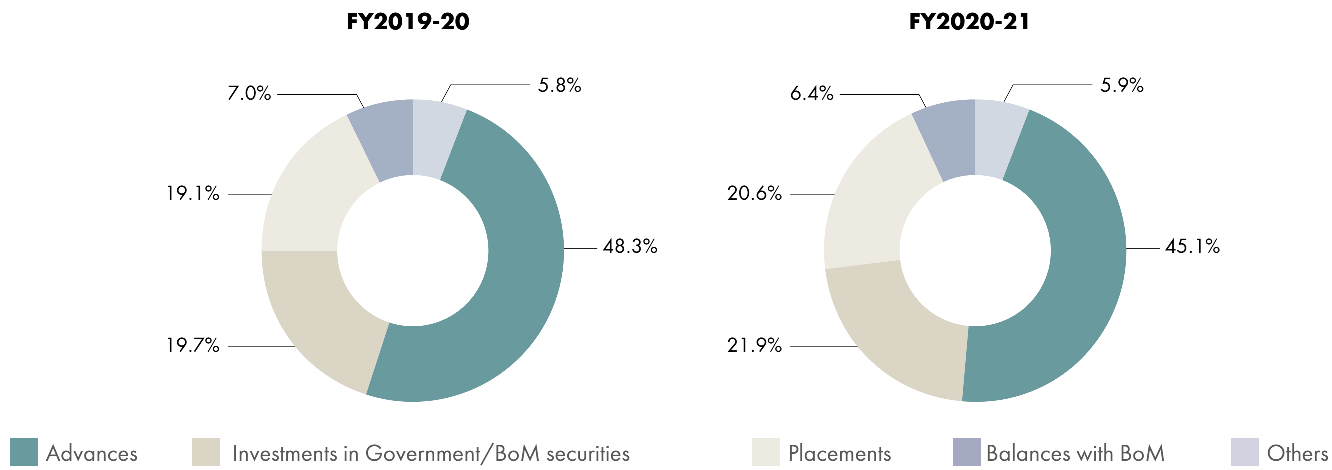
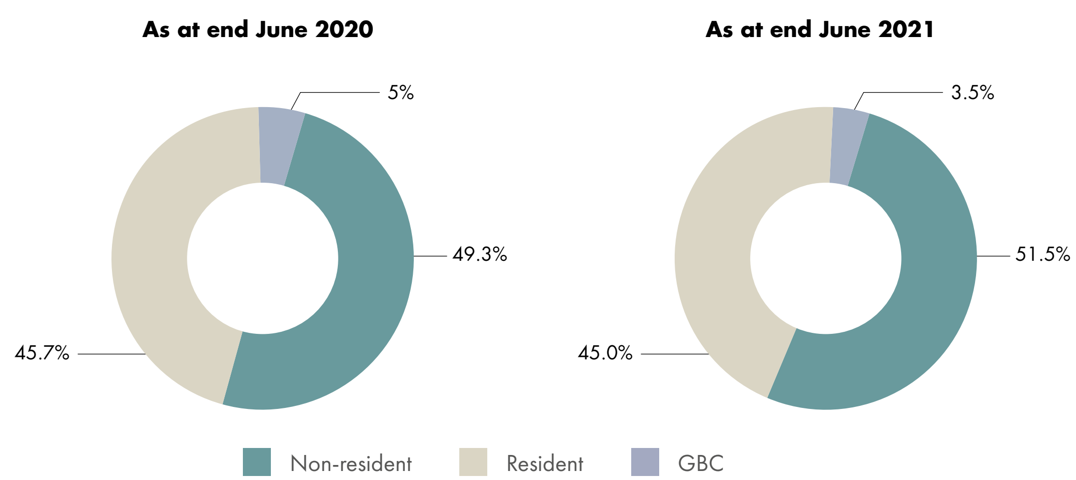


Chart 3.3: Share of Total Assets of the Banking Sector



REGULATION AND SUPERVISION

Capital Adequacy

Since July 2014, the Bank embarked on a phased implementation of Basel III Capital Standards in Mauritius. The implementation of the revised Capital Conservation Buffer of 2.5 per cent, which was initially deferred to 1 January 2021 in response to COVID-19, was further extended to 1 April 2022. Accordingly, banks are required to maintain, at all times, a minimum risk-weighted capital adequacy ratio (CAR) of 11.875 per cent (including capital conservation buffer of 1.875 per cent and excluding the D-SIBs buffer ranging from 1 per cent to 2.5 per cent) until 31 March 2022.

The capital position of the banking sector remained robust owing to capital buffers kept in excess of regulatory requirements (Table 3.1). As at end-June 2021, the aggregate risk-weighted CAR of banks dropped from 19.2 per cent to 18.6 per cent, primarily due to risk-weighted assets rising by 8.5 per cent relative to the expansion of 5.3 per cent in capital base for the period under review. At bankwise level, the CAR of individual banks ranged from 12.1 per cent to 185.3 per cent, with all the banks complying with the regulatory limits.

The capital base of banks (net of adjustments and capital deductions) increased by Rs8.8 billion to Rs172.6 billion as at end-June 2021. Tier 1 capital, which is the higher quality core capital including equity capital, rose by 5.1 per cent to Rs160.4 billion and represented 92.9 per cent of the aggregate capital base. Correspondingly, Tier 2 capital increased by 8.0 per cent to Rs12.3 billion, with its share representing 7.1 per cent of the capital base.

Table 3.1: Risk-Weighted Capital Adequacy Ratio

Rs million

As at end of period	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
CET1 capital	147,492	145,915	146,259	152,934	155,834
Tier 1 capital	152,512	150,925	150,489	157,254	160,350
Tier 2 capital	11,364	11,836	11,939	12,272	12,276
Capital Base (A)	**163,876**	**162,761**	**162,428**	**169,526**	**172,626**
Total Risk-Weighted Assets (B)	**854,234**	**867,156**	**871,624**	**906,272**	**926,654**
Total Risk-Weighted Assets for credit risk (C)	**784,941**	**797,186**	**801,596**	**832,915**	**851,920**
Total on-balance sheet risk-weighted credit exposures	723,403	738,964	729,556	765,250	788,505
Total non-market-related off-balance sheet risk-weighted credit exposures	57,976	54,637	69,344	64,001	59,876
Total market-related off-balance sheet risk-weighted credit exposures	3,563	3,586	2,697	3,663	3,538
Total risk-weighted assets for operational risk (D)	**66,405**	**66,985**	**66,995**	**69,944**	**70,813**
Total Risk-Weighted Assets for market risk (E)	**2,887**	**2,985**	**3,033**	**3,413**	**3,921**
Total foreign currency exposures	2,573	2,683	2,724	3,220	3,799
Capital charge for trading book position exceeding 5% or more of its total assets	314	302	309	193	122
Capital Adequacy Ratio (A/B) (per cent)	**19.2**	**18.8**	**18.6**	**18.7**	**18.6**
CET 1 RATIO (per cent)	**17.3**	**16.8**	**16.8**	**16.9**	**16.8**

Risk Profile of On-Balance Sheet Assets

In terms of the risk profile of on-balance sheet assets, the zero per cent or 'risk free' assets, notably Government and BoM securities represented a share of 35.1 per cent while assets under the 100 per cent risk-weight bucket, consisting mainly of loans and advances, constituted 30.3 per cent of on-balance sheet assets (Table 3.2). As at end-June 2021, an increase was recorded in the respective shares in the 0 per cent, 20 per cent, 50 per cent and 125 per cent risk-weight buckets. In contrast, the proportion for the 30 per cent, 35 per cent, 75 per cent, 100 per cent and 150 per cent risk weight buckets have declined between end-June 2020 and end-June 2021, pointing to a lower risk appetite from banks. The average combined risk-weighted ratio decreased from 41.3 per cent as at end-June 2020 to 40.2 per cent as at end-June 2021 on account of a larger expansion in total on-balance sheet and off-balance sheet assets relative to the risk-weights (Table 3.3).

Deposits

Deposits were the principal source of funding of banks during FY2020-21. Total deposits increased by 18.3 per cent to Rs1,465.4 billion as at end-June 2021 while their share in total liabilities maintained an upward trend and reached 76.7 per cent as at end-June 2021. The share of foreign currency deposits to total deposits increased from 61.7 per cent to 65.0 per cent over the same period.

Table 3.2: Risk-Weights of On-Balance Sheet Assets

	On-balance sheet assets *(Rs million)*	Percentage to total on-balance sheet assets *(Per cent)*	On-balance sheet assets *(Rs million)*	Percentage to total on-balance sheet assets *(Per cent)*
Risk Weights (%)	**Jun-20**		**Jun-21**	
0	543,320	34.2	634,140	35.1
20	224,863	14.1	302,864	16.8
30	16,137	1.0	9,342	0.5
35	70,334	4.4	74,482	4.1
50	131,960	8.3	152,539	8.4
75	41,178	2.6	41,615	2.3
100	518,583	32.6	547,139	30.3
125	19,548	1.2	22,886	1.3
150	18,753	1.2	17,414	1.0
250	4,660	0.3	5,182	0.3
1250	0	0.0	482	0.0
	1,589,335	**100.0**	**1,808,085**	**100.0**

Table 3.3: Combined Risk-Weights of Banks' Assets

		End-June 2020	End-June 2021
A	Total On and Off-Balance Sheet Assets (Rs million)	2,066,257	2,304,330
B	Total Risk-Weighted Assets (Rs million)	854,234	926,654
C	Average Combined Risk Weighting (B/A) (Per cent)	41.3	40.2

The rise in deposits was mainly driven by an increase in deposits from GBC and non-residents and, to some extent, by households maintaining deposits for precautionary motives. GBC and non-residents deposits accounted for around 56.3 per cent of total banking sector deposits. Resident deposits (excluding GBC deposits) increased by 9.2 per cent to Rs639.4 billion as at end-June 2021, with the share of household deposits remaining constant at 61 per cent. GBC deposits increased by 22.0 per cent, from Rs409.7 billion as at end-June 2020 to Rs499.9 billion as at end-June 2021. The advances-to-deposits ratio, which indicates the extent to which funds mobilised by way of deposits have been utilised to finance lending activities, decreased from 65.8 per cent to 58.8 per cent in FY2020-21.

Advances

Total advances, including investment in debentures and fixed-dated securities, increased by 5.8 per cent, from Rs815.3 billion to Rs862.3 billion in FY2020-21, representing about 58.8 per cent of total deposits and 45.1 per cent of total assets, compared to 65.8 per cent and 48.3 per cent, respectively, as at end-June 2020. During FY2020-21, banks have adopted a prudent approach and redeployed their funds towards assets bearing lower risk-weights, specifically investments in Government and BoM securities and placements. Amid weaker demand for credit and subdued economic activity, an increase was therefore observed in the risk-weighted assets in the 0 and 20 per cent risk weight buckets (Table 3.2). Advances in MUR increased by 2.6 per cent from Rs293.1 billion as at end-June 2020 to Rs300.7 billion as at end-June 2021 with the share to total advances standing at 34.9 per cent as at end-June 2021. Advances in foreign currency increased by 7.5 per cent, from Rs522.2 billion as at end-June 2020 to Rs561.6 billion as at end-June 2021, representing 65.1 per cent of total advances.

Advances to residents (including GBC) increased marginally by 0.6 per cent to Rs460.3 billion as at end-June 2021, representing 53.4 per cent of total advances. Advances to GBC decreased by 20.1 per cent to Rs67.3 billion as at end-June 2021 while advances to non-residents increased by 12.4 per cent to Rs402.0 billion.

Credit Concentration Risks

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 different 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, aggregated Rs476.6 billion, representing 47.3 per cent of total fund and non-fund based facilities extended as at end-June 2021. The aggregated large exposures to borrowers represented 303.1 per cent of banks' Tier 1 capital as at end-June 2021 compared to 302.8 per cent of Tier 1 capital as at end-June 2020. Credit concentration risk increased mildly during FY2020-21 as a result of prudent credit risk management by banks.

Chart 3.4: Bank Loans to the Private Sector in Mauritius

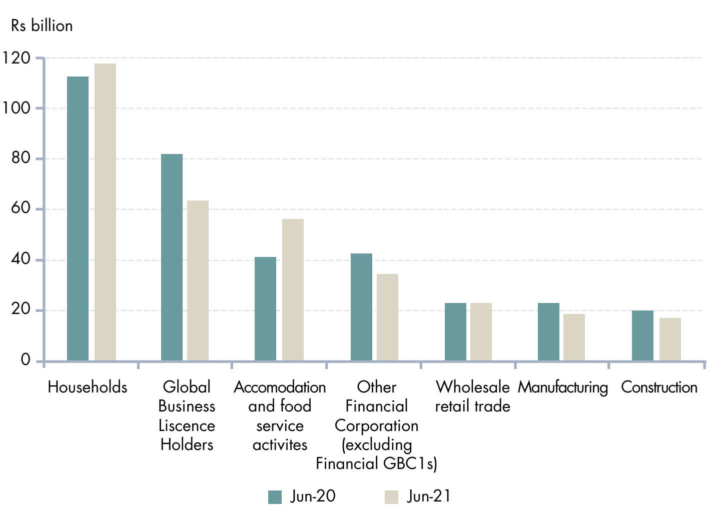
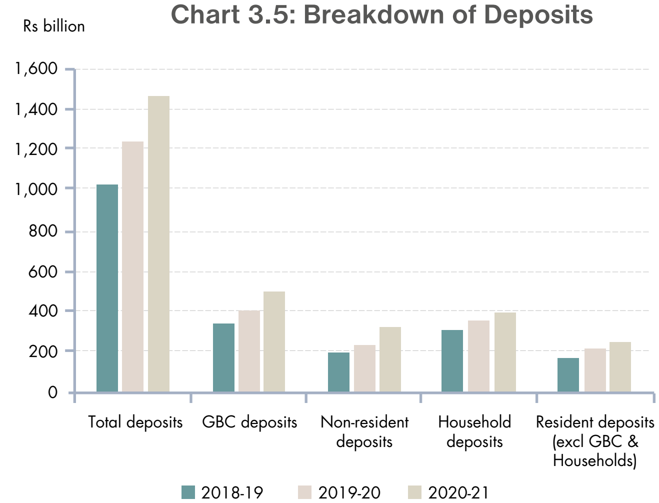


Chart 3.5: Breakdown of Deposits



REGULATION AND SUPERVISION

Asset Quality

Although banks' asset quality remained under pressure due to potentially lower repayment capacity of borrowers arising from the negative impact of COVID-19, banks have been able to contain the growth of non-performing loans (NPLs). The relief measures put in place by the Bank, notably moratoriums to alleviate financial strains on individuals, households, economic operators and small and medium sized enterprises (SMEs) contributed largely to avert a deterioration of the credit portfolio of banks. The introduction of a Special Relief Amount through banks to allow businesses, including SMEs, to meet cash flow and working capital requirements was another measure that helped cushion the impact of the pandemic.

Moratorium on loans

Since the onset of COVID-19, loan restructuring helped contain risks to financial stability and to the economy. In this context, around 80 per cent of banks' restructured loans are in the form of moratorium, with an outstanding amount that peaked at Rs93.4 billion as at end-December 2020 before declining to Rs69.6 billion as at end-June 2021. The second lockdown imposed from 10 March 2021 to end-April 2021 did not bring further disruption to the unwinding process given that the support measures including moratoriums were extended until end-June 2021. With the gradual phasing out of the support measures in the wake of the recovery of economic activity, the Bank continues to closely monitor the performance of banking sector to ensure a smooth exit from support measures, on a case to case basis. The gradual phasing out approach is expected to limit abrupt increases in NPLs that could emanate from deterioration in the repayment capacity of households and corporates.

On an overall basis, the ratio of NPLs to total advances improved from 5.3 per cent as at end-June 2020 to 4.8 per cent as at end-June 2021, essentially owing to a major write-off of impaired credit outside Mauritius in the "Human Health and Social Work activities" sector (Chart 3.7). Accordingly, gross non-performing advances extended outside Mauritius improved by 18.2 per cent to Rs18.4 billion as at end-June 2021. The NPL ratio of banks outside Mauritius improved from 6.5 per cent as at end-June 2020 to 4.9 per cent as at end-June 2021. In contrast, the gross non-performing advances on facilities extended in Mauritius rose by 10.9 per cent from Rs18.3 billion to Rs20.3 billion and the NPL ratio of credit extended in Mauritius increased from 4.3 per cent as at end-June 2020 to 4.7 per cent as at end-June 2021.

The ratio of specific provisions to NPLs, notably the coverage ratio, improved from 53.3 per cent as at end-June 2020 to 66.9 per cent as at end-June 2021. Specific provisions held on NPLs outside Mauritius increased by 10.4 per cent while specific provisions on NPLs in Mauritius rose by 42.1 per cent.

Chart 3.6: Moratoriums on Loans

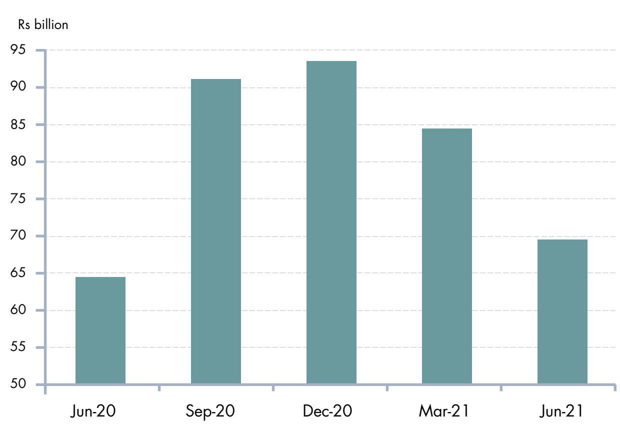
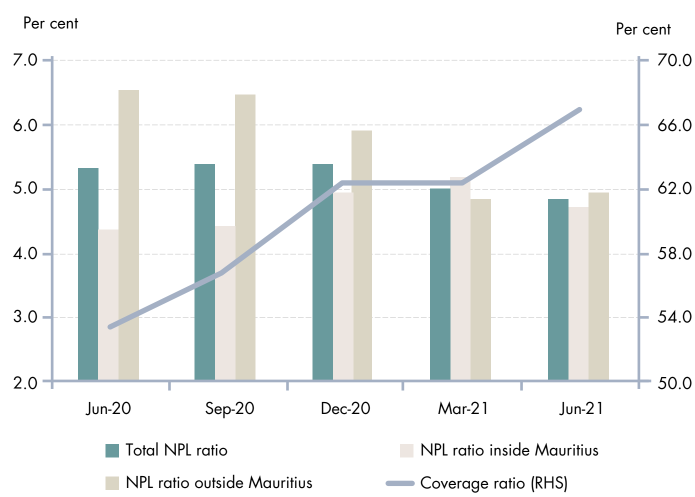


Chart 3.7: Non-Performing Loans



Liquidity

With effect from November 2017, banks are required to meet the Liquidity Coverage Ratio (LCR) requirements in Mauritian rupees, in major foreign currencies and on a consolidated basis. The LCR aims at ensuring that a bank has an adequate inventory of unencumbered High Quality Liquid Assets (HQLA) that consist of cash or assets convertible into cash at little or no loss of value in market, to meet its liquidity requirement for a 30-day liquidity stress period. The aim of the LCR is to raise a bank's short-term resilience to potential liquidity disruptions.

The banking sector in Mauritius has remained resilient and adequately liquid in FY2020-21. Banks held a comfortable amount of FCY HQLA and placements to withstand any liquidity shock that they might face in the event of unexpected withdrawal of funds by GBC and non-residents (Chart 3.8). Nonetheless, the Bank is rigorously monitoring the liquidity positions of banks to preemptively detect any emerging liquidity risk issues in the banking system and stands ready to take remedial actions deemed necessary.

The LCR increased from 236.0 per cent as at end-June 2020 to 246.1 per cent as at end-June 2021, and is well above the minimum regulatory requirement of 100 per cent. In general, the LCR of banks for both MUR and other major currencies remained above regulatory requirements. The stock of HQLA held by banks on a consolidated basis amounted to Rs450 billion as at end-June 2021 compared to Rs404 billion as at end-June 2020.

Interest Rate Spread

During FY2020-21, interest earned by banks on Rs100 of advances decreased by 43 cents to Rs3.94 while the cost per Rs100 of deposits dropped by 36 cents from Rs1.01 to Rs0.65. Consequently, the interest rate spread decreased from Rs3.36 to Rs3.30 during the period under review (Chart 3.9).

Profitability

Aggregate pre-tax profit of banks declined from Rs22.2 billion in FY2019-20 to Rs13.8 billion in FY2020-21, mainly on account of a rise in provisions that have more than doubled together with a decrease in net interest income amid a low interest rate environment (Table 3.4). The rise in provisions of banks primarily pointed to a rise in credit risk for bank exposures amid the negative fallout of the COVID-19. Eight banks incurred losses in FY2020-21 on account of either high provisions or rise in operating costs.

Chart 3.8: Coverage for GBC/Non-Resident Deposits in terms of FCY HQLA & Placements

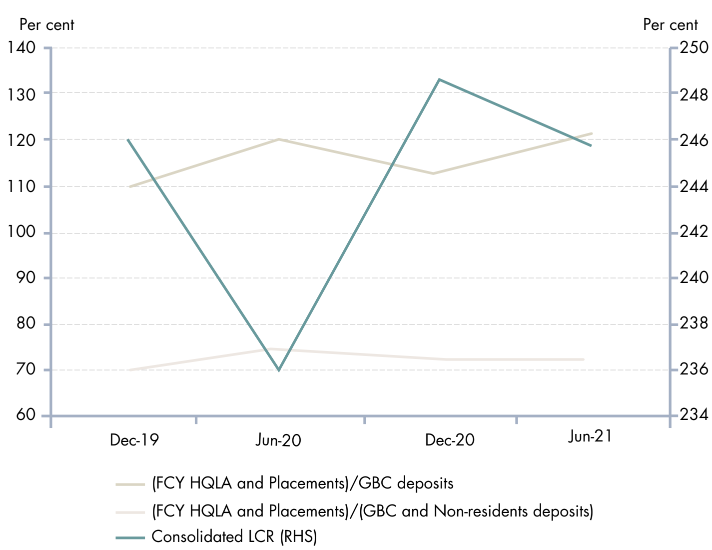
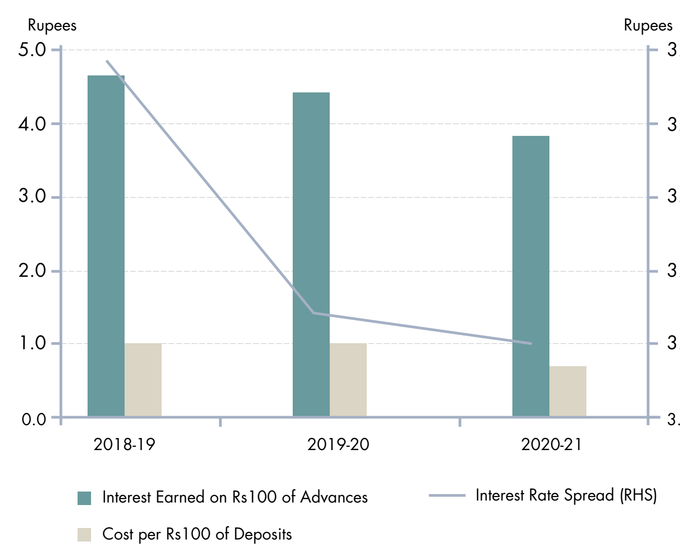


Chart 3.9: Interest Rate Spread of Banks



Components of income

Total income of banks went down by 6.5 per cent, from Rs66.1 billion to Rs61.8 billion during FY2020-21, mainly on account of a decrease in interest income. The operating income of banks decreased by 1.1 per cent to Rs49.5 billion during the period under review (Chart 3.10).

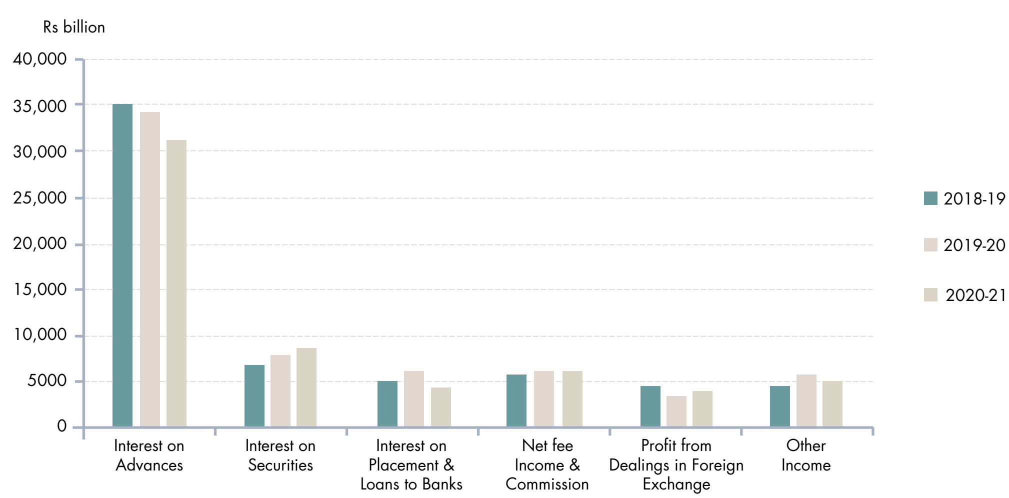
Table 3.4: Consolidated Income Statements of Banks

(Rs million)

	FY2018-19	FY2019-20	FY2020-21
Interest Income	**49,616**	**52,262**	**46,317**
Interest on Advances	*35,207*	*33,871*	*31,124*
Interest on Securities	*6,213*	*8,336*	*9,125*
Interest on Placements and Loans to banks	*5,012*	*6,340*	*3,970*
Other Interest Income	*3,183*	*3,715*	*2,098*
Interest Expense	**14,801**	**16,052**	**12,292**
Interest on Deposits	*10,534*	*11,181*	*7,710*
Interest on Borrowings from banks	*1,819*	*2,153*	*1,332*
Other Interest Expenses	*2,448*	*2,718*	*3,249*
Net Interest Income	**34,815**	**36,210**	**34,026**
Non-Interest Income	**13,523**	**13,802**	**15,445**
Net Fee Income and Commission	*7,121*	*7,432*	*7,191*
Profit from Dealings in Foreign Currencies	*4,739*	*3,695*	*4,272*
Other Non-Interest Income	*1,664*	*2,675*	*3,983*
Operating Income	**48,338**	**50,012**	**49,471**
Non-Interest Expense	**19,126**	**20,697**	**20,909**
Staff Costs	*9,909*	*10,442*	*10,331*
Operating Expenses	*9,217*	*10,255*	*10,578*
Operating Profit before Provisions	**29,211**	**29,315**	**28,561**
Provision and Adjustments to Income from Credit Losses	*5,363*	*7,070*	*14,736*
Profit before Tax	**23,849**	**22,246**	**13,825**
Provision for Income Taxes	*3,799*	*3,072*	*1,893*
Profit after Tax	**20,050**	**19,174**	**11,932**

Note: 12 months' period for which the accounts were audited but which vary from one bank to another.

Chart 3.10: Components of Income of Banks



Interest income decreased by 11.4 per cent to Rs46.3 billion in FY2020-21. Interest earned from advances, representing 50.4 per cent of total income, dropped by 8.1 per cent to reach Rs31.1 billion mainly on account of lower interest rates earned on advances. Likewise, interest received from placements and loans to banks and other interest income declined to Rs6.1 billion in FY2020-21. In contrast, interest earned on securities rose by 9.5 per cent to Rs9.1 billion as banks diverted their funds in less risky assets, notably investment securities. In this respect, the diversification of interest-income generating assets contributed to mitigate the overall decline in interest income faced by the banking sector.

Non-interest income rose by 11.9 per cent to Rs15.4 billion in FY2020-21. During the year under review, fee-related income dropped by 3.2 per cent on account of lower fees income and commission generated by banks, while profit derived from dealings in foreign currencies increased by 15.6 per cent. Fees and commission and profit generated from dealings in foreign currencies accounted for 74.2 per cent of total non-interest income in FY2020-21 compared to 80.6 per cent in the preceding year.

Components of Expense

Total expenses of banks decreased by 9.7 per cent to Rs33.2 billion in FY2020-21 whereby the rise in the operating expenses and other costs were more than offset by the decline in interest expenses (Chart 3.11).

Total interest expense decreased from Rs16.1 billion in FY2019-20 to Rs12.3 billion in FY2020-21, mainly driven by decreases in interest paid on deposits following the cumulative reduction of 150 bps in the KRR in 2020 and in interest paid on borrowings from banks.

Non-interest expense increased by 1.0 per cent to Rs20.9 billion in FY2020-21 following a rise of 3.2 per cent in operating expenses, which more than offset the decline of 1.1 per cent in staff costs. Overall, in conjunction with the decline of 1.1 per cent in operating income, the cost-to-income ratio for the banking sector deteriorated to 42.3 per cent in FY2020-21, compared to 41.5 per cent in FY2019-20.

Banks' operating profit before provision for credit losses decreased from Rs29.3 billion in FY2019-20 to Rs28.6 billion in FY2020-21. The significant increase in provisions and adjustments to income from credit losses, from Rs7.1 billion to Rs14.7 billion, resulted in a major drop in post-tax profits from Rs19.2 billion to Rs11.9 billion in FY2020-21.

The fall in banks' profits contributed to the decline in pre-tax return on average assets (ROA) for the banking sector, from 1.5 per cent in FY2019-20 to 0.9 per cent in FY2020-21. Individual ROA ranged between - 3.1 per cent and +1.8 per cent, with only three banks achieving ROA of at least 1.0 per cent. Correspondingly, post-tax return on equity (ROE) for the banking sector dropped from 12.1 per cent to 7.2 per cent in FY2020-21 on account of the decrease in post-tax profit which ranged from -19.2 per cent to +17.6 per cent for individual banks (Chart 3.12).

Chart 3.11: Components of Expense of Banks

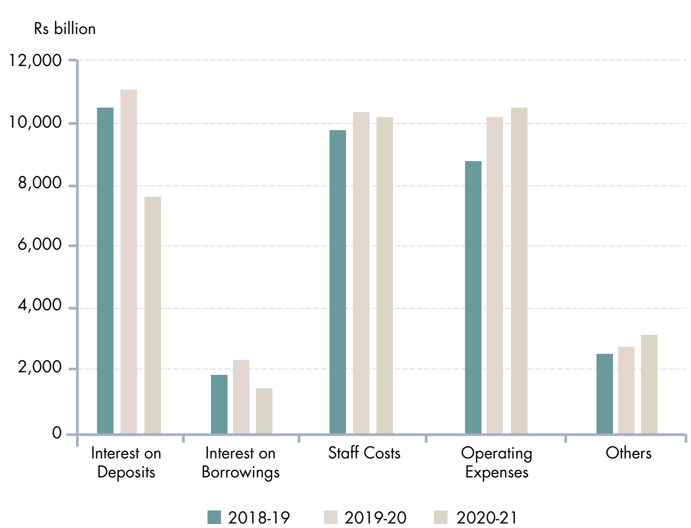
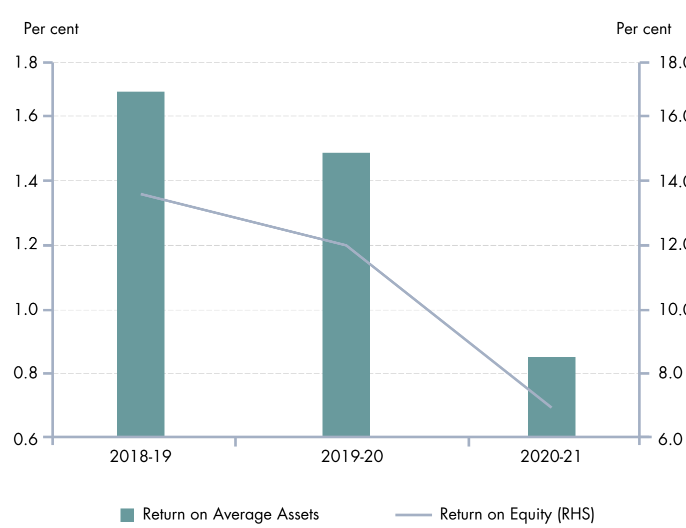


Chart 3.12: Return on Average Assets and Equity of Banks



REGULATION AND SUPERVISION

NON-BANK DEPOSIT TAKING INSTITUTIONS

KEY HIGHLIGHTS

	FY2019-20	FY2020-21
Number of NBDTIs	6	6
Capital Adequacy Ratio (Per cent)	46.8	48.9
Advances-to-deposit Ratio (Per cent)	115.9	124.3
Pre-tax Return on Assets (Per cent)	3.1	2.5

Minimum regulatory capital requirement: 10 per cent

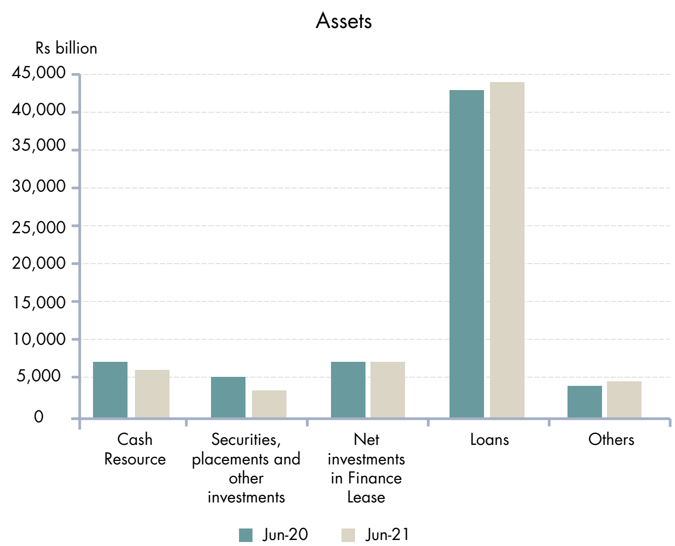
	FY2019-20	FY2020-21
Total Assets	Rs 66.2 (Billion)	Rs 66.7 (Billion)
NPL to Total Loans (Per cent)	7.1	8.0
Liquid assets to deposits Ratio (Per cent)	27.5	23.0
Post-tax Return on Equity (Per cent)	11.2	9.5

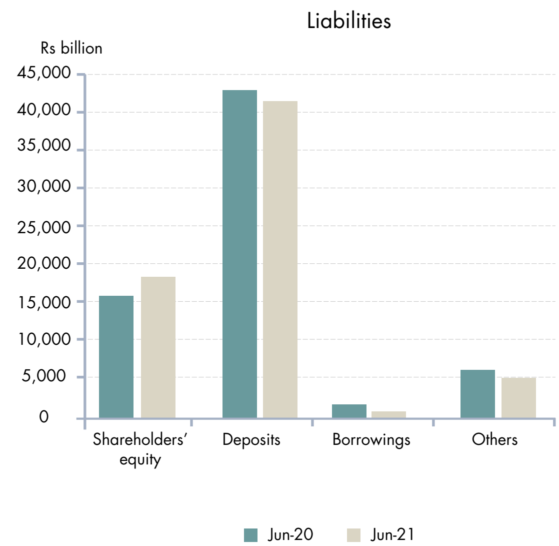
Of the six non-bank deposit taking institutions (NBDTIs) that were in operation in Mauritius as at end-June 2021, three were exclusively involved in leasing activities, two carried out lending business only and the remaining one was involved in both leasing and lending operations. Three of the NBDTIs were subsidiaries/related companies of banking institutions or insurance companies. As at end-June 2021, total assets of NBDTIs stood at Rs66.7 billion and represented about 3.4 per cent of the combined total assets of banks and NBDTIs and 15.6 per cent of GDP.

Balance Sheet Structure

Total assets of NBDTIs increased by 0.8 per cent, from Rs66.2 billion as at end-June 2020 to Rs66.7 billion as at end-June 2021. The share of loans to total assets rose from 63.9 per cent as at end-June 2020 to 66.5 per cent as at end-June 2021, while investment in finance leases to total assets increased marginally from 12.2 per cent to 12.5 per cent over the same period. Deposits went down by 2.5 per cent to Rs42.4 billion as at end-June 2021, but remained the main source of funding for NBDTIs. As a ratio of total liabilities, deposits decreased from 65.7 per cent as at end-June 2020 to 63.5 per cent as at end-June 2021 (Chart 3.13).

Chart 3.13: Balance Sheet Structure of NBDTIs





The advances-to-deposits ratio increased from 115.9 per cent at end-June 2020 to 124.3 per cent at end-June 2021, while the leases-to-deposits ratio (based on deposits held by leasing companies only) stood at 88.9 per cent, with the lease to deposit ratio ranging from 54.8 per cent to 101.4 per cent as at end-June 2021. NBDTIs have funded their leasing and lending business essentially via deposits mobilization, accumulated reserves and borrowings from financial institutions.

As at end-June 2021, all NBDTIs held the minimum required capital of Rs200 million. The CAR of NBDTIs rose from 46.8 per cent as at end-June 2020 to 48.9 per cent as at end-June 2021 and on an individual basis, the CAR maintained by NBDTIs ranged from 13.5 per cent to 59.8 per cent as at end-June 2021.

During FY2020-21, outstanding credit facilities extended by NBDTIs increased by 3.6 per cent while NPLs stood at Rs0.6 billion, representing 8.0 per cent of total credit facilities as at end-June 2021. Outstanding credit to households made up 90.9 per cent of total credit, with the household sector accounting for 91.6 per cent of the total NPLs of NBDTIs.

Liquidity

NBDTIs are required to maintain liquid assets representing a minimum of 10 per cent of their deposit liabilities. As at end-June 2021, liquid assets held by NBDTIs amounted to Rs9.8 billion and represented 23.0 per cent of their deposits compared to 27.5 per cent as at end-June 2020.

Profitability

Based on audited results for financial years ended June and December, NBDTIs' aggregate profit after tax dropped by 9.3 per cent, from Rs1.8 billion in FY2019-20 to Rs1.6 billion in FY2020-21, mainly on account of an increase in provisions (Table 3.5). Low interest rates coupled with the adverse impact of COVID-19 on business activities weighed on the profitability of NBDTIs (Chart 3.14).

The decline in NBDTI's profitability had a negative impact on the pre-tax ROA, which decreased from 3.1 per cent in FY2019-20 to 2.5 per cent in FY2020-21. Likewise, the post-tax ROE declined from 11.2 per cent to 9.5 per cent (Chart 3.15). On an individual basis, the pre-tax ROA of NBDTIs ranged from 0.7 per cent to 3.3 per cent.

Chart 3.14: Profitability of NBDTIs

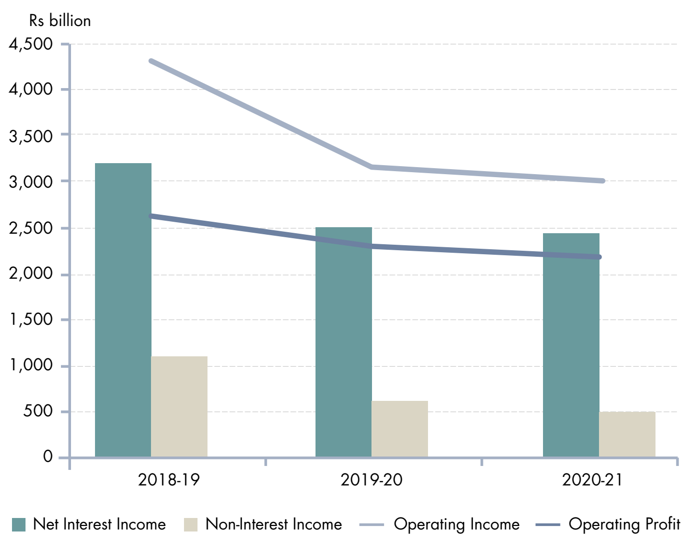


Chart 3.15: Return on Average Assets and Equity of NBDTIs

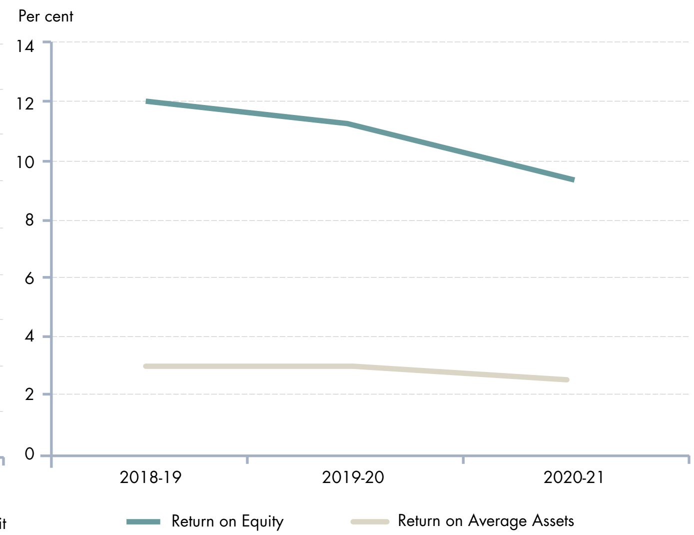


Table 3.5: Consolidated Profit and Loss Account of NBDTIs

(Rs million)

	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Interest Income	5,764	5,614	4,495	4,216
Interest Expense	2,537	2,376	2,011	1,786
Net Interest Income	3,227	3,238	2,483	2,431
Non-Interest Income	1,116	1,183	676	611
Operating Income	4,343	4,421	3,159	3,042
Non-Interest Expense	1,752	1,773	1,014	969
Operating Profit	2,590	2,649	2,145	2,073
Other Non-Operating Profit	0	0	0	0
Profit before Provision & Adjustment for credit losses	2,590	2,649	2,145	2,073
Provision & Adjustment for credit losses	*270*	*206*	*88*	*403*
Profit before tax	2,320	2,442	2,057	1,670
Income Tax Expense	*1,929*	*339*	*277*	*55*
Profit after tax	391	2,103	1,780	1,615

Note: 12 months' period for which the accounts were audited and are different for different banks.

CASH DEALERS

As at end-June 2021, 12 cash dealers, specifically six money changers and six foreign exchange dealers were in operation in Mauritius. While money changers deal principally in the exchange of foreign currency notes, FX dealers are authorized to carry out other activities that comprise the provision of remittance facilities and the conduct of spot and forward exchange transactions, in addition to the money-changing business. As at end-June 2021, cash dealers held assets equivalent to 0.1 per cent of GDP and 0.03 per cent of the banking sector.

Total assets of cash dealers declined from Rs597.9 million as at end-June 2020 to Rs583.4 million as at end-June 2021, with assets of FX dealers decreasing from Rs539.2 million to Rs531.9 million during the year under review. The bulk of cash dealers` assets consisted of cash in hand, balances held with financial institutions and investment in Government and BoM securities which represented 16 per cent, 38 per cent and 24 per cent, respectively, of their total assets.

Eleven cash dealers incurred losses in FY2020-21, mainly attributed to a severe decline in non-interest income (Table 3.6). The decline in both inbound and outbound tourism weighed heavily on the business of the cash dealers. As a result, two cash dealers remained closed to the public for nearly the whole of FY2020-21 while the remaining cash dealers were closed for part of the financial year (Chart 3.16).

In view of these challenging conditions, the Bank opted to waive the annual licence fee payable by cash dealers for FY2020-21, except for one FX dealer which did not meet the criteria stipulated in the Banking (Processing and Licence Fees) (Amendment) Regulations 2021.

Chart 3.16: Non-interest Income, Non-interest Expense and Profitability of Cash Dealers

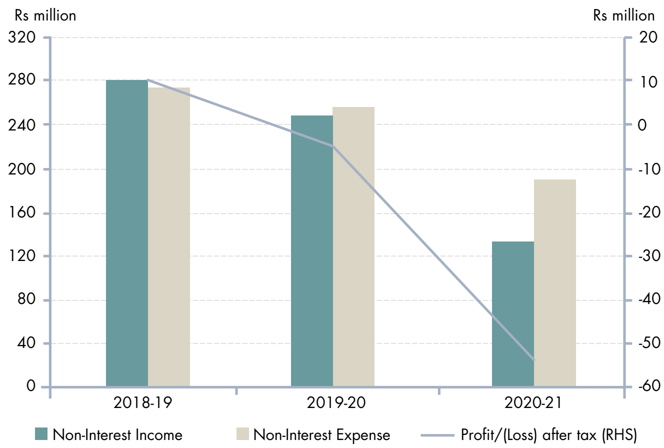


Table 3.6: Consolidated Income Statement of Cash Dealers

(Rs 000)

	FY2018-19	FY2019-20	FY2020-21
Operating Income	290,428	256,288	138,690
Non-Interest Expense	276,600	260,672	196,342
Profit / (Loss) before Provision	**13,828**	**(4,384)**	**(57,653)**
Provision	*48*	*0*	*517*
Profit / (Loss) before tax	**13,876**	**(4,384)**	**(57,136)**
Income Tax Expense / (Refund)	*4,376*	*1,393*	*(2,654)*
Profit / (Loss) after tax	**9,500**	**(5,777)**	**(54,482)**

Figures are based on annualized unaudited returns and may not add up to total due to rounding.

FINANCIAL STABILITY

The economic contraction, sharp drop in foreign exchange inflows, low interest rate environment and uncertainty surrounding the global and domestic economic recovery paths exerted strains on the financial sector and raised the risks to financial stability. In addition, lower profitability threatened capital and liquidity accumulation by financial institutions to weather risks to financial stability.

With the onset of the crisis in early 2020, the prompt introduction of both conventional and unconventional policy measures by the Bank helped to allay fears of heightened risks to financial stability. By mitigating financial strains on households and businesses and supporting the resumption of economic activity, these measures contributed significantly to safeguard the stability of the financial system. The policy responses and expectations of stronger economic recovery beyond FY2020-21, underpinned by the ongoing vaccination programme and the gradual re-opening of borders as from July 2021, are contributing to contain risks to financial stability. The Bank continues to deploy its financial stability assessment toolkits to monitor systemic risks in financial system.

Banks and non-bank deposit taking institutions (NBDTIs) in Mauritius have been able to withstand the shocks stemming from the COVID-19 pandemic as well as strains in the financial world during FY2020-21. These institutions remained financially sound and continued to carry on their financial intermediation function effectively. Credit facilities granted by both banks and NBDTIs to the private sector (excluding Global Business Corporations) expanded, although exhibiting some volatility. The policy measures deployed by the fiscal authority and the Bank have helped to sustain the cash flows of and credit to households and businesses during FY2020-21.

REGULATION AND SUPERVISION

The importance of cyber risk has increased over the recent years given the unprecedented digital transformation of the financial system. The Bank acknowledges that cyber incidents can have very severe impact on the financial stability of the banking sector and is fully committed to address this risk with necessary upgrades in its prudential regulatory framework.

Financial Soundness Indicators:

Capital Adequacy Indicators

Deposit Taking Institutions [1] (DTIs) continued to maintain a strong Capital Adequacy Ratio (CAR) in 2020-21. The average CAR held by DTIs was 19.7 per cent as at end-June 2021, down from 20.4 per cent as at end-June 2020. The CAR held by DTIs ranged from 12.1 per cent to 185.3 per cent in 2020-21. The Tier 1 capital to risk weighted assets of DTIs declined by 0.7 percentage point from 19.0 per cent as at end-June 2020 to 18.3 per cent as at end-June 2021, mainly resulting from an increase in risk-weighted assets of 8.2 per cent over the same period. The banking sector, holding the largest share of assets among the DTIs, accounted for most of these movements. All banks, including the five D-SIBs, met their respective minimum statutory requirement, notwithstanding the second wave of COVID-19 towards the end of the first and in the second quarters of 2021.

Asset Quality Indicators

The asset quality of DTIs remains sound, and non-performing loans (NPLs) were adequately covered. The ratio of NPLs to total loans [2] of DTIs, as defined in the IMF Financial Soundness Compilation Guide 2006, was at 5.6 per cent as at end-June 2021, 0.2 percentage point lower compared to end-June 2020, despite the prolong effects of the pandemic on the domestic economy. A wide dispersion of the NPL ratio among the DTIs was observed, ranging from 0 to 19.2 per cent in FY2020-21. The ratio of NPLs (net of provisions) to regulatory capital for DTIs improved by 4.0 percentage points as at end-June 2021 compared to end-June 2020.

Liquidity Indicators

The liquidity ratios of DTIs were assessed to be adequate as at end-June 2021 and were well above the regulatory limit. The ratio of liquid assets to total assets of DTIs improved by 0.9 percentage point from end-June 2020, to stand at 27.3 per cent as at end-June 2021. A similar trend was observed in the ratio of liquid assets to short-term liabilities, which stood at 30.5 per cent as at end-June 2021, up by 0.8 percentage point compared to end-June 2020.

Earnings and Profitability Indicators

The DTIs continued to remain profitable despite dealing in a low interest rate environment that resulted in reduced net interest income. After recording declining profitability in the second half of 2020, they registered improved profitability ratios during the first half of 2021. This was mainly driven by an improvement in banks' non-interest income and reduced net impairment loss charge over the first half of 2021. Net-interest margin contracted over the second half of 2020 and the first quarter of 2021, but experienced an improvement over the quarter ended June 2021. Overall, profitability has improved in FY2020-21 though still below pre-pandemic levels. The pre-tax Return on Equity of DTIs was at 12.7 per cent for quarter ended June 2021, up from 9.5 per cent for the quarter ended June 2020. Similarly, the pre-tax Return on Assets of DTIs was at 1.3 per cent for quarter ended June 2021, slightly higher than the 1.1 per cent for the quarter ended June 2020.

Market Risk Indicators

The Net Open Position in foreign exchange, an important indicator on foreign exchange risk that DTIs are exposed to, remained well within the prescribed limit of 15 per cent of Tier 1 capital. The ratio stood at 2.2 per cent as at end-June 2021, an increase of 0.4 percentage point from June 2020.

Stress Testing the Mauritian Banking Sector

The Bank assessed the resilience of the banking sector using its stress testing framework. Plausible scenarios for the stress tests are by design based on hypothetical adverse conditions, such as shocks to the credit portfolios, interest rate, exchange rate and liquidity. These hypothetical scenarios and their outcomes should not be considered as forecasts.

The resilience of the banking sector was put to test through three macroeconomic shocks. These macroeconomic shocks delved on three hypothetical economic recovery scenarios, namely: (a) economic recovery in 2021 (baseline scenario); (b) delayed growth up to early 2022 (moderate scenario); and (c) further contraction in 2021 with recovery as from end 2022 (severe scenario). The results indicated that banks had robust capital position,

[1] DTIs comprised 19 banks and 6 NBDTIs, which are all regulated by the Bank of Mauritius.
[2] Loans include only facilities provided by DTIs in the form of loans, overdrafts and finance leases.

with post-shock CAR above regulatory minimum of 11.875 per cent. The reverse stress test conducted supported the robustness of banks, as their capital buffers were able to absorb higher levels of performing loans becoming impaired, compared to end-December 2020.

Stress test results showed that banks had adequate capital and liquidity buffers to deal with the protracted repercussions of the pandemic. Some banks appeared to be more vulnerable than others. Uncertainty remains about the shape of economic recovery, both domestically and globally, and upon the duration of the pandemic globally. If the shock persists for a longer period than expected, banks' solvency and liquidity positions will eventually begin to exhibit vulnerabilities.

Financial Soundness Indicators of Deposit-Takers as at end-June 2021

Capital - based	Regulatory Capital to Risk Weighted Assets: 19.7%	↓
	Regulatory Tier 1 capital to risk weighted assets: 18.3%	↓
Asset Quality	Non-performing loans to total gross loans: 5.6%	↓
Liquidity	Liquid assets to total assets: 27.3%	↑
	Liquid assets to short-term liabilities: 30.5%	↑
Earnings and Profitability	Return on assets: 1.3%	↑
	Return on equity: 12.7%	↑
Market Risk	Net open position in foreign exchange: 2.2%	↑

REGULATION AND SUPERVISION

Table 3.7: Financial Soundness Indicators[a] of Deposit Taking Institutions[b]

Financial Soundness Indicators (Core)	Jun-17	Jun-18	Jun-19*	Jun-20*	Jun-21
Capital-based					
Regulatory capital to risk-weighted assets	18.6	18.0	20.0	20.4	19.7
Regulatory Tier 1 capital to risk-weighted assets	17.2	16.7	18.5	19.0	18.3
Non-performing loans net of provisions to capital	18.0	14.3	12.7	12.2	8.2
Asset Quality					
Non-performing loans to total gross loans[c]	7.8	6.9	6.3	5.8	5.6
Sectoral distribution[d] of loans to total loans[c]					
Interbank loans	0.3	2.4	3.6	4.6	5.0
Other financial corporations	3.2	3.9	12.2	11.4	9.8
Non-financial corporations	35.6	33.3	25.7	27.1	26.4
Other domestic sectors	22.5	21.8	22.6	20.9	21.7
Non-residents	38.5	38.6	36.0	35.9	37.0
Earnings and Profitability					
Return on assets	1.5	1.5	2.0	1.1	1.3
Return on equity	14.9	14.6	17.4	9.5	12.7
Interest margin to gross income	68.8	71.5	73.8	65.9	69.3
Non-interest expenses to gross income	40.2	40.5	40.4	40.0	43.2
Liquidity					
Liquid assets to total assets	26.8	25.4	21.0	26.4	27.3
Liquid assets to short-term liabilities	33.3	28.8	23.9	29.7	30.5
Sensitivity to Market Risk					
Net open position in foreign exchange to capital	4.7	3.0	2.8	1.7	2.2
Financial Soundness Indicators (Encouraged)	**Jun-17**	**Jun-18**	**Jun-19***	**Jun-20***	**Jun-21**
Capital to assets	10.2	11.6	11.9	11.0	10.3
Value of large exposures[e] to capital	150.0	235.3	248.4	258.5	253.1
Customer deposits to total (non-interbank) loans	151.5	155.2	159.9	182.7	219.2
Residential real estate loans to total loans[c]	9.2	10.3	11.0	10.6	11.3
Commercial real estate loans to total loans[c]	4.3	4.4	4.2	5.0	5.5
Trading income to total income	10.3	8.2	7.7	16.4	7.6
Personnel expenses to non-interest expenses	49.4	49.4	46.8	48.0	47.6

[a] FSIs are calculated on a domestic consolidation basis using the Financial Soundness Indicators Compilation Guide (2006) of the International Monetary Fund.
[b] Deposit Taking Institutions refer to Banks and Non-Bank Deposit Taking Institutions that are all licensed by the Bank.
[c] Total gross loans include commercial loans, instalment loans, hire-purchase credit, loans to finance trade credit and advances, finance leases, repurchase agreements not classified as deposits, and overdrafts.
[d] With the emergence of new types of economic activities, the return on sector-wise distribution of credit to the private sector has been replaced by a new template based on the United Nations International Standard Industrial Classification (ISIC) of all economic activities, Rev. 4, built on a set of internationally agreed concepts, definitions, principles and classification rules. Hence, data are not strictly comparable with those prior to December 2018.
[e] As from December 2017, the measurement of credit concentration ratio has been revised to aggregate large credit exposure (above 10 per cent of Tier 1 capital) as a percentage of aggregate Tier 1 capital. Hence, data are not strictly comparable with those prior to December 2017.
Note: Figures may not add up due to rounding.
* Revised figures.

DEVELOPMENTS IN AML/CFT

In August 2020, all Anti-Money Laundering and Combating the Financing of Terrorism ('AML/CFT') Supervisors signed a Memorandum of Cooperation ('Memorandum') which aims at facilitating policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation. An Interagency Coordination Committee was established in August 2020 as per the Memorandum for optimal implementation of the AML/CFT regime.

The Interagency Coordination Committee (ICC) is chaired by the Governor of the Bank of Mauritius, and comprises all AML/CFT Regulators and Supervisors, namely the Bank of Mauritius, the Attorney General's Office, the Financial Services Commission, the Financial Intelligence Unit, the Registrar of Companies, the Gambling Regulatory Authority, the Registration of Associations, and the Mauritius Institute of Professional Accountants.

The inaugural meeting of the ICC was held on 28 August 2020 and the Committee meets on a regular basis to ensure effective implementation of the AML/CFT measures and promote collaboration and coordination amongst the member agencies.

In addition to facilitating policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation, the setting up of the ICC encourages all authorities to work collaboratively to defend and uphold the country's repute, and fend off any exposures to money laundering and financing of terrorism risks.

The ICC has proved to be an effective platform to continuously improve AML/CFT supervisory effectiveness in different areas, notably, in pooling resources together to conduct joint training for the benefit of supervisors and outreach sessions for the industry. Additionally, experienced financial sector supervisors have provided on-the-job training to the DNFBP supervisors and assisted them in their onsite examinations amongst others.

The ICC has also established three Technical Sub-Committees, which have as mandates to ensure progress on all areas of cooperation under the Memorandum of Cooperation, namely

(i) Technical Sub-Committee on Supervision;
(ii) Technical Sub-Committee on Coordination; and
(iii) Technical Sub-Committee on Legal and Regulatory requirements, Training and Outreach.

All ICC Members are represented by at least one representative in the Technical Sub-Committees.

The Commitment of Mauritius in the Combat against Money Laundering and the Financing of Terrorism and Proliferation

Mauritius has, through numerous initiatives, demonstrated its unflinching commitment to combat money laundering and terrorist and proliferation financing. In February 2020, Mauritius made a high-level political commitment to the Financial Action Task Force (FATF) to sustain its AML/CFT reforms.

To that effect, an Inter-Ministerial Committee chaired by the Honourable Prime Minister has been set up to ensure effective implementation of the AML/CFT Reforms by all stakeholders.

A Core Group on AML/CFT, chaired by the Financial Secretary and co-chaired by the Governor of the Bank of Mauritius and the Director General of the Independent Commission against Corruption, was also set up by the Inter-Ministerial Committee to develop and coordinate the strategies, policies and actions required to ensure the implementation of the recommended actions in the 2018 Mauritius Mutual Evaluation Report.

The establishment of the Core Group has been formalized as a standing committee under the Financial Intelligence and Anti-Money Laundering Act, to ensure sustainability and continuity in furthering our AML/CFT strategy. Amongst others, the Core Group is mandated to ensure the effective implementation, by the relevant competent authorities of the FATF international standards on AML/CFT.

Moreover, an Interagency Coordination Committee, chaired by the Governor of the Bank of Mauritius, and comprising all AML/CFT Regulators and Supervisors, has been set up in August 2020 to facilitate policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation.

The Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT) framework was also reviewed and new laws enacted to ensure that Mauritius is technically compliant with the International Standards of the FATF.

It is worth highlighting that at the time of the adoption, in July 2018, of its Mutual Evaluation Report by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Mauritius was rated compliant or largely compliant with only 14 of the 40 FATF recommendations.

As a result of an overhaul of the AML/CFT legal framework, Mauritius submitted 4 applications for technical compliance re-rating to the ESAAMLG, which were considered at the April 2019, September 2019, December 2020 and September 2021 meetings of the ESAAMLG.

These applications were successful and as a result of the technical compliance upgrades, Mauritius is currently compliant or largely compliant on 39 of the 40 FATF Recommendations, including the 'Big Six' FATF Recommendations, which are:

- Recommendation 3 on Money laundering offence
- Recommendation 5 on Terrorist financing offence
- Recommendation 6 on Targeted financial sanctions related to terrorism & terrorist financing
- Recommendation 10 on Customer due diligence
- Recommendation 11 on Record keeping
- Recommendation 20 on Reporting of suspicious transactions

FINANCIAL MARKETS DEVELOPMENTS

A Busy Street by the Side of The Customs House

Since the 18th Century, Mauritius has been a flourishing trading centre and a cultural meeting point. When the British took possession of the island on 3 December 1810, the transition of power was relatively seamless, and people went about their daily lives with hardly any disturbance. The picture shows the cultural diversity that prevailed on the island, and the pursuit of daily activities in spite of the presence of British soldiers.

It is a historical fact that the island's French ruling class believed that collaborating with the British would best suit their interests. They began doing so immediately while the British provided liberal conditions of surrender. Indeed, the island's laws, customs, religion, private property, unrestricted trade, and even the French language were all maintained.

FINANCIAL MARKETS DEVELOPMENTS

REVIEW OF OPERATIONS

During FY2020-21, the Bank conducted open market operations for effective monetary policy transmission and ensuring that both the rupee and foreign exchange markets function smoothly.

With a view to providing financial assistance to economic operators including SMEs and households, the Bank made available Lines of Credit to the Development Bank of Mauritius Ltd (DBM) and State Investment Corporation (SIC). These lines of credit, initially made available for disbursement up to December 2020, were thereafter extended until end-June 2022. As at end-June 2021, a total amount of Rs3.4 billion was disbursed under these schemes. In parallel, the USD/MUR Swap Scheme and Special Foreign Currency (USD) Line of Credit to banks were extended up to 30 June 2021.

BoM securities for a total nominal amount of Rs99.6 billion were issued during FY2020-21 against maturing securities amounting to Rs58.7 billion, including special deposits of Rs7.6 billion. Of the total amount issued, BoM Bills for an amount of Rs69.3 billion were issued in maturities of up to one year. Reflecting liquidity conditions in the domestic money market, total bids received amounted to Rs141.9 billion against a total tender amount of Rs50.0 billion, representing, on average, a bid cover ratio of around 2.8. Additionally, the Bank issued BoM Notes amounting to Rs27.5 billion in the Two-Year, Three-Year and Four-Year tenors. Furthermore, Five-Year Bonds for an amount of Rs2.8 billion were issued during FY2020-21.

Between 15 March 2021 and 15 June 2021, the Three-Year Golden Jubilee Bonds, which were issued in 2018, were redeemed for a total amount of Rs9.0 billion. Sale of the 2.50% Two-Year Bank of Mauritius Savings Bonds, through commercial banks to individuals and Non-Governmental Organisations, that started in March 2020 for an initial period of 3 months was extended to end-June 2021. Savings Bonds issued during that period were for a total amount of Rs3.1 billion.

As a result of the Bank's operations on the money market, outstanding BoM securities reached Rs114.1 billion as at end-June 2021 compared to Rs79.6 billion as at end-June 2020. On a 12-month average basis, rupee excess liquidity amounted to Rs35.3 billion in FY2020-21, up from Rs20.6 billion in the previous financial year (Charts 4.1 and 4.2).

Chart 4.1: Banks' Rupee Excess Reserves

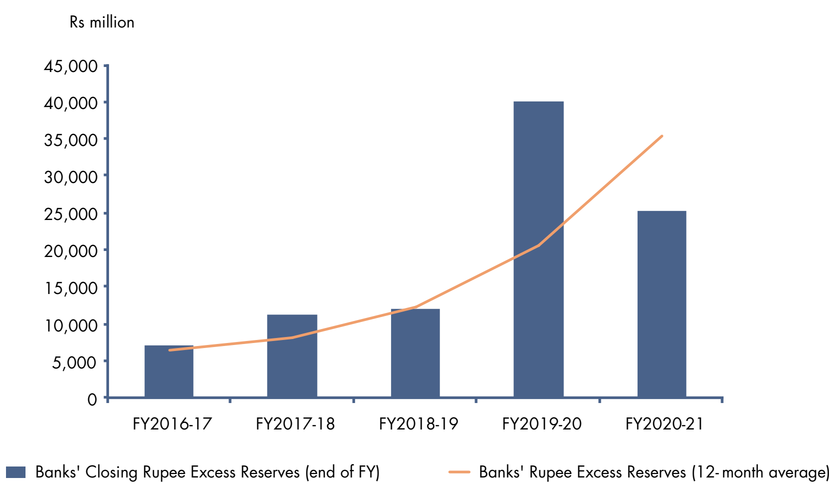
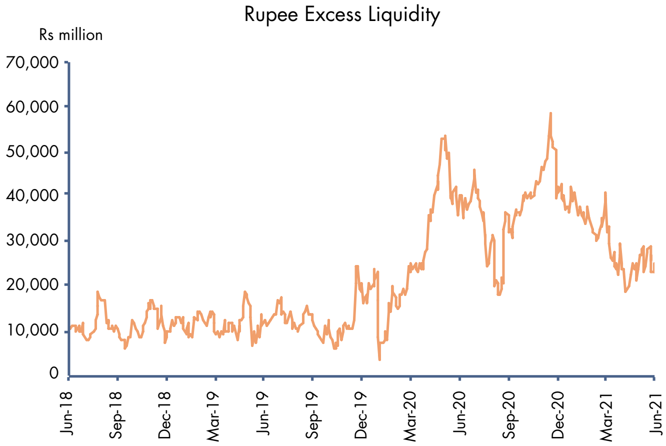
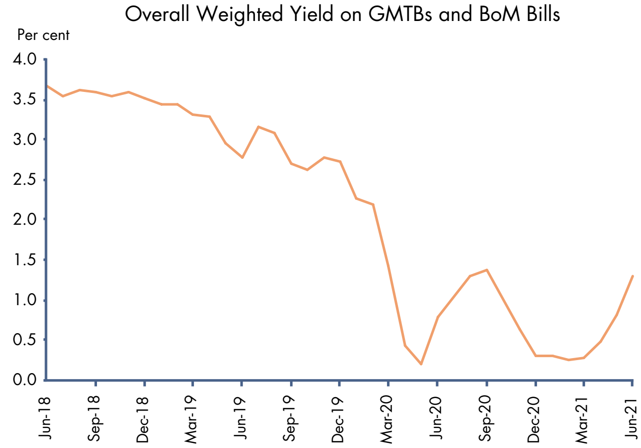


Chart 4.2: Excess Liquidity and Money Market Rates

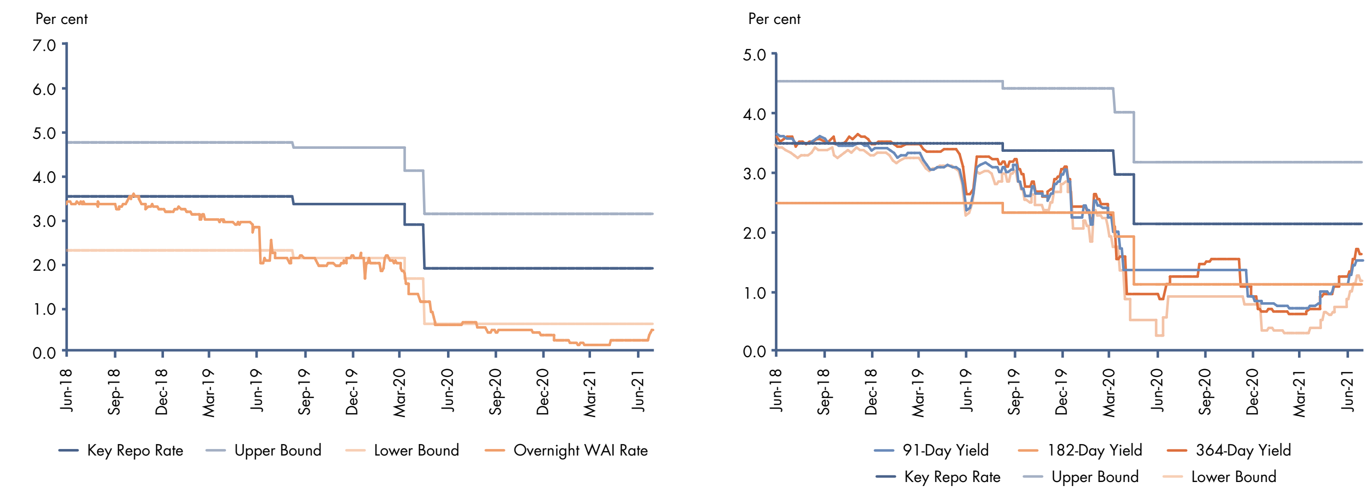
Rupee Excess Liquidity



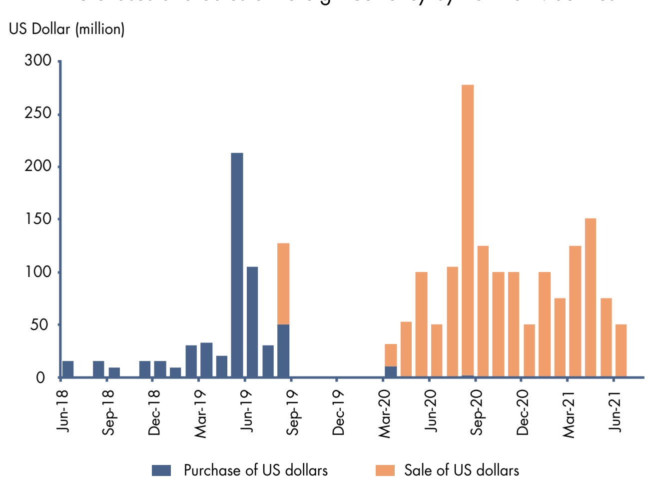
Overall Weighted Yield on GMTBs and BoM Bills



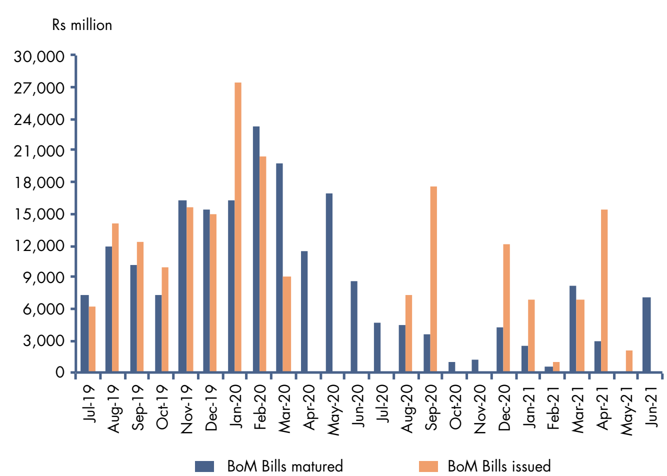
Short-term Money Market Rates and Key Repo Rate



Purchases and Sales of Foreign Currency by Bank of Mauritius



Bank of Mauritius Bills

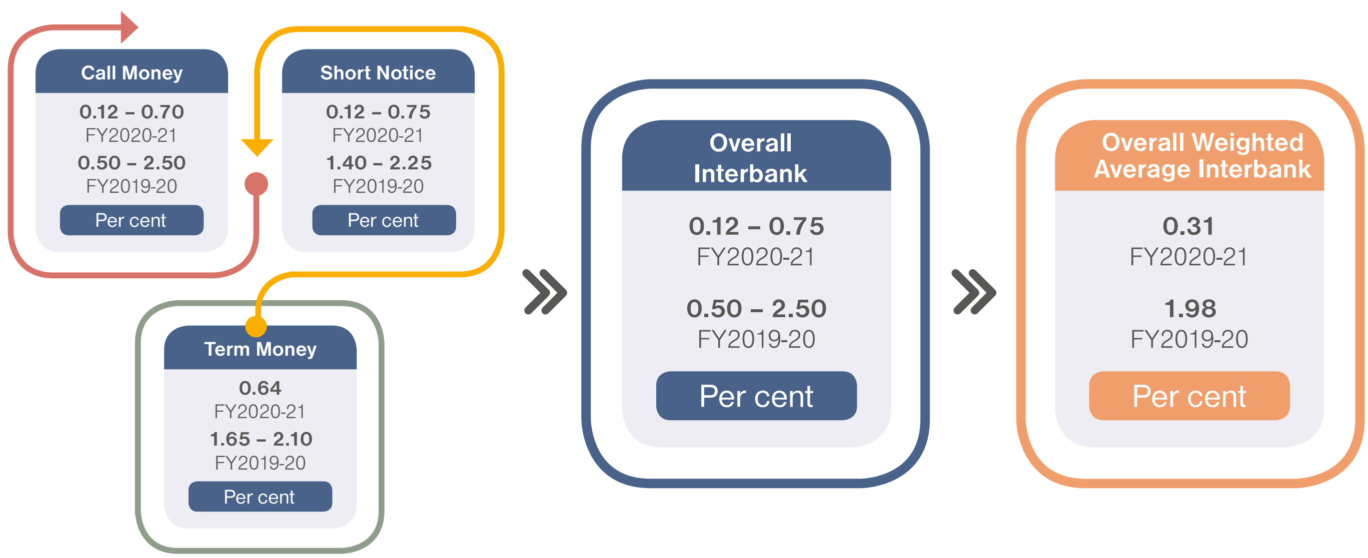


FINANCIAL MARKETS DEVELOPMENTS

Interbank Money Market

Total turnover on the interbank money market increased from Rs94.3 billion in FY2019-20 to Rs123.2 billion during FY2020-21. The monthly average interbank transactions increased to Rs465 million in FY2020-21, from Rs334 million in the previous financial year. Monthly average transactions on the Call Money segment stood at Rs477 million and accounted for nearly 92 per cent of total transactions carried out in FY2020-21. Total transactions conducted under Short Notice increased from Rs7.5 billion in FY2019-20 to Rs9.7 billion in FY2020-21. Under the Term Money segment, the volume of transactions fell from Rs4.8 billion in FY2019-20 to Rs435 million in FY2020-21.

Interbank Money Market Rates



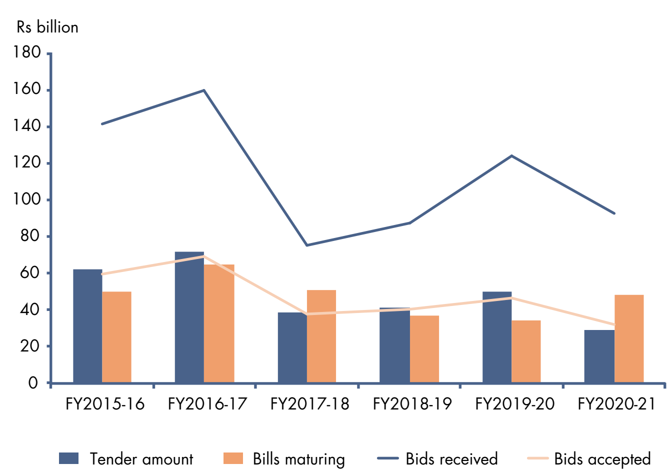
Issue of Government Securities

Government of Mauritius Treasury Bills

Government issued Treasury Bills for an aggregate amount of Rs32.1 billion in the 91-Day, 182-Day and 364-Day maturities against maturing Treasury Bills to the tune of Rs48.2 billion during FY2020-21, thus a net redemption of Rs16.1 billion. All auctions conducted during FY2020-21 were oversubscribed with bids received totaling Rs92.9 billion against a total tender amount of Rs29.4 billion (Chart 4.3).

Government maintained the issuance of the 182-Day Government of Mauritius Treasury Certificates (GMTCs) to Non-Financial Public Sector Bodies (NFPSBs) on tap at the weighted average yield registered at the latest 182-Day Bills auction plus a margin of 20 basis points. During FY2020-21, investment by NFPSBs in 182-Day GMTCs amounted to Rs19.6 billion compared to Rs7.4 billion in the previous financial year.

Chart 4.3 Auctioning of Government of Mauritius Treasury Bills



FINANCIAL MARKETS DEVELOPMENTS

Benchmark Issues

During FY2020-21, Government continued to conduct benchmark issues of the Three-Year Treasury Notes and Five-Year Bonds to ensure sufficient liquidity in the instruments, with a view to boosting secondary market trading and fostering market development.

Primary Dealer System and Secondary Market Trading

The main objective of the Primary Dealer System is to develop the secondary market for both Government and BoM securities. Following an annual review of the activities of the Primary Dealers and taking into account the exceptional market conditions that prevailed during FY2020-21, the licence of the existing four Primary Dealers were renewed for a period of one year, starting April 2021.

Total volume of transactions conducted on the secondary market fell from Rs181.5 billion in FY2019-20 to Rs104 billion in FY2020-21. Transactions carried out by banks accounted for around 44.6 per cent of total transactions, of which 33.2 per cent were effected with Non-Primary Dealer Banks for a total amount of Rs34.5 billion. The volume of transactions conducted by non-bank financial institutions, mainly comprising pension funds and insurance companies, accounted for around 44.2 per cent of total transactions in FY2020-21.

Auctions of Government of Mauritius Securities

	Three-Year Treasury Notes	Five-Year Government of Mauritius Bonds	Ten-Year Government of Mauritius Bonds	Fifteen-Year Government of Mauritius Bonds	Twenty-Year Government of Mauritius Bonds
FY2019-20					
Tender Amount:	Rs15.6 billion	Rs13.6 billion	Rs3.1 billion	Rs3.0 billion	Rs3.5 billion
Value Bids Received:	Rs41.7 billion	Rs36.6 billion	Rs8.5 billion	Rs7.9 billion	Rs9.1 billion
Value Bids Accepted:	Rs14.8 billion	Rs15.3 billion	Rs3.5 billion	Rs3.0 billion	Rs3.8 billion
FY2020-21					
Tender Amount:	Rs18.2 billion	Rs19.5 billion	Rs6.5 billion	Rs7.5 billion	Rs4.5 billion
Value Bids Received:	Rs48.8 billion	Rs47.7 billion	Rs16.7 billion	Rs17.5 billion	Rs11.5 billion
Value Bids Accepted:	Rs19.8 billion	Rs20.7 billion	Rs6.5 billion	Rs6.1 billion	Rs4.8 billion

EXCHANGE RATE DEVELOPMENTS

During FY2020-21, the exchange rate of the rupee remained largely influenced by the evolution of the US dollar against main currencies on international foreign exchange markets as well as domestic market conditions. The Bank continued to intervene on a regular basis on the domestic foreign exchange (FX) market to ensure an adequate supply of foreign exchange. On a weighted average dealt selling rate basis, between end-June 2020 and end-June 2021, the rupee depreciated by 6.3 per cent and 11.4 per cent vis-à-vis the US dollar and the euro, from Rs40.464 and Rs45.514 to Rs43.027 and Rs51.348, respectively. Depreciation of the rupee against the Pound sterling was more pronounced at 16.1 per cent, from Rs50.085 to Rs59.709 (Chart 4.4). During FY2020-21, on a nominal effective exchange rate basis, as measured by MERI1 and MERI2, the rupee depreciated by 9.9 per cent and 10.2 per cent, respectively (Chart 4.5).

FINANCIAL MARKETS DEVELOPMENTS

Chart 4.4: Nominal Exchange Rate of the Rupee against Main Currencies

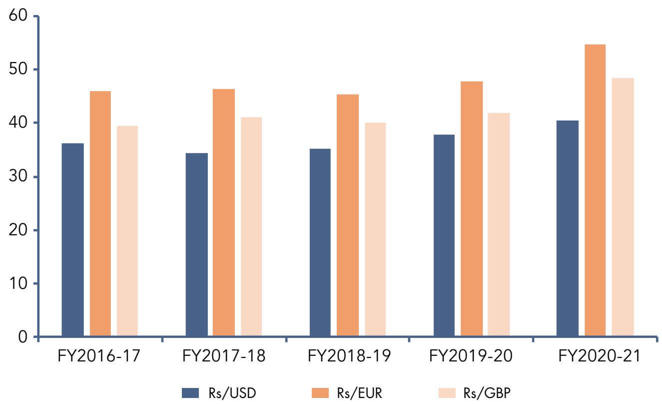
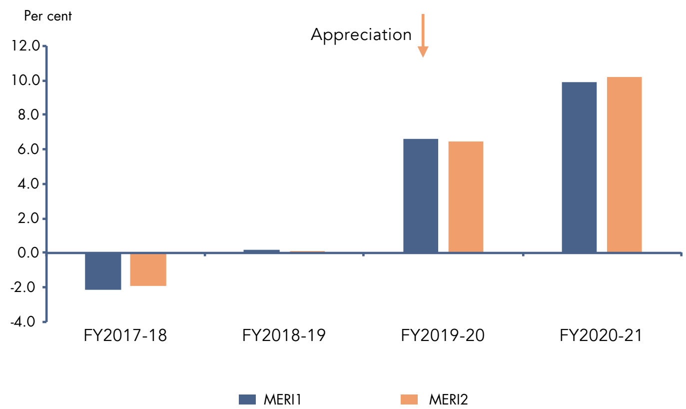


Chart 4.5: Annual change in MERI1 and MERI2



Foreign Currency Transactions

Since the outbreak of COVID-19 in March 2020, activity on the domestic FX market remained low. Total turnover, including spot and forward transactions but excluding interbank transactions, FX interventions and sales to the State Trading Corporation by the Bank, decreased from US$10.8 billion in FY2019-20 to US$8.3 billion in FY2020-21. This was primarily due to the significant decline in tourism receipts, following the closure of national borders.

Foreign currency transactions remained concentrated in the spot market, totaling US$7.7 billion and accounting for 91.8 per cent of total turnover. Forward transactions dropped from US$1.2 billion in FY2019-20 to US$0.7 billion in FY2020-21. The share of forward transactions in total FX turnover thus declined from 11.5 per cent to 8.2 per cent over the same period (Table 4.1).

Foreign currency purchases and sales were mostly denominated in US dollar and euro, with the share of transactions conducted in US dollar declining from 59.6 per cent in FY2019-20 to 48.1 per cent in FY2020-21. Concurrently, the share of transactions in euro dropped from 29.3 per cent to 20.1 per cent (Table 4.2).

Table 4.1: Foreign Currency Transactions[1]

(US$ million)

	Purchases				Sales				Turnover
	Spot		Forward	Total	Spot		Forward	Total	
	Miscellaneous[2]	More than US$ 20,000 or equivalent			Miscellaneous[2]	More than US$ 20,000 or equivalent			
FY2019-20	1,726.4	2,867.3	659.4	**5,253.1**	1,484.3	3,479.1	579.9	**5,543.3**	**10,796.4**
FY2020-21	1,123.8	2,109.6	236.7	**3,470.1**	1,405.6	3,015.8	443.0	**4,864.4**	**8,334.4**

[1] Transactions conducted by banks and foreign exchange dealers, excluding interbank and swap transactions.
[2] Includes transactions below US$20,000 or equivalent.
Figures may not add up to totals due to rounding.

Table 4.2: Foreign Currency Purchases and Sales by Major Currencies

(US$ million)

	Purchases					Sales				
	USD	EUR	GBP	Others*	Total	USD	EUR	GBP	Others*	Total
FY2019-20	1,876.9	1,386.3	179.1	84.4	**3,526.7**	2,647.3	839.7	173.0	399.0	**4,059.0**
FY2020-21	1,429.3	736.3	97.8	83.1	**2,346.3**	2,222.7	791.5	116.9	327.6	**3,458.8**

**Other currencies, excluding Miscellaneous Transactions*
Figures may not add up to totals due to rounding.

FINANCIAL MARKETS DEVELOPMENTS

Foreign Exchange Intervention

The Bank intervened to sell US dollars in a regular and sustained manner to ensure constant availability of foreign currency on the domestic FX market. During FY2020-21, a total amount of US$1,330.1 million was sold to banks and FX dealers through regular interventions compared to US$299 million in FY2019-20.

Main Highlights

FY2017-18
Purchases of USD:
Rs21.6 billion
Sterilisation of FX Proceeds:
Rs18.8 billion

FY2019-20
Purchases of USD:
Rs3.3 billion
Sales of USD:
Rs11.6 billion
Sterilisation of FX Proceeds:
Rs1.1 billion

FY2018-19
Purchases of USD:
Rs17.4 billion
Sterilisation of FX Proceeds:
Rs5.3 billion

FY2020-21
Purchases of USD:
Rs0.1 billion
Sales of USD:
Rs53.1 billion

Interbank Foreign Exchange Market

FY2019-20

Total Turnover, excluding BoM interventions:
US$749 million

Of which

- Purchases of US dollar against the rupee: US$425 million
- Purchases of US dollar against other foreign currencies: US$236 million

Weighted average interbank Rs/USD:
Rs35.8069 – Rs40.6000

FY2020-21

Total Turnover, excluding BoM interventions:
US$288 million

Of which

- Purchases of US dollar against the rupee: US$209 million
- Purchases of US dollar against other foreign currencies: US$42 million

Weighted average interbank Rs/USD:
Rs39.2452 – Rs42.8429

FINANCIAL MARKETS DEVELOPMENTS

Reserve Management

Foreign exchange reserves reached US$7.3 billion as at end-June 2021, slightly up from US$7.2 billion a year earlier. The level of international reserves has remained within adequacy ranges, based on both traditional metrics as well as the more rigorous IMF Assessing Reserves Adequacy (ARA) methodology.

Strategic Asset Allocation

The Strategic Asset Allocation (SAA) of the foreign exchange reserves pertains to the reserves management process at the Bank and defines the allocation of reserves in terms of currencies and broad asset classes. The SAA is approved by the Board of the Bank and is designed to adhere to the guiding principles of security, liquidity and return in that order of priority under Section 46(2) of the Bank of Mauritius Act 2004.

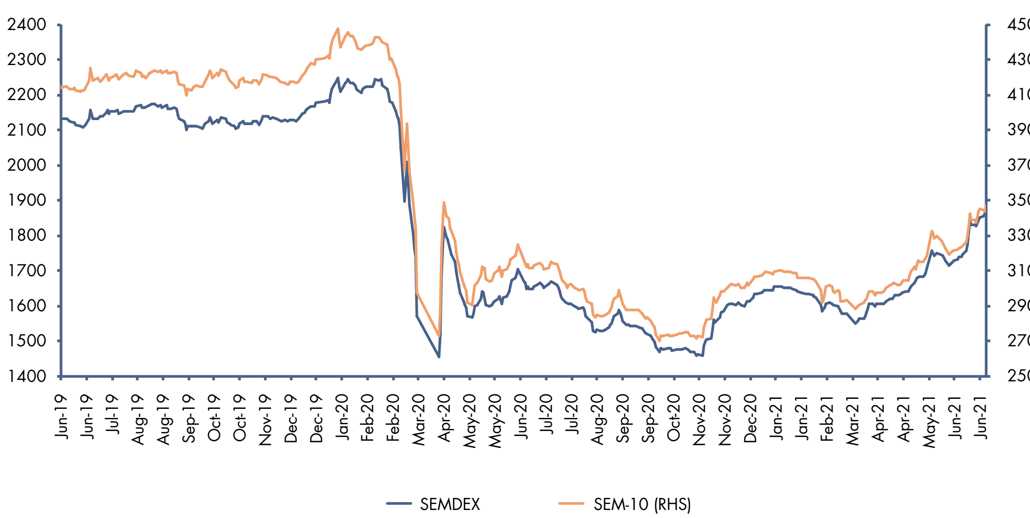
A new SAA was approved by the Board in January 2021 to take account of updated capital market assumptions across financial asset classes over the medium term, whilst enhancing the resilience of the reserve portfolio to liquidity shocks. In line with governance best practices, the Board also approved the 'Foreign Exchange Reserves Investment Policy and Guidelines', which incorporates the risk preferences and investment guidelines relating to the investment process for the reserves portfolio.

STOCK MARKET DEVELOPMENTS

During FY2020-21, the domestic stock market partly recouped the losses registered in the preceding year. The second wave of the pandemic and re-imposition of national lockdown in March 2021 did not have significant adverse impact on the share prices of listed companies on the domestic stock market. Accordingly, the SEMDEX and SEM-10 posted respective gains of 12.1 per cent and 10.5 per cent between end-June 2020 and end-June 2021 (Chart 4.6).

All major sectors posted positive performances in FY2020-21. Share prices of the sugar-linked, tourism, banking and construction sectors improved in the range of 17.6-32.8 per cent in FY2020-21 compared to FY2019-20, on the back of optimistic growth outlook and progress in the domestic vaccination programme. The tourism sector was boosted by announcement of the phased re-opening of borders as from mid-July 2021. Construction activity remained buoyant in the wake of the ongoing Metro Express project and implementation of the Road Decongestion Programme, amongst others. Similarly, the sugar-linked sector was underpinned by an improvement in global sugar demand and easing of containment measures worldwide, which supported sugar prices.

Chart 4.6: SEMDEX and SEM-10

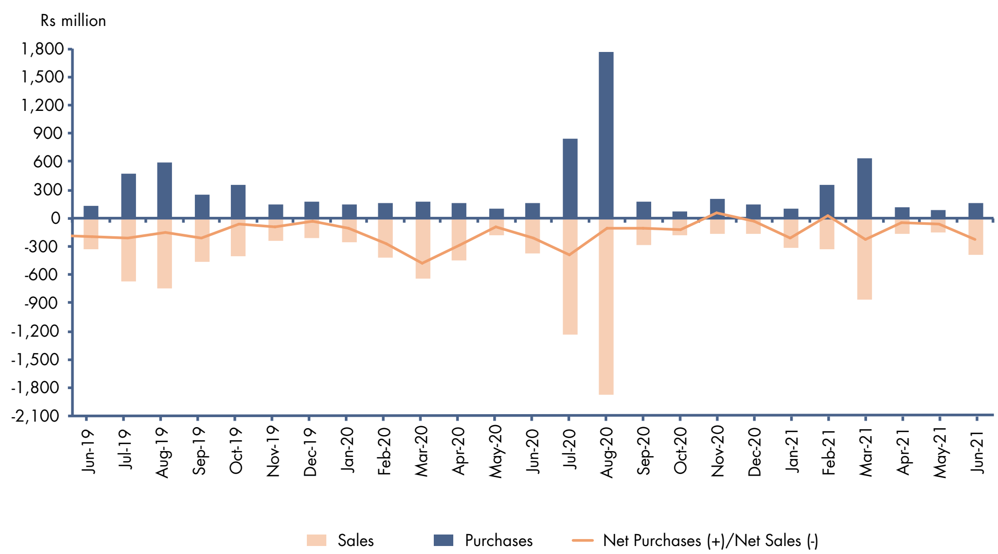


FINANCIAL MARKETS DEVELOPMENTS

Total market capitalisation on the Official Market increased by 12.1 per cent to Rs226.1 billion as at end-June 2021 against a decline of 20.1 per cent as at end-June 2020. Average monthly turnover of transactions on the Official Market dropped by 18.3 per cent to Rs51.9 million in FY2020-21. In volume terms, 1.8 million shares were, on average, traded on the Official Market during the period under review.

Net investment by foreigners on the domestic stock market remained in negative territory during FY2020-21 (Chart 4.7). Total purchases by foreigners increased by around 60.8 per cent, from Rs2.9 billion in FY2019-20 to Rs4.6 billion in FY2020-21, while their sales expanded by around 20.6 per cent, from Rs5.0 billion to Rs6.1 billion over the same period. Hence, net sales by non-residents dropped by 33.1 per cent to Rs1.45 billion.

Chart 4.7: Investment by Non-Residents on the Stock Exchange of Mauritius



PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

View of Champ de Mars in Port Louis

The Champ de Mars area, a tribute to the Roman God of war Mars, was named after the Champ de Mars located in Paris. The grounds were similarly used by the French as a military training ground. In 1812, the British transformed the place into a racecourse. British Colonel Edward Alured Draper, the driving force behind the creation of the horse racing track, felt that the passion of horseracing shared by British and French people might foster a cooperative spirit.

The Champ de Mars stands as the oldest racecourse in the Southern Hemisphere and the second oldest racecourse in the world. The first race ever contested in Mauritius was held on 25 June 1812. The Champ de Mars is also a landmark for the country's independence. The handover of power from the British authorities to the Mauritian independent government took place there at noon on 12 March 1968.

PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

Payment systems play an integral role in a country's financial market infrastructure. A safe and efficient payment system is critical in promoting financial stability and contributes significantly to overall economic development. In parallel, innovation, changing consumer preferences and technological developments have paved the way for the emergence of new operators across the payments sphere which, until recently, was primarily dominated by banks.

Over the years, the Bank has undertaken several initiatives with the aim of developing a robust ecosystem for digital payments and financial services. The Bank endeavours to bring more efficiency, safety and resilience in the payment systems so as to keep pace with international developments, while keeping in view the growing challenges posed by technological innovation.

Regulatory Framework

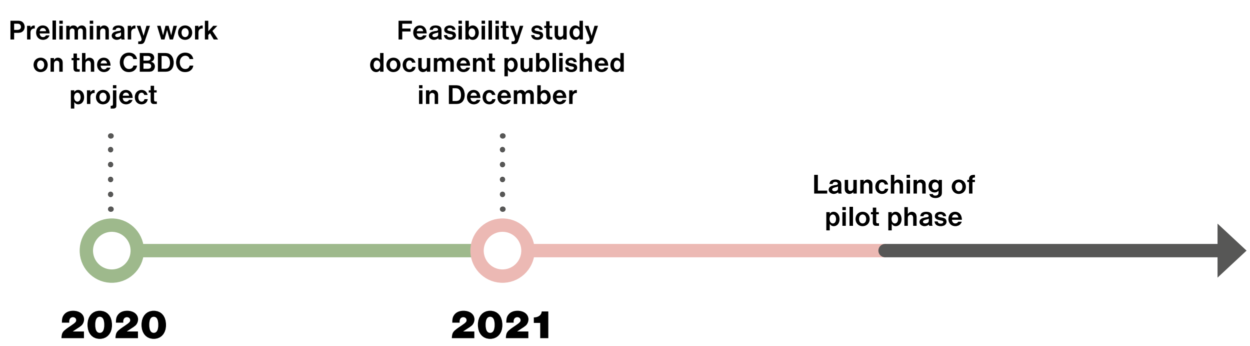
Pursuant to Section 5(1) (c) of the Bank of Mauritius Act (the BoM Act), the Bank is mandated to manage the payment, clearing and settlement systems in Mauritius. With the proclamation of the National Payment Systems Act (the Act) in January 2019, the Bank has been empowered to regulate, oversee and supervise the national payment system and other payment systems being operated in Mauritius, while enabling non-bank payment service providers to operate in a regulated environment conducive to their line of business. The National Payment Systems (Authorisation and Licensing) Regulations 2021, issued on 31 May 2021, aims at providing a more comprehensive framework for the Bank's licensing mandate under the Act.

Central Bank Digital Currency

Since early 2020, the Bank has been exploring the possibility for the issuance of a retail Central Bank Digital Currency (CBDC), a digital form of sovereign currency. In this respect, the BoM Act has been amended to enable the Bank to issue a digital currency as an alternative to cash. The CBDC, being a legal tender, will contribute to foster more resilience in the payment eco-system and support the process of digitalisation, while providing households and businesses with a safe means of digital payments.

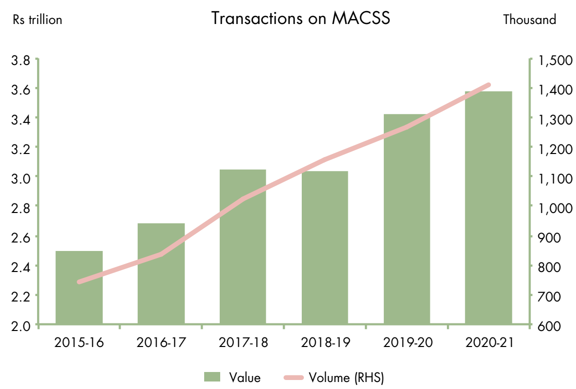
In view of the wide-ranging implications of a CBDC on the Bank's operations and objectives as well as the wider economy, the Bank has sought the technical assistance of the IMF to bring this project to fruition. Several milestones have already been achieved in the design and conceptualisation of the CBDC, with the Bank expecting to publish a feasibility study document in December 2021 and launch a pilot phase thereafter.

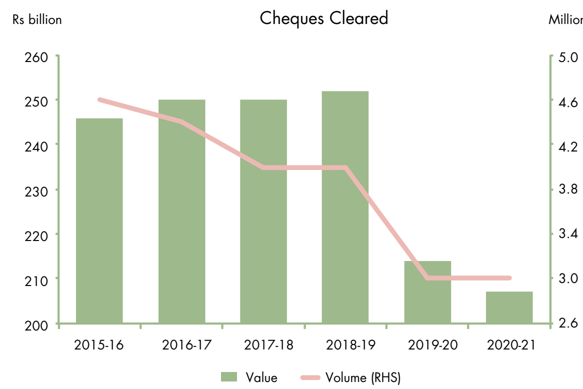
Timeline for the CBDC Project:

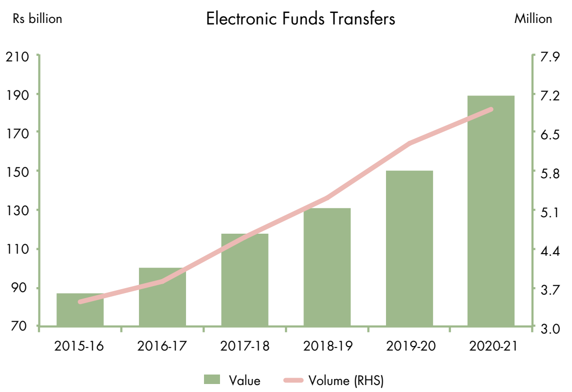


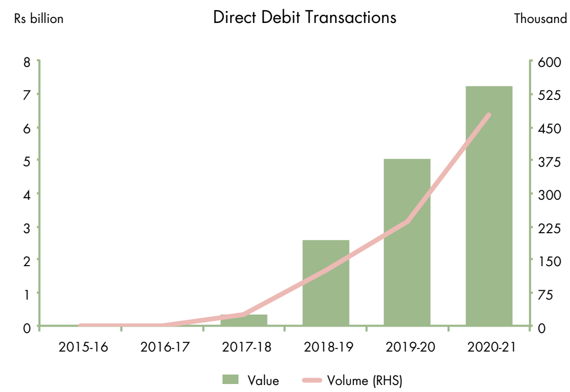
PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

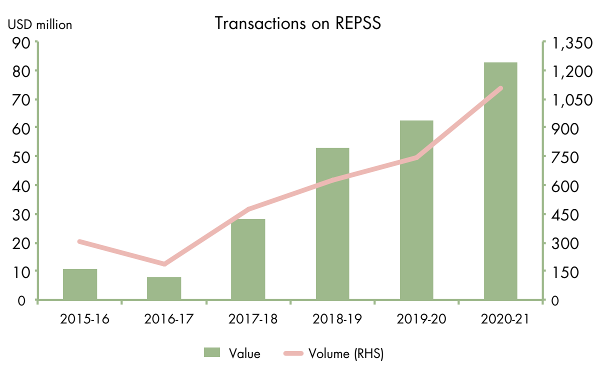
Selected Indicators for Payment Systems and Digital Innovation

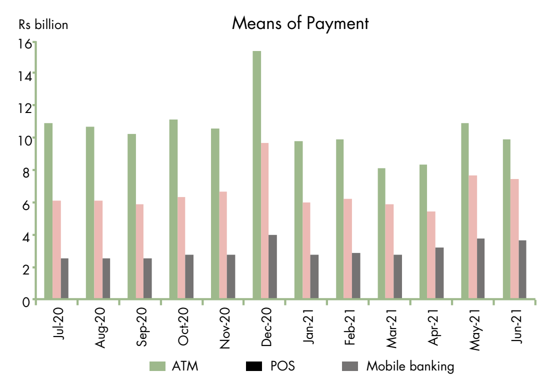


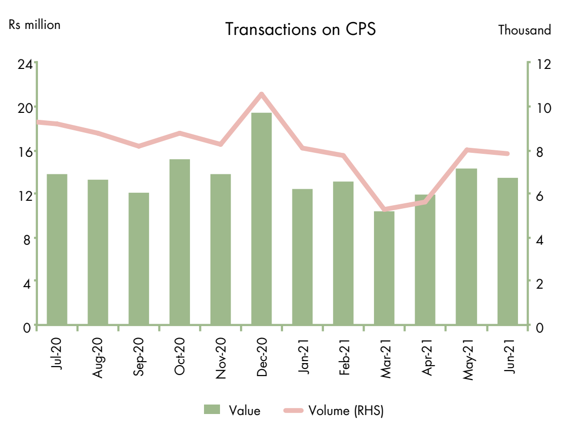


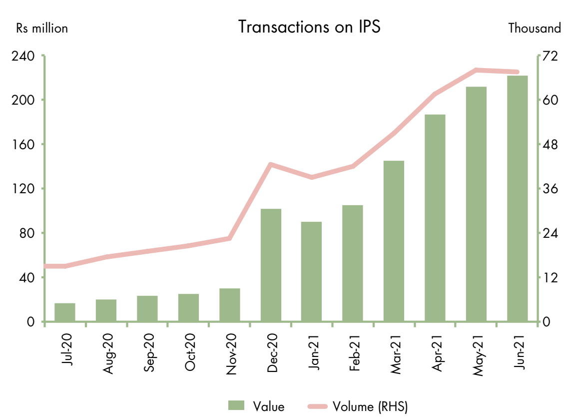












PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

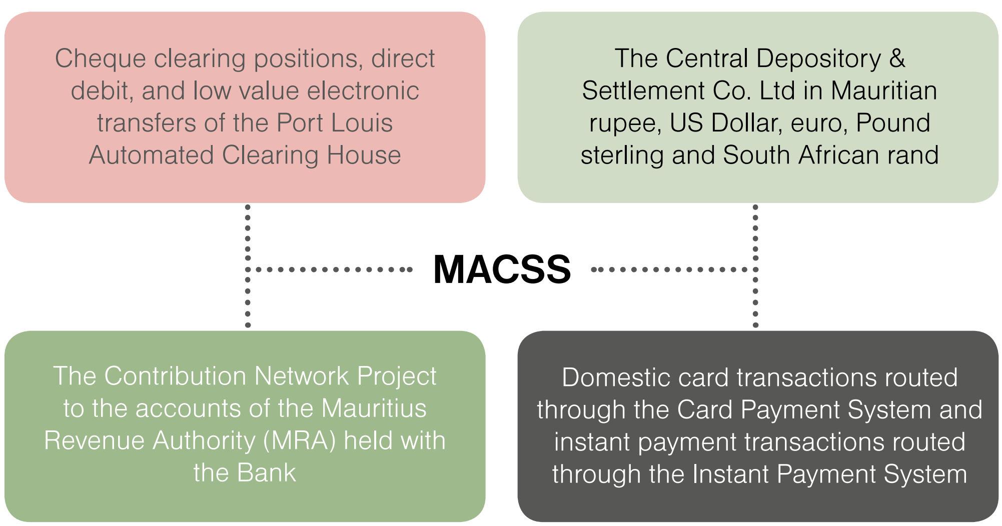
Mauritius Automated Clearing and Settlement System

The Mauritius Automated Clearing and Settlement System (MACSS), the single large value payment and settlement system in Mauritius, is the backbone of the payment systems in Mauritius. The MACSS is a fully automated multi-currency system that allows transfer of funds on a Real Time Gross Settlement (RTGS) basis.

Notwithstanding the national lockdown imposed over the period 10 March to 30 April 2021, throughput on MACSS, measured in volume and value terms, increased by 11.3 per cent and by 4.4 per cent, respectively, in FY2020-21 compared to FY2019-20. In this respect, 1,407,855 transactions amounting to Rs3.5 trillion were processed in FY2020-21 compared to 1,265,372 transactions totalling Rs3.4 trillion recorded in FY2019-20. The daily average volume of transactions settled on MACSS stood at 5,648 in FY2020-21 compared to 5,058 in FY2019-20. The average value of transactions also increased from Rs13.8 billion to Rs14.2 billion over the same period. The value of foreign currency transactions processed on the MACSS in FY2020-21 was equivalent to US$19.6 billion, representing an increase of 105.0 per cent relative to FY2019-20.

These developments highlight the increasing use of the MACSS as a mode of interbank payment. The high resilience of the MACSS is clearly reflected in the large volume of payment transactions being processed with same day settlement and without any downtime during FY2020-21.

MACSS carries out batch settlements on a net deferred basis for:



Bulk Clearing System

The Port-Louis Automated Clearing House (PLACH) clears and settles cheques, direct debit instructions and low value Electronic Fund Transfers (EFTs) during four daily cycles through a Bulk Clearing System (BCS). The cheque truncation feature of the BCS, which clears cheques based on electronic images, has significantly shortened the clearing cycle and contributed to improve the velocity of money in the banking system.

The usage of cheques remains on a downtrend, as the public is opting for electronic mode of payments. Increased usage of EFTs is mainly attributed to payments linked to the Wage Assistance Schemes and the Negative Income Tax paid by the MRA, while direct debit instructions are primarily utilised by the MRA for the collection of taxes, contribution to the National Pension Fund and other social contributions.

Main Developments on the BCS:

Cheques

- 3,075,474 cheques for a total value of Rs207 billion were cleared in FY2020-21 and represented respective declines of 2.9 per cent and 3.4 per cent, compared to FY2019-20
- The daily average volume and value of cheques cleared dropped to 12,302 cheques and Rs829 million, respectively, in FY2020-21

EFTs

- 6,872,209 transactions for an amount of Rs188 billion were cleared during FY2020-21, representing respective increases of 9.6 per cent and 25.4 per cent, compared to FY2019-20

Direct Debit

- During FY2020-21, 476,177 transactions were effected for a total value of Rs7.2 billion, representing a two-fold increase in volume and 1.4 times in value, compared to FY2019-20

Regional Cross Border Initiatives

1. **Common Market for Eastern and Southern Africa (COMESA)**

   During FY2020-21, the volume and value of transactions settled on the COMESA Regional Payment and Settlement System (REPSS) increased by 48.9 per cent and 31.7 per cent, respectively, compared to FY2019-20. This reflects an increasing use of the REPSS platform for the settlement of intra-regional trade and payments.

   The COMESA Business Council (CBC) is currently working on the implementation of an integrated, low-cost and interoperable cross-border common payment system, namely "Digital Retail Payments for Micro, Small and Medium Enterprises (MSMEs) in COMESA", with a view to promoting economic growth. The Bank actively collaborates in CBC's activities related to this project.

2. **Southern African Development Community (SADC)**

   Fifteen SADC member countries presently participate in SADC-RTGS, and the number of participating banks (including central banks) stands at 83. Three banks from Mauritius currently participate in SADC-RTGS, namely ABSA Bank (Mauritius) Limited, Standard Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited. The number of transactions settled on the SADC-RTGS stood at 2,170,372 for a total value of ZAR8.5 trillion (equivalent to USD606 billion) in FY2020-21, representing an increase of 19 per cent and 6 per cent in volume and value terms, respectively, compared to FY2019-20.

   In line with SADC's objective towards regional integration, the SADC Banking Association has developed a scheme, namely "Transactions Cleared on an Immediate Basis (TCIB)". The TCIB is an interoperable payments solution that enables high-volume, day-to-day, low-value, instant cross-border and domestic transfers between parties within the SADC region.

3. Association of African Central Banks (AACB)

With a view to promoting cross-border payments in Africa, the AACB has, in February 2020, approved the execution of two initiatives, notably an Inter-Regional Payment System Integration Framework and an Integrated Inter-Regional Mobile Payment Strategy. The Bank is represented in the Expert Panel of the AACB'S African Inter-Regional Payments Integration Task Force, which is conferred the responsibility of overseeing the implementation of these initiatives. The Bank of Mauritius was appointed Deputy Chair of the Mobile Integration Strategy Working Group, which is the Task Force Subgroup dedicated to developing the Integrated Inter-Regional Mobile Payment Strategy.

Mauritius Central Automated Switch

The Mauritius Central Automated Switch (MauCAS), which is a real-time digital platform, comprises a Card Payment System (CPS) and an Instant Payment System (IPS).

The CPS processes and settles domestic payments with locally issued cards. Notwithstanding a temporary drop during the COVID-19 lockdown, 95,877 transactions for a total value of Rs162.1 million were processed through the CPS in FY2020-21, compared to 60,000 transactions for an amount of Rs84.4 million in FY2019-20.

Key Metrics for FY2020-21

↑ 201.3% Digital payments on MauCAS

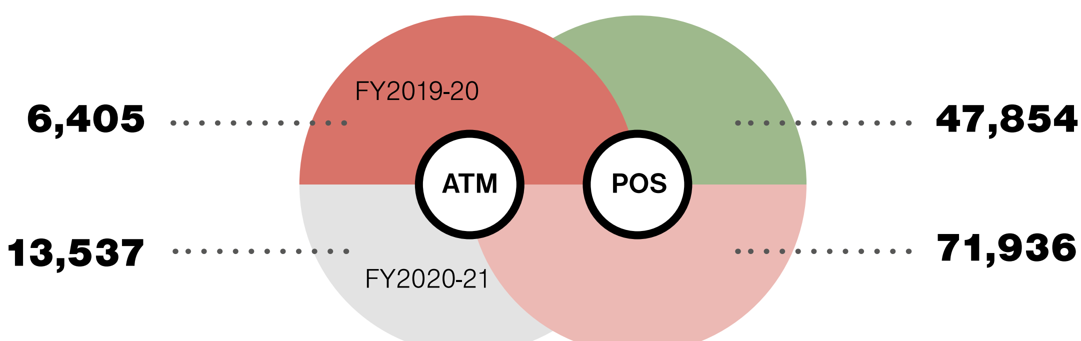
↑ 723.5% Value of Instant Payment transactions

↑ 92.0% Value of Card Payment transactions

↑ 270.6% Volume of Instant Payment transactions

↑ 57.8% Volume of Card Payment transactions

Volume of CPS transactions



The IPS is a fast retail payment system, enabling real-time settlement on a 24/7 basis. As at end-June 2021, eleven banks and one non-bank were participants of the IPS. In FY2020-21, 467,000 transactions amounting to Rs1,180 million were processed, compared to 126,000 transactions for a total value of Rs143.3 million in FY2019-20. The growth was driven by higher adoption of mobile payment services, and banks migrating their internet banking services to the IPS platform.

The IPS proved to be an effective digital means of payment during the lockdown period. Going forward, the IPS is expected to gain further momentum as financial institutions continue to roll out core functionality to their end users and the Government turns to the network for collection of payments.

Initiatives under MauCAS

The Bank has issued specifications for a national QR Code, branded "MauCAS QR Code", so as to bring further impetus to this real-time instant payment ecosystem. This feature of MauCAS will be fully interoperable and will allow the public to effect payments at any merchant location by scanning a QR code, while relieving users from typing in the account numbers of beneficiaries. The QR code will also act as an enabler for the digitalisation of Government services.

Sample layout of MauCAS QR Code

Furthermore, the Bank is proposing to launch a National Alias as an alternate identification for a customer account, such as a phone number or an email address. The National Alias shall be registered with the IPS, via which the customer may effect payments through the IPS.

Mauritius Credit Information Bureau

The Mauritius Credit Information Bureau (MCIB), which is fully automated, was set up in December 2005 with the primary goal of establishing a solid credit information system that contributes to the stability and soundness of the financial system in Mauritius. The MCIB acts as a data exchange platform for credit-granting institutions, providing services that assist them to undertake rapid and informed credit decisions, while encouraging a disciplined credit culture in the general public. The MCIB is a web-based system that participants may access 24 hours a day, 7 days a week over a secure network. During the year under review, the Bank enhanced the MCIB service to allow retrieval of data by participants in XML format to support participants' automation of their credit processing.

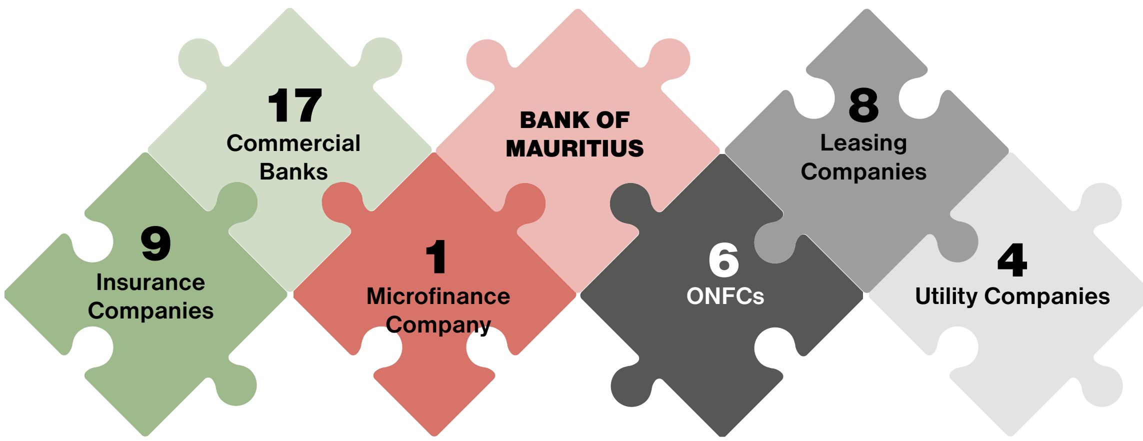
Over the years, the MCIB has contributed to reduce information asymmetry between lenders and borrowers, drawing largely on the scope of its regulatory framework and coverage. The operations of the MCIB are governed by the MCIB Terms and Conditions laid out under Section 52 of the BoM Act. The MCIB's legal and regulatory framework establishes a strict set of permissible purposes in terms of data security responsibilities, data retention periods and enforcement actions in the event of non-compliance.

The role of the MCIB is to ensure that participants adhere to data accuracy standards such as error-free, comprehensive and up-to-date information. Accordingly, the MCIB monitors that rules, laws and procedures addressing data quality, security measures and consumer rights are applied uniformly to credit data reporting service providers to maintain consistent service standards throughout the credit reporting system.

The MCIB system was initially designed to capture credit data from banks and the number of participants stood at eleven. Over the years, modifications in the application have allowed other credit providers to join the MCIB platform. The coverage of the MCIB has thus gradually expanded to include leasing companies, hire purchase companies, insurance companies, non-bank financial institutions and utility bodies. The MCIB currently has 46 participants on-boarded and fully operational on the platform. As at end-June 2021, the number of firms and individuals being captured in the MCIB stood at 967,224, representing an increase of 2.7 per cent over the previous year. Correspondingly, the number of records available from the MCIB rose by 16.4 per cent to 5,885,080.

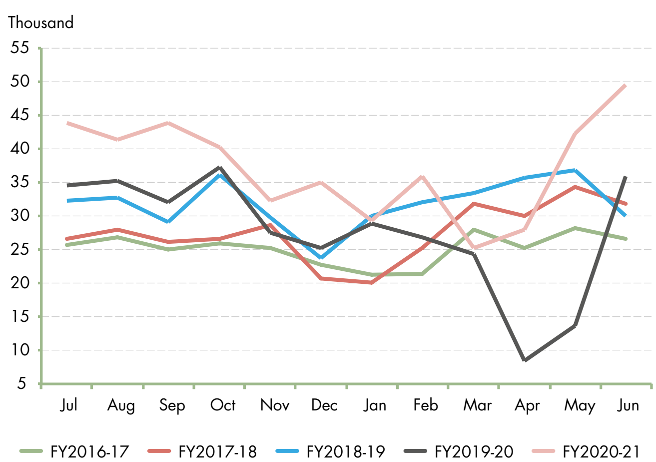
PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

Current Participants on the MCIB



The MCIB's regulatory framework has been reviewed systematically in light of new developments. The BoM Act has been amended to empower the MCIB to provide credit scores on registered entities. In September 2020, the Terms and Conditions of the MCIB were amended to include conditions under which Peer-to-Peer lending platforms could join the MCIB. In view of further expanding the coverage of the MCIB to capture credit providers with alternative business models and specifications, the Bank has initiated a project to replace the current application based on novel technologies to incorporate more flexibility in capturing and sharing of data and the provision of a credit scoring element as a value-added service.

Chart 5.1: Number of Reports drawn on the MCIB

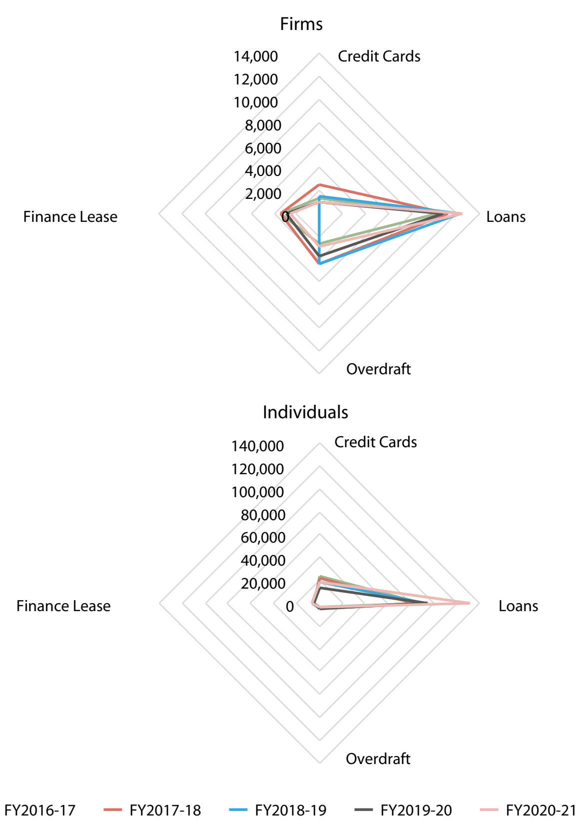


Consultation of the MCIB Database

Section 5.0 of the MCIB Terms and Conditions makes it mandatory for all participants of the MCIB, other than utility bodies, to consult the MCIB Database before undertaking to approve, increase or renew credit facilities. During FY2020-21, the number of reports drawn increased sharply by 35.8 per cent to 447,316 compared to 329,498 in FY2019-20 (Chart 5.1).

The number of credit facilities availed of by firms and individuals increased by 1.39 per cent from 485,470 in FY2019-20 to 492,206 in FY2020-21, as against a drop of 16.8 per cent in the previous financial year. The overall increase in the number of credit facilities was driven mostly by loans contracted by individuals and firms which rose by 16.1 per cent and 38.9 per cent respectively (Chart 5.2).

Chart 5.2: Credit facilities



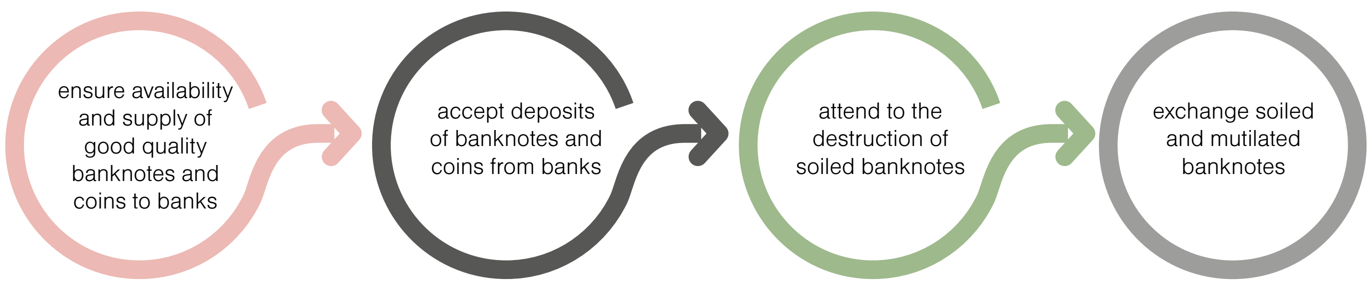
PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

Currency Management

The Bank has the statutory obligation to ensure an adequate supply of banknotes and coins to meet the demand of members of the public in Mauritius.

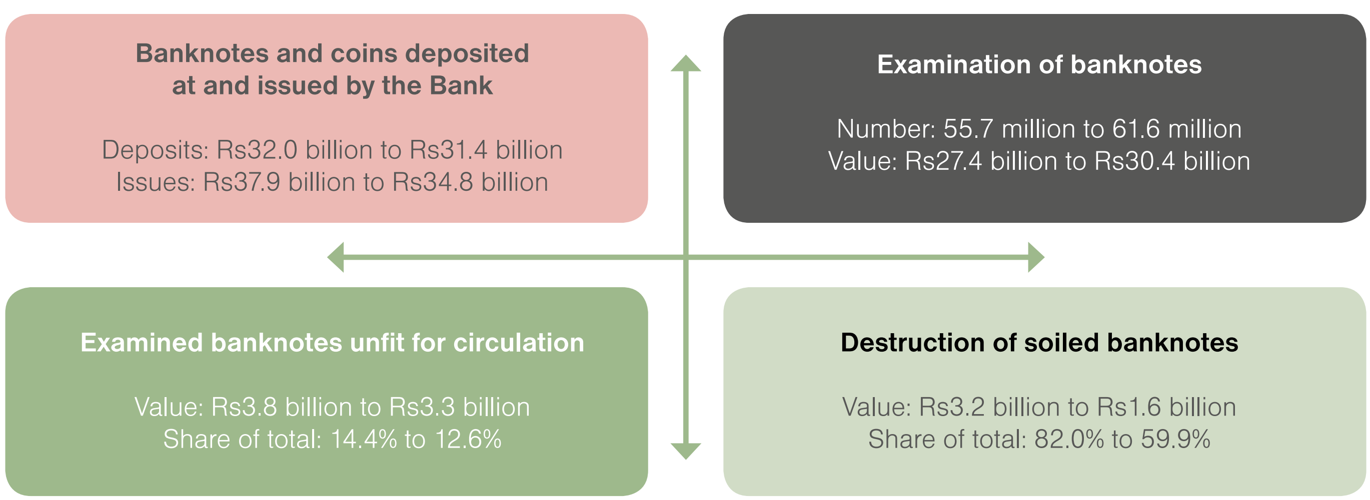
During the second lockdown, the Bank undertook special arrangements to attend to all requests for cash withdrawals by banks, namely for replenishment of ATMs and for payment of pensions as well as accepting cash deposits effected by banks.

Specifically, the Bank is required to:



Issue of Notes and Coins

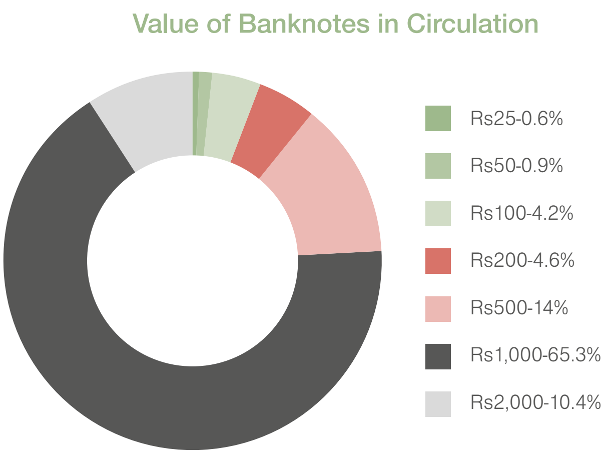
The Evolution of Currency Management from FY2019-20 to FY2020-21

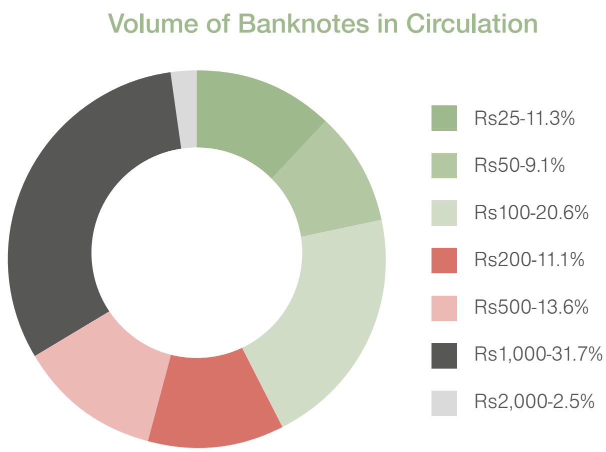


In FY2020-21, the value of banknotes in circulation increased by 8.1 per cent, compared to 16.5 per cent in FY2019-20, while the volume of banknotes rose by 4.5 per cent compared to an increase of 9.7 per cent in the preceding financial year. Banknotes of Rs1,000 denomination constituted 65 per cent of the total value of banknotes in circulation, followed by banknotes of Rs500 denomination, which accounted for 14 per cent of the total. In volume terms, banknotes of Rs1,000 denomination represented 31.7 per cent of all banknotes in circulation, followed by banknotes of Rs100 denomination, with a share of 20.6 per cent. During FY2020-21, the total value and volume of coins in circulation increased by 3.9 per cent and 2.0 per cent, respectively, compared to FY2019-20 (Chart 5.3).

PAYMENT SYSTEMS AND CURRENCY MANAGEMENT

Chart 5.3: Banknotes in Circulation as at 30 June 2021





Sale of Gold to Licensed Jewellers

The Bank imports and sells gold of high quality, that is, 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. The selling prices of industrial gold bars and grains are based on prevailing international gold market prices and are posted daily in the Bank's Banking Hall and on the Bank's website.

Sale of Dodo Gold Coins

Dodo Gold coins of 22 carats were issued in 1988 by the Bank in four different denominations, namely, 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. As at date, only the half ounce coins with a face value of Rs500 are on sale at the counter of the Bank of Mauritius and banks in Mauritius. The daily selling prices of the coins, based on their gold content and on international gold market prices, are posted in the Bank's Banking Hall and on the Bank's website.

Commemorative Coins and Platinum Coins

10th Anniversary of the Independence of Mauritius

A silver commemorative coin of Rs25 denomination was issued in November 1978 to mark the 10th anniversary of the independence of Mauritius. The selling price of the coin is Rs700.

1997 Golden Wedding Collector Coin

A silver commemorative coin of Rs20 denomination was issued in May 1998 in proof condition to mark the 50th wedding anniversary of Queen Elizabeth II and Prince Philip. The selling price of the coin in a presentation case is the rupee equivalent of GBP26.

'Father of the Nation' Platinum Coin Series

The coins were issued in the 'Father of the Nation' Platinum Series to pay tribute to Sir Seewoosagur Ramgoolam in laying the foundation stone of the Mauritian nation. The first, second and third platinum commemorative coins of Rs1,500, Rs1,200 and Rs1,200 denomination in proof condition were issued in October 2009, November 2010 and December 2011, respectively.

Bank of Mauritius 50th Anniversary Commemorative coins

In November 2017, the Bank issued three commemorative coins, in proof condition, to mark its 50th Anniversary:

i. Rs1,500 denomination Gold coin
ii. Rs1,000 denomination Gold coin
iii. Rs200 denomination Silver coin

Clean Banknote Programme

The Bank continued with its Clean Banknote Programme, which was aimed at enhancing the overall quality of banknotes in circulation in Mauritius.

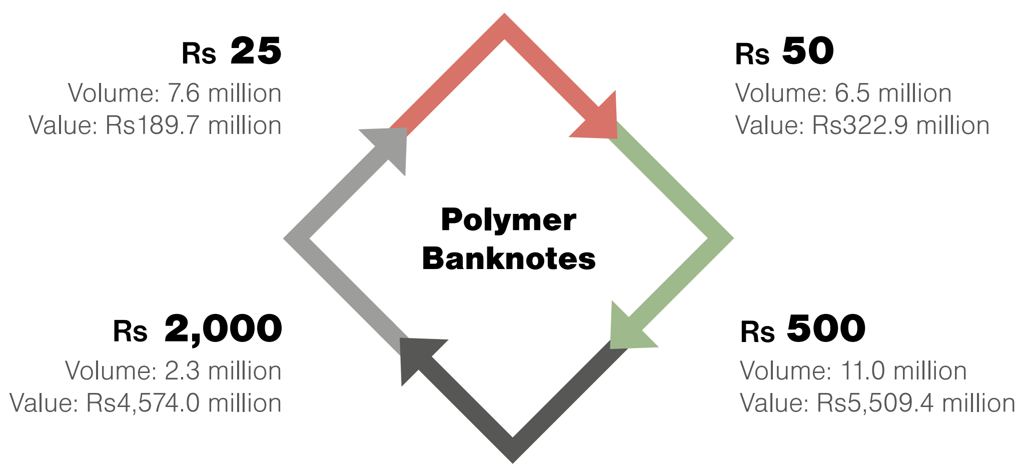
Polymer Banknotes

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, which is an upgrade of the Rs2,000 paper banknote. Polymer banknotes are cleaner and more durable, besides containing enhanced security features.

Coin Deposit Campaign

Since July 2012, the Bank launched the Coin Deposit Campaign, that was maintained during the period under review. The objective of the campaign is to encourage members of the public to deposit excess coins in their possession with banks or to exchange them at the banking counter of the Bank.

Polymer Banknotes in Circulation as at end-June 2021



Public Sensitisation Campaign on Security Features of Banknotes

As part of its financial literacy programme, the Bank issued as from 03 March 2018, a leaflet "Know Our Banknotes" which incorporated all security features of the banknotes, both paper and polymer, currently in circulation. The informative leaflets have been distributed across the island, including all media partners. In addition, over 25,000 visitors to the Bank of Mauritius Museum have been briefed on banknote security features and a copy of the informative leaflet has been handed to them.

REGIONAL AND INTERNATIONAL AFFILIATION

View of Port Louis Harbour from Trou Fanfaron

This picture is one of a series of four engravings made by Herr Fiebig in 1859. The artist's engravings show a panoramic view of Port Louis, its surroundings and the harbour. The view was taken from the tower of the Scotch Church in January of 1859.

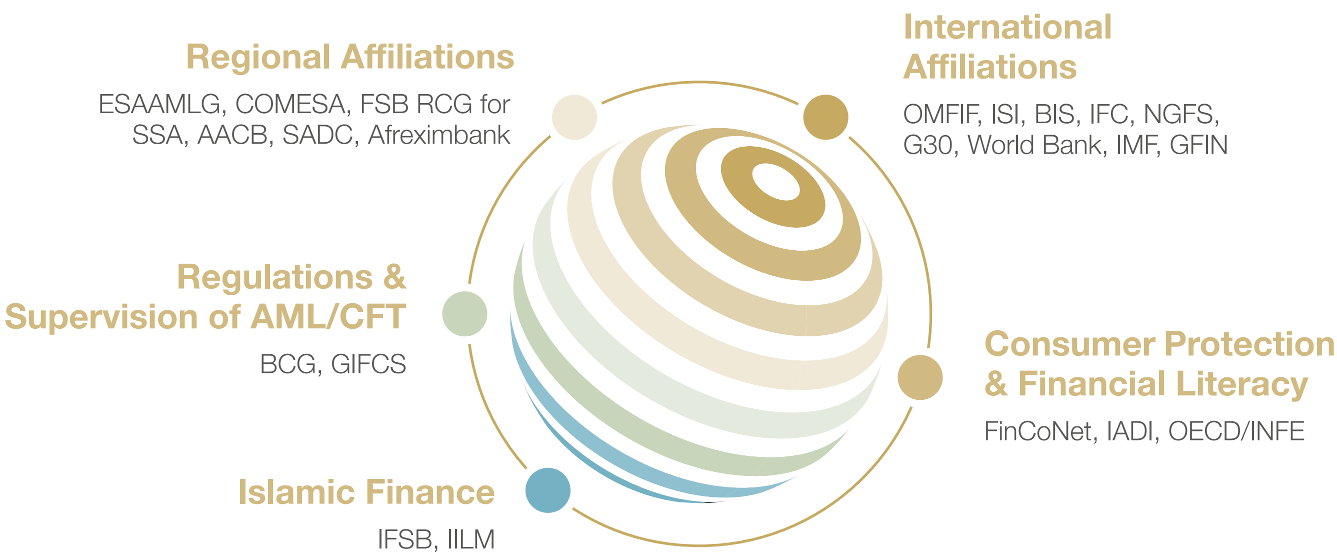
During the British administration, the Port Louis harbour expanded significantly and became a predominant hub in the Indian Ocean. The number of ships stopping at Port Louis rose sharply during the first five decades of British colonial government. The expansion of the harbour and the increasing number of ships calling to Mauritius were intricately linked to a sugar boom and the large-scale establishment of ship repair facilities.

REGIONAL AND INTERNATIONAL AFFILIATION

The Bank views the development of collaborative ties with local and international institutions as a cornerstone in the pursuit of its various mandates. In this respect, a dedicated International and Institutional Relations Unit was established in August 2020, with direct reporting line to the Governor. Special attention is given on initiatives and activities taken by central banks, which have achieved price stability and financial stability together with resilient regulatory frameworks.

In FY2020-21, the Bank was included as a member of the Global Financial Innovation Network (GFIN), OECD International Network on Financial Education (OECD/INFE) and the Basel Consultative Group (BCG). In parallel, the Bank pursued its engagements with various institutions in FY2020-21 with the aim of adopting international best practices and scaling up capacity building in areas such as technology, supervision and financial literacy. Staff members attended training courses and webinars conducted by the IMF Africa Training Institute (ATI) and the Regional Technical Assistance Centre for Southern Africa (AFRITAC South).

Affiliations and Memberships of Bank of Mauritius



ESAAMLG: Eastern and Southern Africa Anti-Money Laundering Group; COMESA: Common Market for Eastern and Southern Africa; FSB RCG for SSA: Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa (SSA); AACB: Association of African Central Banks; SADC: Southern African Development Community; Afreximbank: African Export-Import Bank; OMFIF: The Official Monetary and Financial Institutions Forum; ISI: International Statistical Institute; BIS: Bank for International Settlements; ; IFC: Irving Fisher Committee on Central Bank Statistics; NGFS: Network of Central Banks and Supervisors for Greening the Financial System; G30: Group of Thirty Consultative Group on International Economic and Monetary Affairs, Inc; IMF: International Monetary Fund; BCG: Basel Consultative Group; GIFCS: Group of International Finance Centre Supervisors; FinCoNet: International Financial Consumer Protection Organisation; GFIN: Global Financial Innovation Network; IADI: International Association of Deposit Insurers; OECD/INFE: OECD International Network on Financial Education; IFSB: Islamic Financial Services Board and IILM: International Islamic Liquidity Management Corporation.

Regional Developments

African Union

In May 2021, the Bank participated in the 4th Ministerial and Governors meeting of the Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration. Several measures were adopted to ensure that the African continent achieves reasonable regional value chains that will enhance Africa's share of global trade and reinforce operationalisation of the African Continental Free Trade Area (AfCFTA).

REGIONAL AND INTERNATIONAL AFFILIATION

AfCFTA

African Continental Free Trade Area

The Agreement establishing the AfCFTA became operational on 01 January 2021. The Agreement, which was signed on 21 March 2018 after negotiations started in June 2015, came into force on 30 May 2019. As at end-June 2021, 54 African Member States have signed the Agreement and 30 countries have ratified it. The AfCFTA represents a major breakthrough towards the realisation of the African Union's Agenda 2063 for the socioeconomic transformation of the African continent, with a market size of 1.2 billion people and aggregate GDP of USD2.5 trillion.

AACB

Association of African Central Banks

A virtual Bureau meeting was held by the AACB in November 2020 and discussions were held over the social and economic disruptions brought by the COVID-19 pandemic and implementation of policy measures aimed at ensuring financial and economic stability in the region. A joint webinar was held among the AACB, BIS, South African Reserve Bank and World Bank Group on the theme: *'Enhancing Cross-Border Payments – the Road Ahead'*. In May 2021, the Bureau held a virtual meeting focussing on the challenges emerging from the COVID-19 pandemic.

COMESA

Common Market for Eastern and Southern Africa

In 2020, the COMESA organised a virtual meeting and presented the draft Medium-Term Strategic Plan (MTSP) covering 2021-2025 to member states for validation. The aim of the MTSP is to support the structural transformation of the region and boost overall economic development through trade facilitation and investment promotion. In June 2021, the COMESA Monetary Institute organised a virtual training on *'Analysis of Banking System Interconnectedness and Systemic Risk Using Network Analysis'*.

The COMESA Secretariat has rolled out the COMESA Virtual Master's Degree Programme in Regional Integration, hosted by Kenyatta University (Kenya) and in collaboration with other universities in COMESA member states.

FSB RCG for SSA

Financial Stability Board Regional Consultative Group for Sub-Saharan Africa

In December 2020 and June 2021, the Bank participated in meetings organised by FSB RCG for Sub-Saharan Africa, and discussions were held on regulatory, supervisory and financial stability challenges arising from COVID-19 pandemic.

SADC

Southern African Development Community

The Bank attended several virtual meetings held by SADC and the Committee of Central Bank Governors (CCBG). Discussions were held on the challenges faced by member countries in the wake of the COVID-19 pandemic, recovery measures, the macroeconomic performance of member countries and resilience to shocks in the region. The Bank also participated in the CCBG Subcommittee meetings and provided its inputs to surveys and questionnaires of the SADC and CCBG Subcommittees. An Extraordinary Summit meeting of the SADC Heads of State and Government was held in June 2021 and it was decided to enhance SADC regional and national capacities in research and development in the field of pharmaceuticals and vaccines.

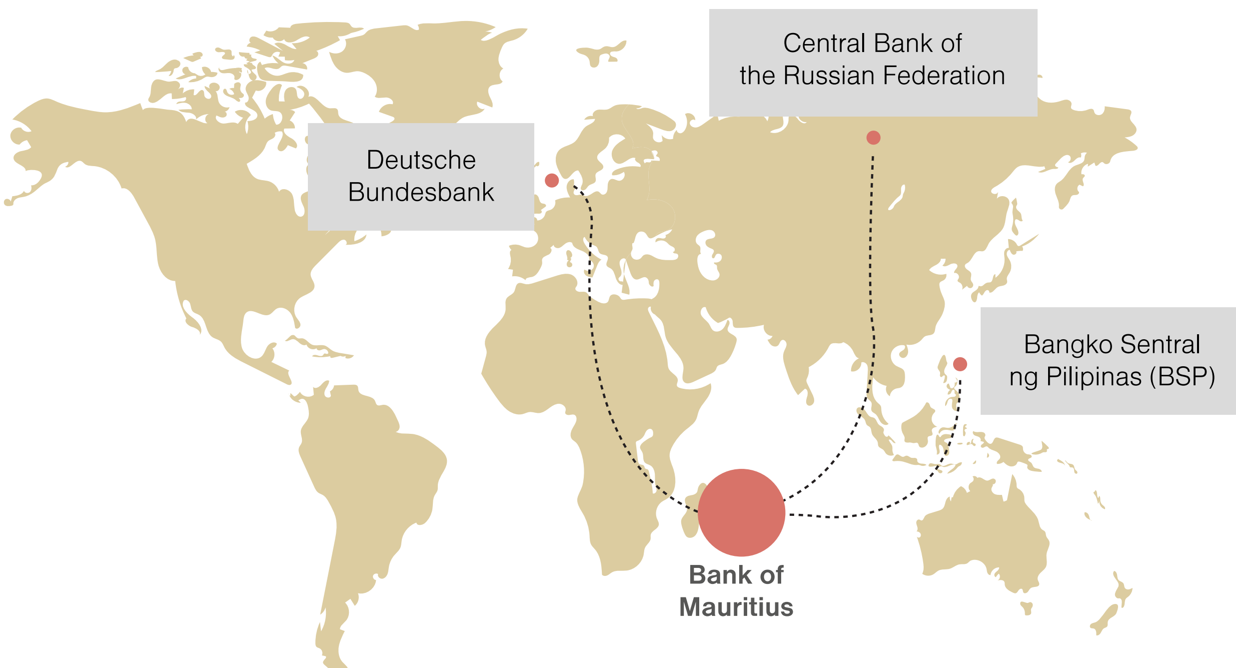
In 2020, only two of the fifteen member states met the three Primary Macroeconomic Convergence (MEC) criteria, while no country met all three Secondary MEC criteria. As part of SADC's macroeconomic convergence peer review program, Mauritius peer reviewed Namibia in March 2021, with the mission led by the Bank.

REGIONAL AND INTERNATIONAL AFFILIATION

Local and International Cooperation

With a view to enhancing cooperation and mutual assistance with regard to regulation and money laundering, the Bank signed a number of Memoranda of Understanding (MoUs) and Memoranda of Cooperation (MoC) with local institutions during FY2020-21. These included an MoC with Local AML/CFT Supervisors in August 2020 and MoUs with the Economic Development Board in November 2020 and the Financial Reporting Council in December 2020.

In parallel, the Bank has signed MoUs with foreign institutions, including central banks, with the view of enhancing cooperation in a number of areas of direct relevance to the financial sector. In this respect, MoUs have been signed with the Deutsche Bundesbank in December 2020, the Bangko Sentral ng Pilipinas in March 2021 and the Central Bank of the Russian Federation in May 2021.



International Developments

GFIN

In February 2021, the Bank became a member of the GFIN which is an international network of central banks, financial regulators and related organisations committed to supporting financial innovation and safeguarding the interests of consumers. The Bank joined the GFIN as it provides an appropriate forum for enhanced cooperation among more than sixty financial regulatory authorities. In this respect, the Bank is expected to largely benefit from the sharing of experiences with other GFIN members towards ongoing projects pertaining to digitalisation and innovation.

Afreximbank

The Bank participated in a virtual dialogue on Africa's centralised customer due diligence, the MANSA platform in November 2020. The Afreximbank and the Sustainable Development Goals Centre for Africa designed and developed the MANSA platform to address and lower the risk perception of African entities, reduce the cost of compliance and trade finance in Africa and increase intra-African trade under the AfCFTA.

REGIONAL AND INTERNATIONAL AFFILIATION

BIS

The Bank was admitted as a member of the BCG in February 2021. The BCG provides a forum for deepening the Basel Committee's engagement with non-Basel Committee members on banking supervision issues.

OMFIF

The Bank participated in the African Financial Markets, and the OMFIF Reserves Management surveys as well as the OMFIF virtual forum entitled '*Small island states and climate risk: Building a financially stable future'.* The Bank also contributed to an article on Central Bank Digital Currencies in OMFIF's Digital Monetary Institute on Island Economies.

OECD/ INFE

The Bank was admitted as a member of the OECD/INFE in April 2021. The OECD/INFE provides support to policy makers and public authorities from more than 125 countries in terms of the design and implementation of country-specific financial education strategies.

IFSB

The 37th virtual meeting of the IFSB Council was held in December 2020 and was chaired by the Governor of Bank Negara Malaysia. The Council approved the adoption of two new standards, namely *IFSB-24: Guiding Principles on Investor Protection in Islamic Capital Markets* and *IFSB-25: Disclosures to Promote Transparency and Market Discipline for Takāful/Retakāful Undertakings.* During FY2020-21, the Governor of the Bank of Mauritius was appointed as a member of the IFSB Executive Committee for the period 2020/2022.

IILM

In July 2020, the Central Bank of Kuwait virtually hosted the 24th Governing Board and 11th General Assembly meeting of the IILM. In June 2021, the IILM hosted the 5th Virtual Roundtable focusing on Shari'ah Compliant Repo Market co-organised by the Islamic Development Bank, the Accounting and Auditing Organisation for Islamic Financial Institutions, the IFSB, the International Islamic Financial Market, and the International Shariah Research Academy for Islamic finance.

GIFCS

The GIFCS held a virtual plenary meeting in October 2020 and discussions revolved around technical developments, compliance with the FATF recommendations, evaluation of members' compliance with the GIFCS Standard on the regulation of trust and company service providers, and updates from the Basel Committee on Banking Supervision. The GIFCS held another plenary meeting on 28 April 2021.

NGFS

As member of the NGFS, the Bank participated in NGFS Plenary meetings and several outreach sessions on pertinent themes that included monetary policy operations and climate change, implementation of sustainable and responsible investment practices in central banks' portfolio management, and issuance of green bonds.

REGIONAL AND INTERNATIONAL AFFILIATION

Consumer Protection and Financial Literacy

International Financial Consumer Protection Organisation

- The FinCoNet's Annual General meeting and an International Seminar on *'Creditworthiness Assessments: Current Issues and Challenges'* were held virtually in November 2020. The use of technology, Artificial Intelligence and the impact of COVID-19 on assessing creditworthiness were on the agenda. Members approved the release of two reports entitled *'SupTech Tools for Market Conduct Supervisors'* and *'Financial Advertising and Consumer Protection: Supervisory Challenges and Approaches'*. The Bank continued to be closely involved with the work of the two Standing Committees SC3 and SC4 on *'Supervisory challenges relating to the increase in digital transactions'* and *'Oversight challenges and evolution in approaches for conduct supervisors in the context of COVID-19'*, respectively.

International Association of Deposit Insurers

- In September 2020, the Bank participated in a webinar organised jointly by the Financial Stability Institute of the BIS and IADI. The focus was on the expected impact of COVID-19 crisis on resolution authorities and deposit insurers, contingency planning and preparedness, and FinTech growth.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

CONTENTS	PAGE

OVERVIEW

For the second year in a row following the onset of the pandemic in March 2020, the Bank of Mauritius (the "Bank" or "BOM") maintained the deployment of COVID-19 relief measures to support the banking sector and the Mauritian economy.

The Bank, as part of the COVID-19 measures, granted a one-off exceptional contribution of Rs 60 billion to Government. During the year under review, an amount of Rs 55 billion was written off in the reserves of the Bank (Special Reserve Fund: Rs 52 billion and General Reserve Fund: Rs 3 billion) while the remaining balance of Rs 5 billion has been accounted as "Financial Assets Held At Amortised Cost" in the balance sheet of the Bank and will be settled thereafter.

The Bank incorporated a wholly owned subsidiary, Mauritius Investment Corporation Ltd ("MIC") on 02 June 2020. This has resulted in the Bank preparing consolidated financial statements in line with the requirements of International Financial Reporting Standards ("IFRS").

Group Results

The Group consisting of the Bank and its subsidiary, recorded a net loss of Rs 143,368,000 as follows:

	Group 2021
	Rs 000
Bank of Mauritius - Net profits as per section 11(1) of the BOM Act	394,397
MIC – Loss for the year ended 30 June 2021	(537,765)
Net Loss for the Group as at 30 June 2021	**(143,368)**

Assets

Foreign assets of the Bank continued to increase mainly on account of gain on revaluation of foreign currency, Special Drawing Rights (SDR) and Gold and gain on fair valuation of investment.

Domestic assets of the Bank increased mainly due to the investment of Rs 81 billion in the equity of MIC.

Liabilities

The increase in liabilities of the Bank was mainly due to higher balances maintained by Government, commercial banks, MIC and the net issue of Monetary Policy Instruments in relation to the conduct of open market operations.

Capital and Reserves

The Bank increased its capital on 31 July 2020 from Rs 2 billion to Rs 10 billion by a transfer of Rs 8 billion from the Special Reserve Fund so as to strengthen its financial position.

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.

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 statements of financial position as at 30 June 2021 and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 112 to 177.

In our opinion, these 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 2021, 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 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 this auditors' 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 on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the 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 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.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF BANK OF MAURITIUS

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's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- 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

27 October 2021

John Chung, BSc, FCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	GROUP 2021 Rs 000	BANK 2021 Rs 000	BANK 2020 Rs 000
ASSETS				
Foreign Assets				
Cash and Cash Equivalents	6	**72,959,640**	**72,959,640**	50,703,268
Gold Deposits	7	**29,951,475**	**29,951,475**	28,532,838
Financial Assets held at Fair Value Through Other Comprehensive Income	8	**61,322,898**	**61,322,898**	99,848,785
Financial Assets held at Fair Value Through Profit or Loss	9(i)	**149,457,294**	**149,457,294**	109,864,541
		313,691,307	**313,691,307**	288,949,432
Domestic Assets				
Financial Assets held at Amortised Cost	10	**27,417,238**	**27,422,487**	31,696,330
Equity Investment in Mauritius Investment Corporation Ltd	12	**-**	**1,000,000**	-
Deposit for Acquisition of MIC Shares	13	**-**	**80,000,000**	-
Financial Assets held at Fair Value Through Profit or Loss	9(ii)	**6,160,533**	**-**	-
Investment Properties	14	**2,414,647**	**-**	-
Computer Software	15	**11,181**	**11,181**	21,118
Property, Plant and Equipment	16	**1,769,604**	**1,767,339**	1,797,507
Other Assets	17	**404,760**	**403,052**	316,029
		38,177,963	**110,604,059**	33,830,984
TOTAL ASSETS		**351,869,270**	**424,295,366**	322,780,416
LIABILITIES				
Currency in Circulation	18	**45,706,636**	**45,706,636**	42,331,746
Demand Deposits				
Government		**38,389,110**	**38,389,110**	26,964,259
Banks		**122,782,469**	**122,782,469**	110,215,588
Mauritius Investment Corporation Ltd		**-**	**71,897,819**	-
Others		**1,423,033**	**1,423,033**	1,376,141
		162,594,612	**234,492,431**	138,555,988
Monetary Policy Instruments	19	**114,265,542**	**114,265,542**	79,636,900
Provisions	20	**100,000**	**100,000**	100,000
Employee Benefits	21	**1,320,799**	**1,320,799**	955,401
Other Liabilities	22	**15,365,088**	**15,355,600**	15,899,285
TOTAL LIABILITIES		**339,352,677**	**411,241,008**	277,479,320
CAPITAL AND RESERVES				
Stated and Paid Up Capital	5	**10,000,000**	**10,000,000**	2,000,000
Reserves		**2,516,593**	**3,054,358**	43,301,096
		12,516,593	**13,054,358**	45,301,096
TOTAL LIABILITIES, CAPITAL AND RESERVES		**351,869,270**	**424,295,366**	322,780,416

The financial statements have been approved and authorised for issue by the Board of Directors on 27 October 2021 and signed on its behalf by:

Shardhanand Gopaul
Assistant Director

Hemlata S Sewraj-Gopal
Second Deputy Governor

Harvesh Seegolam
Governor

The notes on pages 118 to 177 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	GROUP 2021	BANK 2021	BANK 2020
		Rs 000	Rs 000	Rs 000
Income				
Interest and Similar Income on Financial Assets using EIR	23	**1,733,078**	**1,733,078**	2,674,172
Interest and Similar Income on Financial Assets at Fair Value Through Profit or Loss	24	**2,729,071**	**2,697,684**	2,361,577
Miscellaneous Income	25	**295,289**	**245,315**	348,442
Gain on Revaluation of Foreign Currencies/SDR		**14,621,178**	**14,621,178**	27,250,745
Gain on Revaluation of Gold	7	**1,436,484**	**1,436,484**	8,511,755
Gain/(Loss) on Financial Assets at Fair Value Through Profit or Loss	26	**5,549,474**	**6,145,329**	(313,652)
Total Income		**26,364,574**	**26,879,068**	40,833,039
Expenditure				
Interest Payable and Similar Charges	27	**93,947**	**93,947**	47,362
Staff Salaries and Other Benefits	28	**459,854**	**458,245**	393,992
General Expenditure		**209,536**	**206,709**	240,516
Fees Payable	29	**515,607**	**500,624**	402,324
Coin Issue Expenses		**33,977**	**33,977**	9,687
Note Issue Expenses		**21,119**	**21,119**	8,673
Depreciation and Amortisation	15,16	**102,135**	**100,625**	115,802
Directors' Remuneration	30	**29,546**	**27,204**	31,245
(Reversal of)/Impairment Allowance on Financial Asset	11	**(50,083)**	**(50,083)**	37,273
Other Expenditure	31	**65,395**	**65,395**	68,293
Total Expenditure		**1,481,033**	**1,457,762**	1,355,167
Surplus of Income over Expenditure before Cost of Conducting Monetary Policy		**24,883,541**	**25,421,306**	39,477,872
OPEN MARKET OPERATIONS				
Cost of Conducting Monetary Policy	32	**(2,510,653)**	**(2,510,653)**	(3,673,858)
NET PROFIT FOR THE YEAR		**22,372,888**	**22,910,653**	35,804,014
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to Profit or Loss				
Remeasurements of defined benefit liability	21	**(313,265)**	**(313,265)**	(131,065)
Items that are or may be reclassified subsequently to Profit or Loss				
Financial Assets at FVOCI - net change in fair value		**569,781**	**569,781**	219,892
Financial Assets at FVOCI - reclassified to profit or loss		**(604,394)**	**(604,394)**	(200,969)
TOTAL COMPREHENSIVE INCOME		**22,025,010**	**22,562,775**	35,691,872

The notes on pages 118 to 177 form an integral part of these financial statements.

STATEMENT OF DISTRIBUTION

FOR THE YEAR ENDED 30 JUNE 2021

	BANK	BANK
	2021	2020
	Rs 000	Rs 000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AS PER IFRS	**22,562,775**	35,691,872
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	**(14,621,178)**	(27,250,745)
Transfer to Special Reserve Fund in terms of Section 47(1) of the Bank of Mauritius Act 2004-Gain on Revaluation of Gold	**(1,436,484)**	(8,511,755)
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 FVTPL	**(6,145,329)**	313,652
Transfer to Special Reserve Fund in terms of Section 47(1A) of the Bank of Mauritius Act 2004-Gain on financial assets at FVOCI	**34,613**	(18,923)
NET PROFIT FOR THE YEAR IN TERMS OF SECTION 11 (1) OF THE BANK OF MAURITIUS ACT 2004	**394,397**	224,101
Transfer to General Reserve Fund in terms of section 11(2) of the Bank of Mauritius Act 2004	**(59,160)**	(33,615)
Transfer to General Reserve Fund in terms of section 11(5) of the Bank of Mauritius Act 2004	**(335,237)**	-
BALANCE OF NET PROFITS PAYABLE INTO THE CONSOLIDATED FUND IN TERMS OF SECTION 11(3) OF THE BANK OF MAURITIUS ACT 2004	**-**	190,486

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 118 to 177 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

THE GROUP

	Stated and Paid Up Capital	General Reserve Fund	Special Reserve Fund	Retained Earnings (Note 2)	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At inception of the Group on 1 July 2020	2,000,000	2,736,017	40,565,079	-	45,301,096
Increase in Capital	8,000,000	-	(8,000,000)	-	-
Total Comprehensive Income	-	-	-	22,025,010	22,025,010
Transfer to Special Reserve Fund	-	-	22,168,378	(22,168,378)	-
Transfer to General Reserve Fund (Note1)	-	190,486	-	-	190,486
Transfer to General Reserve Fund	-	394,397	-	(394,397)	-
One-off Contribution to Government	-	(3,000,000)	(52,000,000)	-	(55,000,000)
Balance at 30 June 2021	10,000,000	320,901	2,733,457	(537,765)	12,516,593

Note 1: Following the increase in the Paid Up Capital of the Bank on 31 July 2020, an amount of Rs 190.5 million representing profit for the year ended 30 June 2020, was transferred to the General Reserve Fund as per Section 11(5) of the Bank of Mauritius Act 2004.

Note 2: Retained Earnings of Rs (537.8 million) relates to losses incurred by MIC during its first year of operation.

The notes on pages 118 to 177 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

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 2019	2,000,000	2,702,402	23,097,308	-	27,799,710
Transfer to Government	-	-	(18,000,000)	-	(18,000,000)
Total Comprehensive Income	-	-	-	35,691,872	35,691,872
Transfer to Special Reserve Fund	-	-	35,467,771	(35,467,771)	-
Transfer to General Reserve Fund	-	33,615	-	(33,615)	-
Transfer to Consolidated Fund	-	-	-	(190,486)	(190,486)
Balance at 30 June 2020	2,000,000	2,736,017	40,565,079	-	45,301,096
Balance at 1 July 2020	2,000,000	2,736,017	40,565,079	-	45,301,096
Increase in Capital	8,000,000	-	(8,000,000)	-	-
Total Comprehensive Income	-	-	-	22,562,775	22,562,775
Transfer to Special Reserve Fund	-	-	22,168,378	(22,168,378)	-
Transfer to General Reserve Fund (Note 1)	-	190,486	-	-	190,486
Transfer to General Reserve Fund	-	394,397	-	(394,397)	-
One-off Contribution to Government	-	(3,000,000)	(52,000,000)	-	(55,000,000)
Balance at 30 June 2021	10,000,000	320,901	2,733,457	-	13,054,358

Note 1: Following the increase in the Paid up Capital of the Bank on 31 July 2020, an amount of Rs 190.5 million representing profit for the year ended 30 June 2020, was transferred to the General Reserve Fund as per Section 11(5) of the Bank of Mauritius Act 2004.

The notes on pages 118 to 177 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	GROUP	BANK	BANK
		2021	2021	2020
Cash Flow from Operating Activities		Rs 000	Rs 000	Rs 000
Interest Received		2,579,488	2,579,488	3,679,886
Interest Paid on Monetary Policy Instruments		(1,896,677)	(1,896,677)	(2,217,313)
Miscellaneous Income		293,868	238,393	346,737
Staff Salaries and Other Benefits		(406,112)	(406,112)	(371,643)
General Expenditure		(219,185)	(206,710)	(240,516)
Fees Payable		(318,494)	(318,494)	(287,305)
Notes and Coin Issue		(55,096)	(55,096)	(18,359)
Other Expenditure		(225,993)	(225,993)	(205,706)
Net cash flow from operating activities before changes in operating assets and liabilities		(248,201)	(291,201)	685,781
Net (increase)/decrease in operating assets				
Financial Assets held at Amortised Cost		4,347,111	4,347,111	(11,529,516)
Other Assets		(87,024)	(87,024)	(17,541)
Net increase/(decrease) in operating liabilities				
Government Deposits		11,424,852	11,424,852	23,858,895
Bank Deposits		12,566,881	12,566,881	40,553,316
Mauritius Investment Corporation Ltd Deposits		-	71,897,819	-
Other Deposits		46,882	46,892	286,866
Other Liabilities		403,364	403,364	(68,188)
Net Cash Flow from Operating Activities		28,453,865	100,308,694	53,769,613
Cash Flows from Investing Activities				
Additions to Financial Assets at FVOCI		(91,197,563)	(91,197,563)	(73,110,258)
Disposals of Financial Assets at FVOCI		136,167,010	136,167,010	68,793,084
Additions to Financial Assets at FVTPL		(52,007,824)	(45,282,824)	(20,265)
Disposals of Financial Assets at FVTPL		21,620,710	21,620,710	-
Purchase of Domestic Securities		-	-	(15,000,000)
Additions to Monetary Policy Instruments		101,705,833	101,705,833	146,296,578
Disposals of Monetary Policy Instruments		(67,691,175)	(67,691,175)	(183,815,300)
Investment in Subsidiary		-	(81,000,000)	-
Acquisition of Investment Properties and Other Assets		(2,416,395)	-	-
Purchase of PPE and Intangibles		(64,299)	(60,523)	(52,244)
Proceeds from Sale of PPE		902	902	67
Dividend Received		24,800	24,800	20,518
Net cash flow from investing activities		46,141,999	(25,712,830)	(56,887,820)
Cash Flows from Financing Activities				
Currency in Circulation		3,374,890	3,374,890	5,916,014
Loans from Foreign institutions		8,259,110	8,259,110	9,659,005
Repayment of Loans from Foreign Institutions		(9,533,423)	(9,533,423)	-
Transfer to Government		(60,000,000)	(60,000,000)	(18,000,000)
Profit Paid to Government		-	-	(71,249)
Net Cash Flow from Financing Activities		(57,899,423)	(57,899,423)	(2,496,230)
Net Cash Flow		16,696,441	16,696,441	(5,614,437)
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents		5,559,931	5,559,931	3,301,845
Net increase in Cash and Cash Equivalents		22,256,372	22,256,372	(2,312,592)
Cash and Cash Equivalents at beginning of year		50,703,268	50,703,268	53,015,860
Cash and Cash Equivalents at end of year	6	72,959,640	72,959,640	50,703,268

The notes on pages 118 to 177 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 Rs 2 billion in November 2011 and to Rs 10 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 profits of the Bank.

Under section 11(3) of the Act, the balance of the net profits 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.

Consequently, following the increase in capital of the Bank on 31 July 2020, the amount of Rs 190,487,100 was transferred to the General Reserve Fund on 24 November 2020.

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

The Mauritius Investment Corporation Ltd

The Bank incorporated, under the Mauritius Companies Act, a wholly owned subsidiary, Mauritius Investment Corporation Ltd, on 2 June 2020. As a result, with effect from financial year ended 30 June 2021, consolidated financial statements are being presented.

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; and
- the liability for defined benefit obligations is recognised as the fair value of plan assets less the present value of the defined benefit obligations.

(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 judgement 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 Bank is Mauritian Rupees ("Rs").

These financial statements are presented in Mauritian Rupee ("Rs"), rounded to the nearest thousand rupees, which is the Bank's functional currency.

The presentation currency of the Group is Mauritian Rupee ("Rs"), rounded to the nearest thousand rupees.

(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.

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.

2. BASIS OF PREPARATION (CONTINUED)

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

New standards 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 2021, the following relevant Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Date Issued by IASB	Effective Date Periods Beginning On or After
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments	Interest Rate Benchmark Reform – Phase 2	August 2020	1 January 2021
IFRS 3 amendment	Reference to the Conceptual Framework	May 2020	1 January 2022
IAS 1 amendment	Classification of liabilities as current or non-current	January 2020	1 January 2023
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
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 – 2020)	May 2020	1 January 2022

All Standards and Interpretations will be adopted at their effective date.

2. BASIS OF PREPARATION (CONTINUED)

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

New standards and interpretations not yet effective (continued)

The Group and the Bank are of the opinion that the impact of the application of the Standards and Interpretations will be as follows.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The amendments are effective from 1 January 2021. Early application is permitted.

The Group and the Bank are in the process of assessing the impact of this standard on the Bank's financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although this is expected to be rare, some entities may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, entities should review those policies and apply the new guidance retrospectively as of the effective date, unless the new guidance contains specific scope outs.

The Group and the Bank are in the process of assessing the impact of this standard on the Bank's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

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

New standards 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 Board 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.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The Group and the Bank are in the process of assessing the impact of this standard on the Group and the Bank's financial statements.

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 Board 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, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Group and the Bank apply the amendments.

The Group and the Bank are in the process of assessing the impact of this standard on the Group and the Bank's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

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

New standards 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 International Accounting Standards Board (the Board).

The Board 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 the Group and the Bank'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 Board 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 Group and the Bank are in the process of assessing the impact of this standard on the Group and the Bank's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

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

New standards and interpretations not yet effective (continued)

Annual Improvements to IFRS Standards 2018-2020

Standard/Interpretation	Amendment	Impact
IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	Not applicable for the Group and the Bank
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 Group and the Bank are in the process of assessing the impact of this standard on the Group and the Bank's financial statements.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.	Not material to the Group and the Bank

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

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) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognised directly in profit or loss. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, previously held identifiable assets, liabilities and contingent liabilities of the acquired entity are revalued to their fair value at the date of acquisition, being the date at which the Group achieves control of the acquired entity. Further the equity interest previously held by the Group is re-measured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Initial estimates of consideration transferred and fair values of assets acquired and liabilities assumed are finalised within twelve months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this twelve-month period, any adjustment is directly recognised in the statement of profit or loss and other comprehensive income.

When the consideration transferred by the Group in the business combination included assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is qualified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) 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.

3. ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation (Continued)

(ii) Subsidiaries (continued)

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.

(iii) 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.

(b) Financial Instruments

Classification

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.

IFRS 9 classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest (SPPI) test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Group and the Bank determine the classification at initial recognition.

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.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

Classification (continued)

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.

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. The 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)

Under IFRS 9, the SPPI test requires that the contractual terms of the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding i.e. cash flows that are consistent with a basic lending arrangement.

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 (EIR) method and are subject to the expected credit loss requirements. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Bank include in this category:

- Cash and cash equivalents
- Short term deposits meeting the definition of cash and cash equivalents
- 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 its internally managed portfolio.

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.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

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

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:

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

Initial recognition of financial assets: classification and measurement

Financial assets are initially measured at their fair value. Except in the case of financial assets recorded at fair value, transaction costs that are directly attributable to the acquisition of financial assets are added to, or subtracted from, this amount. The Group and the Bank's policy is to use settlement date accounting for the recognition of purchases and sales of trading investments. The Group and the Bank recognise an asset on the day it is received. The Group and the Bank derecognise an asset and recognise any gain or loss on disposal on the day that it is delivered.

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.

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)
- 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.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

Financial liabilities – Classification, subsequent measurement and gains and losses (continued)

The Group and the Bank include in this category:

- currency in circulation
- demand deposits
- monetary policy instruments
- loans from 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.

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.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

Derecognition (continued)

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.

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

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;

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

Impairment of financial assets (Continued)

Definition of default (continued)

- 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.

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.

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.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

Fair Value Measurement Principles

'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.

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 FVTPL financial assets and financial liabilities 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.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (Continued)

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 33 1/3% per annum so as to write off the depreciable value of the assets over their estimated useful lives. A full year of amortisation is charged in the year of purchase. Amortisation methods, useful lives and residual values if not insignificant, are reviewed at each reporting date and adjusted as appropriate.

(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.

3. ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3. ACCOUNTING POLICIES (CONTINUED)

(g) Employee Benefits (Continued)

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.

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.

(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).

3. ACCOUNTING POLICIES (CONTINUED)

(i) Foreign Currencies (continued)

However, for the purpose of determining the net profits 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.

(m) Investment Property

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

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

The determination of fair value for financial assets and liabilities 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.

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).

4. USES OF ESTIMATES AND JUDGEMENT (CONTINUED)

Calculation of Expected Credit Loss (Continued)

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.

5. CAPITAL AND RESERVES

Stated and Paid up Capital

The stated and paid up capital of the Bank is Rs 10 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). The General Reserve Fund was used to write off an amount of Rs 3 billion of the One-off contribution of Rs 60 billion to Government during the year.

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 introduced in December 2011 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.

The Bank increased its capital on 31 July 2020 from Rs 2 billion to Rs 10 billion by a transfer of Rs 8 billion from the Special Reserve Fund. The Special Reserve Fund was also used to write off an amount of Rs 52 billion of the One-off contribution of Rs 60 billion to Government during the year.

6. CASH AND CASH EQUIVALENTS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Current Accounts	**11,070,409**	**11,070,409**	5,985,789
Short Term Deposits	**56,396,048**	**56,396,048**	39,703,348
Special Drawing Rights ("SDR")	**5,484,796**	**5,484,796**	5,005,949
Foreign Currency Notes	**8,387**	**8,387**	8,182
	72,959,640	**72,959,640**	50,703,268

7. GOLD DEPOSITS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Opening Balance	**28,532,838**	**28,532,838**	20,010,473
Adjustment for Prior Year Interest	**(12,115)**	**(12,115)**	(5,623)
(Disposal)/Addition during the year	**(8,257)**	**(8,257)**	4,118
Interest Receivable	**2,525**	**2,525**	12,115
Gain on Revaluation	**1,436,484**	**1,436,484**	8,511,755
Closing Balance	**29,951,475**	**29,951,475**	28,532,838

Gold deposits represent allocated gold bars in storage and on deposits.

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

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Foreign Investments	**61,334,323**	**61,334,323**	99,907,566
Impairment Allowance	**(11,425)**	**(11,425)**	(58,781)
	61,322,898	**61,322,898**	99,848,785

Foreign Investments at FVOCI represent mainly fixed income securities. During the year fixed income securities were disposed to invest in funds with external fund managers (Note 9).

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

(i) Foreign Assets

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Foreign Investments	**147,834,760**	**147,834,760**	108,509,938
Equity Investments	**1,622,534**	**1,622,534**	1,354,603
	149,457,294	**149,457,294**	109,864,541

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 valued on the basis of their latest net asset value.

(ii) Domestic Assets

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
At start of the period	**-**	**-**	-
Additions during the period	**6,756,387**	**-**	-
Net decrease in fair value of financial assets at FVTPL	**(595,854)**	**-**	-
At end of the period	**6,160,533**	**-**	-

Financial Assets at Fair Value through Profit or Loss include investments made by the MIC in Secured Redeemable Convertible Bonds of systemically important corporations or companies in Mauritius which have been financially impacted as a result of the COVID-19 pandemic. These investments have been made by MIC to safeguard the national economic and social stability and to protect the banking system of Mauritius from any systemic risk resulting from the rippling effects of the COVID-19 pandemic.

10. FINANCIAL ASSETS HELD AT AMORTISED COST

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Loans in Foreign Currency	**-**	**-**	12,085,773
Loans in Local Currency	**7,121,402**	**7,121,402**	4,114,114
Government Securities	**15,132,534**	**15,132,534**	15,344,240
One-off contribution*	**5,000,000**	**5,000,000**	-
Staff Loans	**98,402**	**98,402**	105,531
Others	**37,239**	**42,488**	33,775
Net Balances due in Clearing	**27,751**	**27,751**	15,713
Impairment Allowance	**(90)**	**(90)**	(2,816)
	27,417,238	**27,422,487**	31,696,330

*Out of the One-off Contribution of Rs 60 billion to Government, Rs 55 billion has been written off to reserves, while the remaining Rs 5 billion has been accounted as “Financial Assets Held At Amortised Cost” and will be settled thereafter.

Loans in foreign and local currency are granted to banks and other economic operators to support the economic development of the country. These loans are guaranteed/collateralised and are at fixed and variable interest rates. Net balances due in clearing are cheques collected and outstanding at close of business and which were cleared on the next working day.

11. IMPAIRMENT ALLOWANCE ON FINANCIAL ASSETS

THE GROUP AND THE BANK

	Foreign Assets		Domestic Assets	Total
	Stage 1 12-month ECL Collective basis	Stage 2 Lifetime ECL Collective basis	Stage 1 12-month ECL Collective basis	
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
Impairment Allowance as at 30 June 2020	**24,397**	**34,385**	**2,816**	**61,598**
Transfer to Stage 1	**34,385**	**(34,385)**	**-**	**-**
Changes to Risk Parameters and FX Translation	**(25,968)**	**-**	**(2,683)**	**(28,651)**
Financial Assets Derecognised	**(22,697)**	**-**	**(80)**	**(22,777)**
New Financial Assets	**1,308**	**-**	**37**	**1,345**
ECL Charge for the Year	**(47,357)**	**-**	**(2,726)**	**(50,083)**
Impairment Allowance as at 30 June 2021	**11,425**	**-**	**90**	**11,515**
Impairment Allowance as at 1 July 2019	30,650	2,996	130	33,776
Transfer to Stage 2	(1,673)	1,673	-	-
Financial Assets Derecognised	(9,451)	-	-	(9,451)
Changes to Risk Parameters and FX Translation	3,546	29,716	(23)	33,239
New Financial Assets	1,325	-	2,709	4,034
ECL Charge for the Year	4,871	29,716	2,686	37,273
Impairment Allowance as at 30 June 2020	24,397	34,385	2,816	61,598

12. EQUITY INVESTMENT IN MAURITIUS INVESTMENT CORPORATION LTD

	BANK	BANK
	2021	2020
	Rs 000	Rs 000
At Cost, unquoted	**1,000,000**	-

The Bank owns 100% of the share capital of MIC which was fully subscribed in July 2020 for an amount of Rs 1 billion.

The directors have made an assessment for any indication of impairment in investment in MIC. Based on the management's assessment of the carrying value of investment in MIC, there is neither any objective evidence nor any indication that the investment may be impaired.

13. DEPOSIT FOR ACQUISITION OF MIC SHARES

To enable MIC to achieve its objectives the Bank has disbursed a total amount of Rs 80 billion during the financial year. This amount will be used to increase the capital of MIC from Rs 1 billion to Rs 81 billion.

14. INVESTMENT PROPERTIES

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
At 1 July 2020	**-**	**-**	-
Acquisition during the year	**2,414,647**	**-**	-
At 30 June 2021	**2,414,647**	**-**	-

The investment properties are held through a subsidiary of MIC. The land and buildings have been treated as investment properties and are stated at fair value. These comprise a number of commercial properties. The properties were acquired just before year end and there has not been any transaction since the date of acquisition.

The Group did not derive any rental income during the year from the investment properties and there were no direct and indirect expenses arising from the investment properties.

The investment properties are categorised as Level 3 of the fair value hierarchy. The following information is relevant.

- Valuation technique:	Income approach
- Significant inputs:	Observable input: Fixed rent Unobservable input: Discount rate
- Inter-relationship between unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) if the discount rate is lower (higher)

15. COMPUTER SOFTWARE

THE GROUP AND THE BANK

COST	Rs 000
At 1 July 2019	247,903
Additions	13,663
Transfer from WIP	8,859
Scrapped	(122,336)
At 30 June 2020	148,089
Additions	1,428
At 30 June 2021	**149,517**
ACCUMULATED AMORTISATION	
At 1 July 2019	237,918
Charge for the year	11,379
Scrapped	(122,326)
At 30 June 2020	126,971
Charge for the year	11,365
At 30 June 2021	**138,336**
CARRYING VALUE	
At 30 June 2021	**11,181**
At 30 June 2020	21,118

The Directors have reviewed the carrying values of intangible assets and are of the opinion that at 30 June 2021, 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
At Start of the Period	1,969,359	1,666	932,772	251,351	29,579	3,184,727
Additions	1,051	31,700	9,057	15,832	5,230	62,870
Transfer	-	(324)	324	-	-	-
Disposals	-	-	(252)	(4,219)	(2,963)	(7,434)
At 30 June 2021	1,970,410	33,042	941,900	262,963	31,846	3,240,162
ACCUMULATED DEPRECIATION						
At Start of the Period	398,825	-	741,607	221,269	25,519	1,387,220
Charge for the year	36,474	-	28,395	21,249	4,652	90,770
Disposals	-	-	(252)	(4,218)	(2,961)	(7,431)
At 30 June 2021	435,299	-	769,750	238,300	27,209	1,470,558
CARRYING AMOUNT						
At 30 June 2021	1,535,111	33,042	172,151	24,664	4,636	1,769,604

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 2019	1,927,817	81,460	918,606	208,458	29,579	3,165,920
Additions	15,379	536	4,988	17,678	-	38,581
Transfer	26,163	(69,557)	9,178	25,357	-	(8,859)
Transfer to General Expenditure	-	(10,773)	-	-	-	(10,773)
Disposals	-	-	-	(142)	-	(142)
At 30 June 2020	**1,969,359**	**1,666**	**932,772**	**251,351**	**29,579**	**3,184,727**
Additions	**1,051**	**31,700**	**9,057**	**15,832**	**1,455**	**59,095**
Transfer	**-**	**(324)**	**324**	**-**	**-**	**-**
Disposals	**-**	**-**	**(252)**	**(4,219)**	**(2,963)**	**(7,434)**
At 30 June 2021	**1,970,410**	**33,042**	**941,901**	**262,964**	**28,071**	**3,236,388**
ACCUMULATED DEPRECIATION						
At 1 July 2019	362,372	-	713,492	184,062	22,954	1,282,881
Charge for the year	36,453	-	28,115	37,293	2,564	104,425
Disposals	-	-	-	(86)	-	(86)
At 30 June 2020	**398,825**	**-**	**741,607**	**221,269**	**25,518**	**1,387,219**
Charge for the year	**36,474**	**-**	**28,395**	**21,249**	**3,142**	**89,260**
Disposals	**-**	**-**	**(252)**	**(4,218)**	**(2,960)**	**(7,431)**
At 30 June 2021	**435,299**	**-**	**769,750**	**238,300**	**25,700**	**1,469,049**
CARRYING AMOUNT						
At 30 June 2021	**1,535,111**	**33,042**	**172,151**	**24,664**	**2,371**	**1,767,339**
At 30 June 2020	1,570,534	1,666	191,165	30,082	4,060	1,797,507

The Directors have reviewed the carrying values of tangible assets and are of the opinion that as at 30 June 2021, the carrying values have not suffered any impairment.

17. OTHER ASSETS

	GROUP	BANK	BANK
	2021	2021	2020
	Rs 000	Rs 000	Rs 000
Gold Bars	152,105	152,105	150,192
Industrial Gold and Dodo Gold Coins	96,252	96,252	105,306
Prepayments	119,523	119,523	42,448
Commemorative Coins	12,921	12,921	13,317
Others	23,959	22,251	4,766
	404,760	403,052	316,029

18. CURRENCY IN CIRCULATION

	GROUP	BANK	BANK
	2021	2021	2020
	Rs 000	Rs 000	Rs 000
Notes issued			
Face value			
2,000	4,573,986	4,573,986	3,705,010
1,000	28,741,381	28,741,381	27,105,902
500	6,163,155	6,163,155	5,365,564
200	2,007,406	2,007,406	2,021,150
100	1,868,396	1,868,396	1,805,963
50	412,936	412,936	411,848
25	256,710	256,710	264,693
Demonetised Notes	429,766	429,766	446,247
Total	44,453,736	44,453,736	41,126,377
Coins issued			
Face value			
20 rupees	304,245	304,245	277,688
10 rupees	409,674	409,674	399,181
5 rupees	181,146	181,146	178,096
1 rupee	213,128	213,128	207,716
50 cents	44,456	44,456	43,644
25 cents **	6,323	6,323	6,327
20 cents	54,886	54,886	54,029
10 cents **	2,415	2,415	2,417
5 cents	13,295	13,295	12,990
2 cents **	330	330	330
1 cent	223	223	223
Others***	22,779	22,779	22,728
Total	1,252,900	1,252,900	1,205,369
Total face value of Notes and Coins in Circulation	45,706,636	45,706,636	42,331,746

** These denominations have ceased to be issued by the Bank.
*** Others include Gold Coins and Commemorative Coins.

19. MONETARY POLICY INSTRUMENTS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Bank of Mauritius Savings Bonds	**1,038**	**1,038**	1,038
Bank of Mauritius Bonds	**15,144,637**	**15,144,637**	12,323,374
Bank of Mauritius Notes	**42,042,591**	**42,042,591**	25,218,410
Bank of Mauritius Bills	**53,936,024**	**53,936,024**	24,950,659
Bank of Mauritius 2020 Savings Bonds	**3,141,252**	**3,141,252**	508,683
Bank of Mauritius Golden Jubilee Bonds	**-**	**-**	8,987,312
Special Deposits from banks	**-**	**-**	7,647,424
	114,265,542	**114,265,542**	79,636,900

20. PROVISIONS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Balance as at 30 June	**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

Amounts recognised in the Statement of Financial Position:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Defined Benefit Plan (Note (a))	**1,154,648**	**1,154,648**	820,474
Short Term Employee Benefits (Note (b))	**166,151**	**166,151**	134,927
	1,320,799	**1,320,799**	955,401

(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 16 August 2021 submitted by The State Insurance Company of Mauritius Ltd, who also acts as independent actuaries, is produced hereunder.

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Current Service Cost	**25,546**	**25,546**	28,088
Employee Contributions	**(9,843)**	**(9,843)**	(10,316)
Fund Expenses	**811**	**811**	755
Net Interest Expense	**30,526**	**30,526**	25,672
Net Periodic Pension Cost included in Staff Salaries and Other Benefits	**47,040**	**47,040**	44,199

21. EMPLOYEE BENEFITS (CONTINUED)

(a) Defined Benefit Plan (Continued)

Past service cost is nil.

Remeasurement of defined benefit liability recognised in Other Comprehensive Income (OCI):

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Actuarial Loss	**313,265**	**313,265**	131,065

Movements in liability recognised in the Statement of Financial Position:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
At start of the year	**820,474**	**820,474**	673,353
Total Expenses as per above	**47,040**	**47,040**	44,199
Actuarial Loss recognised in OCI	**313,265**	**313,265**	131,065
Bank of Mauritius share of pension (topping-up)	**(325)**	**(325)**	(325)
Employer Contributions	**(25,806)**	**(25,806)**	(27,818)
At end of the year	**1,154,648**	**1,154,648**	820,474

Movements in the present value of the Defined Benefit Obligations in the current period were as follows:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
At start of the year	**1,649,182**	**1,649,182**	1,522,708
Current Service Cost	**25,546**	**25,546**	28,089
Interest Cost	**59,370**	**59,370**	54,818
Actuarial loss	**328,301**	**328,301**	160,778
Benefits Paid	**(90,149)**	**(90,149)**	(117,210)
At end of the year	**1,972,250**	**1,972,250**	1,649,183

Movements in the fair value of the Plan Assets in the current period were as follows:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
At start of the year	**828,709**	**828,709**	849,355
Expected Return on Plan Assets	**28,844**	**28,844**	29,146
Actuarial Gain	**15,035**	**15,035**	29,714
Contributions from the Employer	**25,806**	**25,806**	27,818
Employee Contributions	**9,843**	**9,843**	10,316
Bank of Mauritius Share of Pension	**325**	**325**	325
Benefits Paid (Excluding BOM share of pension)	**(90,149)**	**(90,149)**	(117,210)
Fund Expenses	**(811)**	**(811)**	(755)
At end of the year	**817,602**	**817,602**	828,709

21. EMPLOYEE BENEFITS (CONTINUED)

(a) Defined Benefit Plan (Continued)

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:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Present Value of Defined Benefit Obligation	**1,972,250**	**1,972,250**	1,649,183
Fair Value of Plan Assets	**(817,602)**	**(817,602)**	(828,709)
Net Liability arising from Defined Benefit Obligation	**1,154,648**	**1,154,648**	820,474

The major categories of plan assets at the reporting date are as follows:

	2021	2020
Major categories of Plan Assets	**%**	%
Local Equities	**11.8**	10.1
Overseas Equities and Bonds	**30.1**	24.6
Fixed Interest Securities and Cash	**54.8**	61.7
Others	**3.3**	3.6

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:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Experience losses on plan liabilities	**(328,300)**	**(328,300)**	(160,778)
Experience gains on plan assets	**15,035**	**15,035**	29,713
	(313,265)	**(313,265)**	(131,065)

The Group and the Bank expect to make a contribution of Rs 26.6 million (2020: Rs 28.5 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.

	BANK	BANK
	2021	2020
	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**	12

21. EMPLOYEE BENEFITS (CONTINUED)

(a) Defined Benefit Plan (Continued)

The principal assumptions used for actuarial valuation were:

	2021	2020
Discount Rate	**4.8%**	3.6%
Future Long-term Salary Increases	**3.0%**	2.5%
Future Pension Increases	**2.0%**	1.5%

Mortality before retirement	A 6770 Ultimate Tables
Mortality in retirement	PA (90) Tables
Retirement age	65 years

The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase, pension growth and mortality. The sensitivity analyses below have been determined based on a change of 100 basis points of the assumptions occurring at the end of the reporting period on the defined benefit obligation.

		2021	2020
		Rs 000	Rs 000
Discount rate	+100 basis points	**(226,100)**	(181,400)
	-100 basis points	**276,300**	220,700
Salary growth	+100 basis points	**99,000**	69,800
	-100 basis points	**(88,700)**	(62,400)
Pension growth	+100 basis points	**164,000**	135,700
	-100 basis points	**(140,800)**	(116,900)
Life Expectancy	+100 basis points	**59,300**	55,100
	-100 basis points	**(59,000)**	(55,700)

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 interdependences between the assumptions.

(b) Short Term Employee Benefits

	GROUP	BANK	BANK
	2021	2021	2020
	Rs 000	Rs 000	Rs 000
Provision for Annual and Sick Leaves	**96,615**	**96,615**	77,430
Provision for Passage Benefits	**69,536**	**69,536**	57,497
	166,151	**166,151**	134,927

21. EMPLOYEE BENEFITS (CONTINUED)

(c) Employer Contribution towards Pension Cost

	GROUP	BANK	BANK
	2021	2021	2020
	Rs 000	Rs 000	Rs 000
Contributions Expensed (Note 28)	56,537	56,343	34,252

(d) State Pension Plan (Note 28)

	GROUP	BANK	BANK
	2021	2021	2020
	Rs 000	Rs 000	Rs 000
National Pension Scheme Contributions	2,061	2,059	1,904
Contribution Sociale Generalisee	16,878	16,805	-
	18,939	18,864	1,904

22. OTHER LIABILITIES

	GROUP	BANK	BANK
	2021	2021	2020
	Rs 000	Rs 000	Rs 000
Amount Transferable to Consolidated Fund*	-	-	190,487
Loans from Foreign Institutions	8,530,023	8,530,023	9,659,005
Special Drawing Rights	4,313,355	4,313,355	3,937,343
Abandoned Funds	2,159,247	2,159,247	1,849,595
Creditors	220,643	220,643	126,931
Interest and Charges Payable	124,749	115,261	115,925
Others	17,071	17,071	19,999
	15,365,088	15,355,600	15,899,285

*Following the increase in the Paid Up Capital of the Bank on 31 July 2020, an amount of Rs 190.5 million representing profit for the year ended 30 June 2020, was transferred to the General Reserve Fund as per Section 11(5) of the Bank of Mauritius Act 2004.

23. INTEREST AND SIMILAR INCOME ON FINANCIAL ASSETS USING EFFECTIVE INTEREST RATE ("EIR")

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Interest Income at Amortised Cost			
Repurchase Agreement	**789**	**789**	340,104
Loans and Advances	**217,753**	**217,753**	105,920
Government Securities	**113,110**	**113,110**	46,684
Special Drawing Rights	**3,848**	**3,848**	27,285
Current Accounts	**63,140**	**63,140**	44,982
Deposit Accounts	**-**	**-**	18,875
	398,640	**398,640**	583,850
Interest and Similar Income at FVOCI			
Fixed Income Securities	**693,204**	**693,204**	1,863,439
Realised Gain on Fixed Income Securities	**641,234**	**641,234**	226,883
	1,334,438	**1,334,438**	2,090,322
	1,733,078	**1,733,078**	2,674,172

24. INTEREST AND SIMILAR INCOME ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Income from UCITS	**1,843,010**	**1,843,010**	1,385,992
Dividend Income	**536,168**	**536,168**	627,354
Interest Income	**293,775**	**262,388**	331,029
Other Income	**56,118**	**56,118**	17,202
	2,729,071	**2,697,684**	2,361,577

UCITS: Undertakings for the collective investments of transferable securities. These are managed by the Bank's external fund managers.

25. MISCELLANEOUS INCOME

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Payments System Fees	**102,266**	**102,266**	76,410
Processing and Licence Fees*	**95,515**	**95,515**	111,962
Front end fee, Legal Cost and Registration Fees	**55,475**	**-**	-
Profit on Foreign Exchange Transactions	**25,429**	**25,429**	152,634
Fees and Charges	**9,943**	**9,943**	2,227
Penalty	**2,700**	**2,700**	3,370
Other	**3,062**	**8,563**	1,838
Profit on Sale of Property, Plant and Equipment	**899**	**899**	1
	295,289	**245,315**	348,442

*During the financial year, licence fees for foreign exchange dealers were waived since they were not operating due to lockdown and COVID-19.

26. GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Domestic Investments	**(595,855)**	**-**	-
Foreign Investments	**6,041,005**	**6,041,005**	(410,182)
Unquoted Investments	**104,324**	**104,324**	96,530
	5,549,474	**6,145,329**	(313,652)

27. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Interest Paid on Loan from Foreign Institutions	**36,958**	**36,958**	-
Negative Interest and Charges	**53,766**	**53,766**	-
International Monetary Fund Charges	**2,869**	**2,869**	22,227
Interest Relief on Household Loans	**354**	**354**	25,135
	93,947	**93,947**	47,362

28. STAFF SALARIES AND OTHER BENEFITS

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Staff Salaries and Allowances	**378,072**	**376,763**	351,212
Employer Contribution Towards Pension Cost (Note 21(c))	**56,537**	**56,343**	34,252
Staff Family Protection Scheme	**6,214**	**6,195**	6,505
National Pension Fund (Note 21(d))	**2,061**	**2,059**	1,904
Contribution Sociale Generalisee (Note 21(d))	**16,878**	**16,805**	-
HRDC Levy	**92**	**80**	119
	459,854	**458,245**	393,992

The amount of Rs 376,763,000 for the Bank includes an increase in the liability for short term employee benefits amounting to Rs 31,224,000 (see Note 21(b)).

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 9. Fees payable also include custodian fees.

30. DIRECTORS' REMUNERATION

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Governor	**11,554**	**11,554**	15,986
Deputy Governors (2)	**13,490**	**13,490**	13,339
Other Directors: Bank (6)	**2,160**	**2,160**	1,920
Other Directors: MIC (3)	**1,560**	**-**	-
Chairperson: MIC	**782**	**-**	-
	29,546	**27,204**	31,245

Directors of the Bank are paid a monthly fee of **Rs 30,000** (2020: Rs 30,000). At 30 June 2021 the number of Other Directors on the board of the Bank was 6 (2020:6). Directors of MIC are paid a monthly fee of Rs 30,000. The number of Other Directors on the Board of MIC was 3. The Chairperson of MIC is paid a monthly fee of **USD1,500.**

31. OTHER EXPENDITURE

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Communication Charges	**59,376**	**59,376**	59,964
Stationery and Library	**5,141**	**5,141**	4,032
Others	**878**	**878**	4,297
	65,395	**65,395**	68,293

32. COST OF CONDUCTING MONETARY POLICY

The Bank, in the pursuit of its objectives to maintain price stability and to promote orderly and balanced economic development, undertakes open market operations to manage liquidity conditions in the domestic money markets. The cost of open market operations conducted through the issue of Bank of Mauritius Securities and also through special deposits from banks are provided below.

	GROUP	BANK	BANK
	2021	**2021**	2020
Interest	**Rs 000**	**Rs 000**	Rs 000
Bank of Mauritius Securities	**2,324,705**	**2,324,705**	3,256,917
Special Deposits	**185,948**	**185,948**	416,941
	2,510,653	**2,510,653**	3,673,858

33. COMMITMENTS AND OTHER CONTINGENCIES

Commitments not otherwise provided for in these financial statements and which existed at 30 June 2021 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 **Rs 22 million** (2020: Rs 22 million).

Commitments of MIC include an amount of Rs 10,397 million for bonds subscriptions and represent amounts approved for projects but not yet disbursed.

There was no other contingent liability that existed at 30 June 2021.

34. 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.

2021	1 Year	>1-5 Yrs	Total
	Rs 000	**Rs 000**	**Rs 000**
Archiving-Plaine Lauzun DBM	**205**	**-**	**205**
Fallback Site-Cyber Tower	**2,985**	**15,023**	**18,008**
	3,190	**15,023**	**18,213**

2020	1 Yr	1-5 Yrs	Total
	Rs 000	Rs 000	Rs 000
Archiving-Plaine Lauzun DBM	203	-	203
Fallback Site-Cyber Tower	2,972	4,411	7,383
	3,175	4,411	7,586

An amount of **Rs 4,124,464** (2020: Rs 4,111,152) 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 **Rs 4,124,464** (2020: Rs 4,111,152).

35. 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.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

THE GROUP

	Carrying Amount	Fair Value
	2021	2021
Financial Assets	Rs 000	Rs 000
Amortised Cost		
Cash and Cash Equivalents	72,959,640	72,959,640
Loans and Advances	7,241,014	7,241,014
Government Securities	15,132,534	14,643,150
Other Financial Assets	5,043,690	5,043,690
	27,417,238	26,927,854
	100,376,878	99,887,494
Fair Value Through Other Comprehensive Income		
Foreign Investments	61,322,898	61,322,898
Fair Value Through Profit or Loss		
Gold Deposits	29,951,475	29,951,475
Foreign Investments	147,834,760	147,834,760
Loan and Advances	6,160,533	6,160,533
Other Investments	1,622,534	1,622,534
	155,617,827	155,617,827
	185,569,302	185,569,302
Total Financial Assets	347,269,078	346,779,694
Financial Liabilities		
Amortised Cost	337,931,878	336,745,514

35. FINANCIAL INSTRUMENTS (CONTINUED)

THE BANK

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2021	**2021**	2020	2020
Financial Assets	**Rs 000**	**Rs 000**	Rs 000	Rs 000
Amortised Cost				
Cash and Cash Equivalents	**72,959,640**	**72,959,640**	50,703,268	50,703,268
Government Securities	**15,132,534**	**14,643,150**	15,341,583	15,068,772
Loans and Advances	**7,241,014**	**7,241,014**	16,325,342	16,325,341
Other Financial Assets	**5,048,939**	**5,048,939**	29,405	29,405
	27,422,487	**26,933,103**	31,696,330	31,423,518
	100,382,127	**99,892,743**	82,399,598	82,126,786
Fair Value Through Other Comprehensive Income				
Foreign Investments	**61,322,898**	**61,322,898**	99,848,785	99,848,785
Fair Value Through Profit or Loss				
Gold Deposits	**29,951,475**	**29,951,475**	28,532,838	28,532,838
Foreign Investments	**147,834,760**	**147,834,760**	108,509,938	108,509,938
Other Investments	**1,622,534**	**1,622,534**	1,354,603	1,354,603
	149,457,294	**149,457,294**	109,864,541	109,864,541
	179,408,769	**179,408,769**	138,397,379	138,397,379
Total Financial Assets	**341,113,794**	**340,624,410**	320,645,762	320,372,950
Financial Liabilities				
Amortised Cost	**409,820,209**	**408,593,846**	276,423,919	277,024,303

(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.

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.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b)(ii)Fair value of financial instruments (Continued)

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

2021	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial Assets	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Gold Deposits	**29,951,475**	**-**	**-**	**29,951,475**	**29,951,475**
Foreign Investments	**61,322,898**	**147,834,760**	**-**	**209,157,658**	**209,157,658**
Other Investments	**-**	**-**	**1,622,534**	**1,622,534**	**1,622,534**
Convertible bonds	**-**	**-**	**6,160,533**	**6,160,533**	**6,160,533**
	91,274,373	**147,834,760**	**7,783,067**	**246,892,200**	**246,892,200**

THE BANK

2021	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial Assets	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Gold Deposits	**29,951,475**	**-**	**-**	**29,951,475**	**29,951,475**
Foreign Investments	**61,322,898**	**147,834,760**	**-**	**209,157,658**	**209,157,658**
Other Investments	**-**	**-**	**1,622,534**	**1,622,534**	**1,622,534**
	91,274,373	**147,834,760**	**1,622,534**	**240,731,667**	**240,731,667**
2020					
Financial Assets					
Gold Deposits	28,532,838	-	-	28,532,838	28,532,838
Foreign Investments	99,848,785	108,509,938	-	208,358,723	208,358,723
Other Investments	-	-	1,354,603	1,354,603	1,354,603
	128,381,623	108,509,938	1,354,603	238,246,164	238,246,164

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.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b)(ii)Fair value of financial instruments (Continued)

A reconciliation of fair value measurements in level 3 is set out below:

	GROUP	BANK	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Opening balance	**1,354,603**	**1,354,603**	1,064,439
Additions during the year	**6,749,142**	**24,142**	20,265
Dividend/Interest receivable	**31,387**	**-**	25,247
Dividend utilised for the purchase of shares	**(24,142)**	**(24,142)**	-
Change in fair value	**(327,923)**	**267,931**	244,652
Closing balance	**7,783,067**	**1,622,534**	1,354,603

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 2021	Valuation techniques	Significant unobservable inputs	Range of estimates (weighted-average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
	Rs 000				
Other investments	1,622,534	Net asset value of the investee company	None	Not applicable	Not applicable
Convertible bonds	6,160,533	Scenario-Based Technique:	MUR yield curve	1.93% - 3.82%	An increase in yield curve would result in lower fair value
		The model employs a hybrid approach to valuation incorporating the MUR yield curve, default probabilities and credit spreads.	Probability of default	0.079% - 0.540%	An increase in the probability of default would result in lower fair value.

35. 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 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
- 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 Group and the Bank mitigate the credit risk of derivatives, reverse sale-and-repurchase agreements and securities lending by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

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.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (Continued)

The Group and the Bank's sale-and-repurchase, and reverse sale-and-repurchase transactions 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, and reverse sale-and-repurchase, agreements; and
- securities lending and borrowing.

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	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Mauritius	**33,569,631**	**27,414,347**	31,703,052
USA	**101,970,008**	**101,970,008**	79,201,328
United Kingdom	**166,124,613**	**166,124,613**	125,561,110
Europe	**27,192,751**	**27,192,751**	62,122,695
Other	**18,412,075**	**18,412,075**	22,057,577
	347,269,078	**341,113,794**	320,645,762

(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	BANK
	2021	**2021**	2020
	Rs 000	**Rs 000**	Rs 000
Government	**78,061,709**	**71,906,425**	62,753,396
Supranational Financial Institutions	**252,368,409**	**252,368,409**	191,160,098
Foreign Banks and Financial Institutions	**6,450,416**	**6,450,416**	34,301,773
Other	**10,388,544**	**10,388,544**	32,430,495
	347,269,078	**341,113,794**	320,645,762

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (Continued)

(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 2021 Rs 000	%	BANK 2021 Rs 000	%	BANK 2020 Rs 000	%
Cash and Cash Equivalents	Central Banks	**68,047,031**	**21.69**	**68,047,031**	**21.69**	50,050,494	17.40
	Others	**4,912,609**	**1.57**	**4,912,609**	**1.57**	652,775	0.23
Gold Deposits	Others	**29,951,475**	**9.55**	**29,951,475**	**9.55**	28,532,838	9.92
Foreign Financial assets held at Amortised Cost and Fair Value Through Other Comprehensive income	Aaa	**21,099,958**	**6.73**	**21,099,958**	**6.73**	10,922,656	3.80
	Aa	**1,241,557**	**0.40**	**1,241,557**	**0.40**	4,942,948	1.72
	A	**1,978,606**	**0.63**	**1,978,606**	**0.63**	17,873,307	6.21
	Baa	**1,576,416**	**0.50**	**1,576,416**	**0.50**	14,898,002	5.18
	Ba	**1,908,328**	**0.60**	**1,908,328**	**0.60**	1,499,393	0.52
	Others	**33,518,033**	**10.69**	**33,518,033**	**10.69**	49,712,479	17.29
Foreign Financial Assets held at Fair Value Through Profit or Loss	Central banks	**18,840,874**	**6.00**	**18,840,874**	**6.00**	17,354,479	6.03
	Others	**130,616,420**	**41.64**	**130,616,420**	**41.64**	91,155,459	31.70
Total Foreign Financial Assets		**313,691,307**	**100.00**	**313,691,307**	**100.00**	287,594,830	100.00

	Credit Rating	GROUP 2021 Rs 000	%	BANK 2021 Rs 000	%	BANK 2020 Rs 000	%
Loan and Advances	Baa	**-**	**-**	**-**	**-**	7,447,663	23.50
	Ba	**-**	**-**	**-**	**-**	4,629,758	14.60
	Others	**7,241,014**	**21.56**	**7,241,014**	**26.41**	4,142,463	13.07
Government Securities	Others	**15,132,534**	**45.07**	**15,132,534**	**55.18**	15,341,583	48.40
Other Assets	Others	**5,043,690**	**15.02**	**5,048,939**	**18.41**	134,863	0.43
Financial Assets held at Fair Value Through Profit or Loss	Others	**6,160,533**	**18.35**	**-**	**-**	-	-
Total Domestic Financial Assets		**33,577,771**	**100.00**	**27,422,487**	**100.00**	31,696,330	100.00

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (Continued)

(iii) Credit Exposure by Credit Rating (Continued)

Summary	Credit Rating	GROUP 2021 Rs 000	%	BANK 2021 Rs 000	%	BANK 2020 Rs 000	%
Foreign Financial Assets	Central Banks	**86,887,905**	**27.70**	**86,887,905**	**27.70**	67,404,973	23.44
	Aaa	**21,099,958**	**6.73**	**21,099,958**	**6.73**	10,922,656	3.80
	Aa	**1,241,557**	**0.40**	**1,241,557**	**0.40**	4,942,948	1.72
	A	**1,978,606**	**0.63**	**1,978,606**	**0.63**	17,873,307	6.21
	Baa	**1,576,416**	**0.50**	**1,576,416**	**0.50**	14,898,002	5.18
	Ba	**1,908,328**	**0.60**	**1,908,328**	**0.60**	1,499,393	0.52
	Others	**198,998,537**	**63.44**	**198,998,537**	**63.44**	170,053,551	59.13
		313,691,307	**100.00**	**313,691,307**	**100.00**	287,594,830	100.00
Domestic Financial Assets	Baa	**-**	**-**	**-**	**-**	7,447,663	23.50
	Ba	**-**	**-**	**-**	**-**	4,629,758	14.60
	Others	**33,577,771**	**100.00**	**27,422,487**	**100.00**	19,618,909	61.90
		33,577,771	**100.00**	**27,422,487**	**100.00**	31,696,330	100.00

(iv) Credit Exposure by Credit Quality

Securities at FVOCI	2021 GROUP Stage 1 12-month ECL Rs 000	2021 BANK Stage 1 12-month ECL Rs 000	2020 BANK Total Rs 000
Credit rating AAA to Baa: Low to fair risk	**59,414,570**	**59,414,570**	98,349,392
Credit rating Ba: Monitoring	**1,908,328**	**1,908,328**	1,499,393
Credit rating below Ba: Default	**-**	**-**	-
Total Carrying Amount	**61,322,898**	**61,322,898**	99,848,785
Loss Allowance	**(11,425)**	**(11,425)**	(58,781)

(v) Collateral

The following table gives details of cash collaterals received by the Bank and Securities on lending under an enforceable master netting arrangements.

	BANK 2021 Rs 000	BANK 2020 Rs 000
Cash Collateral	**4,263,240**	-
Securities on Lending	**4,559,345**	-

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk (Continued)

(v) Collateral (continued)

THE GROUP AND THE BANK
30 JUNE 2021

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	**4,559,345**	**(4,263,240)**	**296,105**
Financial liabilities			
Loans from Foreign Institutions	**(4,263,240)**	**4,263,240**	**-**

30 JUNE 2020

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
Nil	Nil	Nil	Nil

(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.

35. 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 up to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2021		Rs000	Rs000	Rs000	Rs000	Rs000	Rs000
Non-Derivative Financial Assets							
Foreign Assets	(i)	116,657,269	11,485,028	7,208,102	176,861,860	2,915,936	315,128,195
Loans and Advances		32,322	1,523	4,293,146	1,354,185	7,418,022	13,099,198
Government Securities		-	-	-	15,582,534	-	15,582,534
Other Assets		43,689	-	-	49,758	5,043,145	5,136,592
Total Financial Assets		116,733,280	11,486,551	11,501,248	193,848,337	15,377,103	348,946,519
Non-Derivative Financial Liabilities							
Currency in Circulation	(ii)	45,706,636	-	-	-	-	45,706,636
Demand Deposits	(iii)	162,594,612	-	-	-	-	162,594,612
Monetary Policy Instruments		38,509,431	8,519,335	15,658,409	49,059,814	6,398,080	118,145,069
Other Liabilities		15,370,586	-	-	-	-	15,370,586
Total Financial Liabilities		262,181,265	8,519,335	15,658,409	49,059,814	6,398,080	341,816,903
Net Liquidity Gap		(145,447,985)	2,967,216	(4,157,161)	144,788,523	8,979,023	7,129,616

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)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk (Continued)

THE BANK

Maturity Analysis		Up to 3 months	Above 3 and up to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2021		Rs000	Rs000	Rs000	Rs000	Rs000	Rs000
Non-Derivative Financial Assets							
Foreign Assets	(i)	116,657,269	11,485,028	7,208,102	176,861,860	2,915,936	315,128,195
Loans and Advances		32,322	1,523	4,293,146	1,354,185	1,257,489	6,938,665
Government Securities		-	-	-	15,582,534	-	15,582,534
Other Assets		48,939	-	-	49,758	5,048,645	5,147,342
Total Financial Assets		116,738,530	11,486,551	11,501,248	193,848,337	9,222,070	342,796,736
Non-Derivative Financial Liabilities							
Currency in Circulation	(ii)	45,706,636	-	-	-	-	45,706,636
Demand Deposits	(iii)	234,492,431	-	-	-	-	234,492,431
Monetary Policy Instruments		38,509,431	8,519,335	15,658,409	49,059,814	6,398,080	118,145,069
Other Liabilities		15,355,600	-	-	-	-	15,355,600
Total Financial Liabilities		334,064,098	8,519,335	15,658,409	49,059,814	6,398,080	413,699,736
Net Liquidity Gap		(217,325,568)	2,967,216	(4,157,161)	144,788,523	2,823,990	(70,903,000)

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)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk (Continued)

THE BANK

Maturity Analysis		Up to 3 months	Above 3 and up to 6 months	Above 6 and up to 12 months	Between 1 and 5 years	Above 5 years	Total
At 30 June 2020		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Foreign Assets	(i)	114,121,453	13,585,770	6,555,504	147,032,955	11,307,717	292,603,399
Loans and Advances		12,150,991	421	20,436	4,305,689	-	16,477,537
Government Securities		324,815	-	-	15,562,500	-	15,887,315
Other Assets		29,405	-	-	52,667	52,790	134,862
Total Financial Assets		126,626,664	13,586,191	6,575,940	166,953,811	11,360,507	325,103,113
Non Derivative Financial Liabilities							
Currency in Circulation	(ii)	42,331,746	-	-	-	-	42,331,746
Demand Deposits	(iii)	138,555,988	-	-	-	-	138,555,988
Monetary Policy Instruments		14,152,231	10,622,174	29,096,420	23,193,344	6,532,814	83,596,983
Other Liabilities		15,899,285	-	-	-	-	15,899,285
Total Financial Liabilities		210,939,250	10,622,174	29,096,420	23,193,344	6,532,814	280,384,002
Net Liquidity Gap		(84,312,586)	2,964,017	(22,520,480)	143,760,467	4,827,693	44,719,111

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)

35. 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 2021	Effect on Profit and equity 2020
		Rs000	Rs000
Foreign Currency Portfolio	**+50**	**1,255,851**	1,081,506
	-50	**(1,255,851)**	(1,081,506)
Government Securities	**+50**	**75,000**	76,708
	-50	**(75,000)**	(76,708)

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.

35. 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 2021	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non-Derivative Financial Assets							
Foreign Assets	95,826,844	5,863,130	5,454,032	6,926,795	177,273,176	22,347,330	313,691,307
Loans and Advances	6,287	1,502	1,506	76,604	7,035,415	6,181,832	13,303,146
Government Securities	-	-	-	-	15,132,534	-	15,132,534
Other Assets	43,690	-	-	-	98,402	4,994,500	5,136,592
Total Financial Assets	95,876,821	5,864,632	5,455,538	7,003,399	199,539,527	33,523,662	347,263,579
Non-Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	45,706,636	45,706,636
Demand Deposits	55,291,770	-	-	-	-	107,302,842	162,594,612
Monetary Policy Instruments	38,083,455	8,270,335	12,473,427	37,685,738	17,767,019	-	114,279,974
Other Liabilities	4,328,341	-	-	-	-	11,042,245	15,370,586
Total Financial Liabilities	97,703,566	8,270,335	12,473,427	37,685,738	17,767,019	164,051,723	337,951,808
Net Liquidity Gap	(1,826,745)	(2,405,703)	(7,017,889)	(30,682,339)	181,772,508	(130,528,061)	9,311,771

35. 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 2021	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non-Derivative Financial Assets							
Foreign Assets	95,826,844	5,863,130	5,454,032	6,926,795	177,273,176	22,347,330	313,691,307
Loans and Advances	6,287	1,502	1,506	76,604	7,035,415	21,299	7,142,613
Government Securities	-	-	-	-	15,132,534	-	15,132,534
Other Assets	43,439	-	-	-	98,402	5,005,500	5,147,341
Total Financial Assets	95,876,570	5,864,632	5,455,538	7,003,399	199,539,527	27,374,129	341,113,795
Non-Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	45,706,636	45,706,636
Demand Deposits	55,291,770	-	-	-	-	179,200,661	234,492,431
Monetary Policy Instruments	38,083,455	8,270,335	12,473,427	37,685,738	17,767,019	-	114,279,974
Other Liabilities	4,313,355	-	-	-	-	11,042,245	15,355,600
Total Financial Liabilities	97,688,580	8,270,335	12,473,427	37,685,738	17,767,019	235,949,542	409,834,641
Net Liquidity Gap	(1,812,010)	(2,405,703)	(7,017,889)	(30,682,339)	181,772,508	(208,575,413)	(68,720,846)

35. 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 2020	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Non-Derivative Financial Assets							
Foreign Assets	104,443,209	13,359,333	4,578,524	1,309,308	154,470,239	10,788,819	288,949,432
Loans and Advances	12,082,477	-	19,607	-	4,097,717	20,083	16,219,884
Government Securities	324,205	-	-	-	15,017,379	-	15,341,584
Other Assets	29,405	-	-	-	105,457	-	134,862
Total Financial Assets	116,879,296	13,359,333	4,598,131	1,309,308	173,690,792	10,808,902	320,645,762
Non-Derivative Financial Liabilities							
Currency in Circulation	-	-	-	-	-	42,331,746	42,331,746
Demand Deposits	26,649,861	-	-	-	-	111,906,127	138,555,988
Monetary Policy Instruments	13,743,258	10,243,853	25,173,052	3,212,157	27,264,580	-	79,636,900
Other Liabilities	3,937,343	-	-	-	-	11,961,942	15,899,285
Total Financial Liabilities	44,330,462	10,243,853	25,173,052	3,212,157	27,264,580	166,199,815	276,423,919
Interest Sensitivity Gap	72,548,834	3,115,480	(20,574,921)	(1,902,849)	146,426,212	(155,390,913)	44,221,843

35. 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 5.0% p.a. (2020: 0.75% p.a. to 8.75% p.a.) and from -0.55% p.a. to 8.79% p.a. (2020: -0.55% p.a. to 7.84% p.a.) for foreign currency denominated assets.

The interest-bearing Mauritian rupee denominated liabilities bear interest at rates ranging from 0.15% p.a. to 6.95% p.a. (2020: 1.33% p.a. to 6.95% p.a.) and from -0.50% p.a. to 0.66% p.a. (2020: -0.50% p.a. to 2.58% p.a.) for liabilities denominated in foreign currencies.

Mauritius Investment Corporation Ltd

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 not dependent on changes in interest rates as MIC has fixed rate interest bearing financial assets.

The interest-bearing Mauritian rupee denominated assets earn fixed interest at rates ranging from 3% p.a to 3.5% p.a. On this basis, MIC is not significantly exposed to interest rate risk.

Fair value sensitivity analysis for fixed-rate instruments

The following table demonstrates the sensitivity of the MIC's profit and equity to interest rate changes, all other variables held constant.

	Change in yield (basis points)	Effect on Profit and Equity 2021
		Rs000
Financial assets at fair value through profit or loss ("FVTPL")	+100	(407,000)
	-100	377,000

Equity price risk

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The equity price risk exposure arises from the MIC's investments in Secured Redeemable Convertible Bonds.

The MIC's policy is to manage price risk through selection of securities and other financial instruments within the specified limits set by its investment policy.

35. 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 loans from foreign financial institutions.

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:

	2021	2020
	Rs 000	Rs 000
SDR Basket	268,829,369	246,729,473
Non-SDR Basket	44,861,938	42,219,959
	313,691,307	288,949,432

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 2021	Effect on Profit and Equity 2020
		Rs 000	Rs 000
	+50 cents	6,927,674	6,509,724
Foreign Currency Portfolio	-50 cents	(6,927,674)	(6,509,724)

36. RELATED PARTY TRANSACTIONS

The balances and transactions with Government of Mauritius are disclosed in Notes 5, 10 and 23 to the financial statements. An amount of Rs 5 billion is receivable from Government as disclosed in Note 10. The Bank also maintains demand deposits **Rs 38,389,110,457** (2020: Rs 26,964,258,755) 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 22(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 Rs 932,000 (2020: Rs 934,000).

The balances and transactions with the subsidiary are disclosed in Notes 9 (ii), 10,12 ,13, 22, 24, 25, 26, 28 and 29.

37. 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 additional allocation of Special Drawing Rights (SDR) to member countries. Accordingly, a total amount of SDR81,061,549 (Rs 3,987,287,211) was allocated to Mauritius, bringing the total allocation to SDR96,805,549. A total amount of SDR25,894,000 was utilized for prescribed transfers bringing the balance to SDR70,911,549. 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 **Rs 2,869,245** (2020: Rs 22,227,325).

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.

38. BUSINESS COMBINATION

In June 2021, the Group, through its wholly owned subsidiary, Mauritius Investment Corporation Ltd, entered into an agreement with Omnicane Limited and acquired 100% of the shareholding of Mon Tresor Smart City Ltd ("Mon Tresor") and as a result the Group has obtained control on Mon Tresor Smart City Ltd. The transaction primarily involved acquisition of the investment properties of Mon Tresor whose main operation is property development in the context of smart city scheme.

The Group has assessed whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has concluded that the acquired set is a business.

The Group has accounted for the above transaction under IFRS 3, "Business Combinations" in the consolidated financial statements. Details of purchase consideration, fair value of the acquiree's assets and liabilities arising from the acquisition and any goodwill/ bargain purchase are given below:

38. BUSINESS COMBINATION (CONTINUED)

	Rs 000
Purchase consideration	2,416,395
Fair value of net assets acquired	2,416,395
Goodwill/ (Excess of group's interest in the fair value of acquiree's assets and liabilities over cost)	-

Fair value of the acquiree's assets and liabilities arising from the acquisition are as follows:

	Rs 000
Investment properties	2,414,647
Other receivables	1,645
Cash and cash equivalents	240
Other payables	(137)
Net assets	2,416,395
Net cash outflow on acquisitions	2,416,395

The valuation techniques used for measuring the fair value of material assets acquired are disclosed in Note 14.

Mon Tresor did not contribute any revenue or profits to the Group since it was acquired just before the year ended 30 June 2021. If the acquisitions had occurred on 1 July 2020, the Group estimates the amount of revenue and loss from Mon Tresor would have been Rs 310 million and Rs 78 million, respectively.

Costs associated with acquisition during the year are not significant and have been included in general expenditure in profit or loss.

39. IMPACT OF COVID-19

On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. This event is a significant event considering the spread of virus all over the world and the situation of lockdown in Mauritius during the months of March 2020 to May 2020. Economic activity in 2021Q1 suffered from the resurgence of COVID-19 cases and the imposition of a second lockdown in March 2021. However, the preparedness of individuals and corporates to face the second lockdown and the phased lifting of restrictions helped to limit the damage to overall output. The increased pace of vaccination worldwide, easing of COVID-19 restrictions, and continued fiscal and monetary support across the globe are all contributing to the rebound in global growth.

The Group and the Bank have not been significantly impacted by COVID-19 given that they are highly liquid. The fair value and carrying amounts of the Group and the Bank's financial instruments at 30 June 2021 are already adjusted for the impacts of COVID-19.

As the central bank of Mauritius, the Bank has taken measures in order to mitigate the post-COVID impacts on the economy. These measures include the creation of Mauritius Investment Corporation Ltd (MIC), special lines of credit given to banks and other economic operators, contributions to the Government for economic stabilisation, amongst others.

39. IMPACT OF COVID-19 (CONTINUED)

As at the date of approval of these financial statements, the COVID-19 crisis is still unfolding globally, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. Management has made an assessment of the Group and the Bank's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirm that they have not identified events or conditions that may cast doubt on the Group and the Bank's ability to continue as a going concern.

40. SUBSEQUENT EVENTS

There were no significant events after the reporting date which need disclosures.

41. TAXATION

The Group and the Bank are exempted from any tax imposed on income, profits or capital gains under section 64 of the Bank of Mauritius Act 2004 and under the Second Schedule of the Mauritius Income Tax Act 1995.

42. COMPARATIVE FIGURES

There are no comparative figures for the Group as this is the Group's first set of financial statements since the MIC's acquisition on 2 June 2020.

During the year, as recommended by the International Monetary Fund ("IMF"), the Bank has changed its method to present the statement of cash flows using the direct method instead of the indirect method which was being used by the Bank in prior years. The statement of cash flows for the prior period has been re-presented to conform to the current year presentation.

APPENDICES

Panoramic View of Port Louis near Immigration Depot

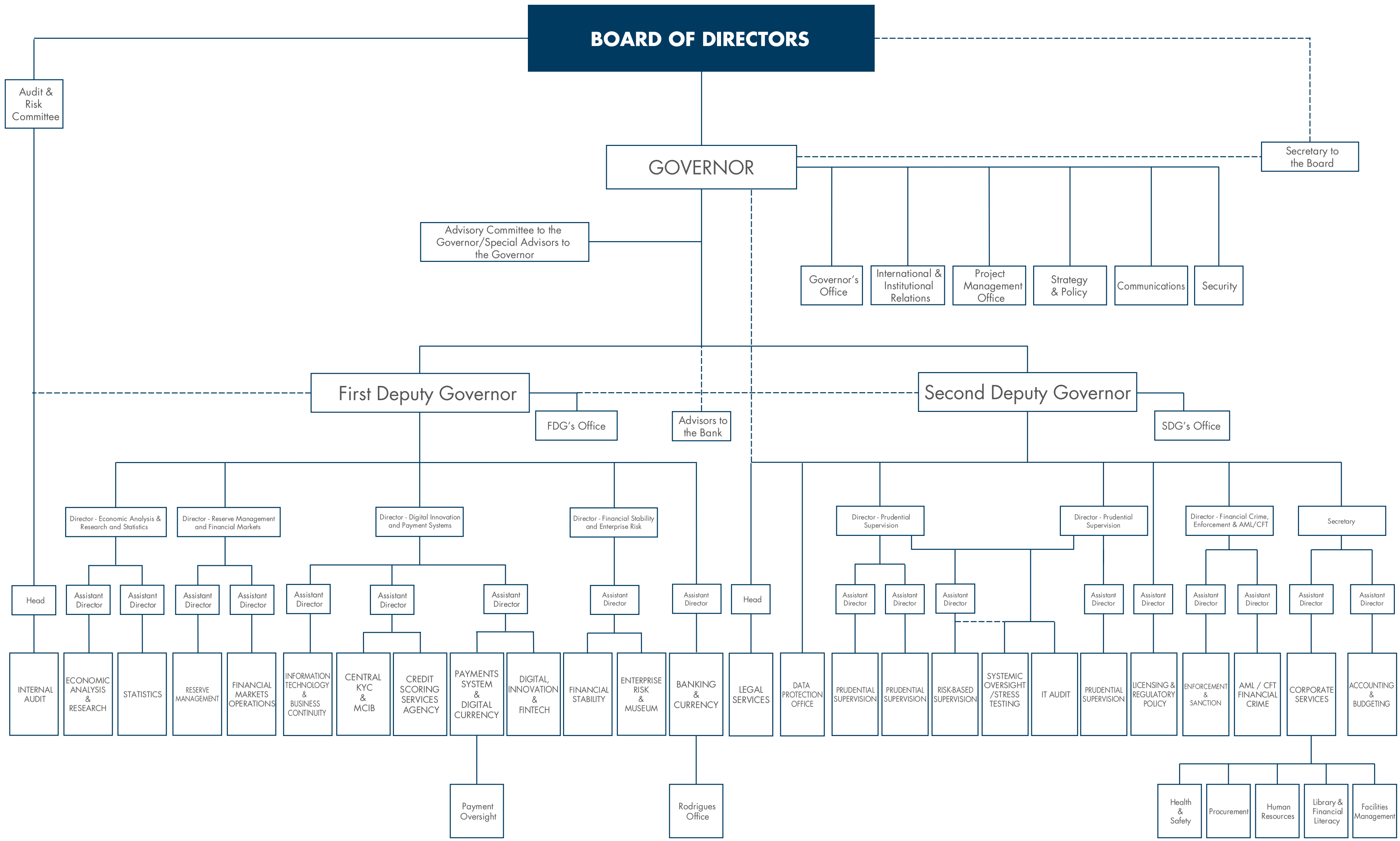
The second picture by Herr Fiebig in 1859 depicts a panoramic view of Port Louis and its surroundings. The engraving is a snapshot of the landscape as it was in 1859, with Farquhar street on the left and Hospital street on the right. The old Batterie Dumât with its signaling flag post is on the left of the engraving. A chimney in the centre of the background indicates the Wilson sugar estate. The chimney in the background on the right indicates the Dioré estate. The building on the right is the 'Hôpital Civil'.

The image also shows Indian immigrants. Between 1834 and 1920, over 500,000 indentured labourers from India came to Mauritius to work in sugar cane fields. This panoramic view was taken from same location where the Bank of Mauritius building has been built.

APPENDICES

Appendix I	Bank of Mauritius - Organisation Chart
Appendix II	Senior Management Officials
Appendix III	Virtual Meetings attended by Governor, First Deputy Governor and Second Deputy Governor
Appendix IV	Virtual Overseas Meetings, Training Courses, Seminars and Workshops
Appendix V	Local Courses, Seminars and Workshops
Appendix VI	Staff Turnover
Appendix VII	Main Legislative Amendments
Appendix VIII	List of Banks, Non-Bank Deposit Taking Institutions, Money-Changers and Foreign Exchange Dealers Licensed by the Bank of Mauritius as at 30 June 2021

Bank of Mauritius - Organisation Chart



APPENDICES

Appendix II

Senior Management Officials

Harvesh 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

Ramsamy Chinniah
Acting Director - Supervision
FCCA, MSc Financial Economics

Marjorie M. A. Heerah Pampusa
Acting Director - Reserve Management & Financial Markets
MA Economics, BSc (Hons) Economics

Sudha Hurrymun
Acting Director - Supervision
FCCA, MSc Finance

Ng Cheong Jose
Li Yun Fong
Assistant Director - Information Technology & Business Continuity
BSc Computer Science

Yuntat Chu Fung Leung
Assistant Director - Banking and Currency
MBA Finance, BA (Hons) Economics and
Social Studies

Youssouf Waesh Khodabocus
Head - Project Management Office
BA (Hons) Economics

Urvashi Chuttarsing-Soobarah
Assistant Director - Supervision
MSc Financial Mathematics,
BSc Mathematics

Smeeta Bissoonauth
Assistant Director - Enterprise Risk and Museum
ACMA CGMA, MSc Actuarial Science

Rajshri Jutton-Gopy
Head - Legal Services
LLB (Hons), Attorney

Shardhanand Gopaul
Assistant Director - Accounting & Budgeting
FCCA, MSc (conversion) Information Systems

Sanjay Ramnarainsing
Assistant Director - Financial Markets Operations
FCCA, MBA Financial Management

Tilotma Gobin Jhurry
Assistant Director - Payment Systems & Digital Currency and Digital Innovation & FinTech
BCS Professional Graduate Diploma

Ashwin Moheeput
Assistant Director - Economic Analysis & Research
PhD Economics, MSc Economics,
BSc (Hons) Economics

Neetyanand Kowlessur
Assistant Director - Financial Stability
MSc Financial Economics,
BA (Hons) Economics

Appendix III

Virtual Meetings attended by Governor, First Deputy Governor and Second Deputy Governor

Governor, Harvesh Seegolam, attended the

i. Network for Greening the Financial System (NGFS) Plenary-Outreach Session on 07 September 2020, 14 December 2020 and 22 March 2021;

ii. Southern African Development Community (SADC) Committee of Central Bank Governors (CCBG)-Strategy Planning Session from 28 to 29 September 2020 and 26 November 2020;

iii. 2020 IMF/World Bank Annual meetings from 13 to 20 October 2020;

iv. IMF meeting on "Adjusting Macroeconomic Frameworks to Assess the Impact of COVID-19: Lessons from Colombia" on 21 October 2020;

v. FATF Plenary from 21 to 23 October 2020;

vi. Meeting of the Governing Board of the Regional Centre of Excellence on 11 and 26 November 2020;

vii. 13th Andrew Crockett-Governors' Roundtable for African Central Bankers hosted by JP Morgan on 16 November 2020;

viii. Roundtable of Governors from African Central Banks hosted by the Bank for International Settlements (BIS) on 25 November 2020;

ix. NGFS Plenary-Presentations by M. Carney (UN Special Envoy on Climate Action and Finance) and M. Madelain (IFRS Foundation) on 03 December 2020;

x. FATF Virtual conference with the American and French authorities on 22 December 2020;

xi. Interactive Session on CECPA on promoting India-Mauritius Trade & Investment Ties during the official visit of His Excellency Dr. Subrahmanyam Jaishankar, External Affairs Minister of India hosted by the EDB on 23 February 2021;

xii. Workshop on the "Mauritius-China Free Trade Agreement" on 02 March 2021;

xiii. Mauritius Partnership Review meeting with the GIZ and German Authorities on 16 March 2021;

xiv. Africa Group 2 Constituency meeting on 30 March 2021;

xv. NGFS Plenary-Outreach Session: Presentation of report on "Sustainable Finance Market Dynamics" on 30 March 2021; and

xvi. 2021 IMF Spring meetings from 05 to 11 April 2021.

First Deputy Governor, Mardayah Kona Yerukunondu, attended the

i. SADC CCBG-Strategy Planning Session on 29 September 2020;

ii. Finance Regulators Sub-Regional Stakeholder meeting "Harmonisation of regulatory policies towards an integrated digital common payment scheme for Micro Small Medium sized Enterprises" organised by COMESA Business Council on 13 October 2020;

iii. Roundtable of Governors from African Central Banks together with Governor hosted by BIS on 25 November 2020;

iv. Meeting of the International Monetary and Financial Committee during the IMF/World Bank Spring Meetings on 08 April 2021;

v. SDG Centre for AFRICA-Release of full study on multi-stakeholder advisory bodies and launching event on 01 June 2021; and

vi. LIBOR Outreach Session for Commercial Banks hosted by Financial Stability Board/Bank of England/Federal Reserve Bank on 17 June 2021.

Second Deputy Governor, Hemlata Sadhna Sewraj-Gopal, attended the

i. NGFS Plenary-Outreach Session on 07 September and 14 December 2020;

ii. Roundtable of Governors from African Central Banks together with Governor hosted by BIS on 25 November 2020;

iii. Plenary Meeting of the "Groupe des Superviseurs Bancaires Francophones" hosted by Banque de France on 07 December 2020;

iv. 37th Meeting of the Council of Islamic Financial Services Board (IFSB) on 10 December 2020;

v. Ad Hoc Group on the Strategic Review Meeting hosted by FATF on 12 and 18 January 2021;

vi. Course on Green Finance/Climate Change hosted by European Central Bank (ECB) on 08 March 2021;

vii. Conference Call on Accounting Issues hosted by Bank of Spain on 25 March 2021;

viii. Meeting of the International Monetary and Financial Committee during the IMF/World Bank Spring Meetings on 08 April 2021;

ix. Presentation on Basel Consultative Group hosted by Bank of Spain on 08 April 2021;

x. Meeting of the Basel Consultative Group hosted by BIS on 06 May 2021;

xi. Webinar on Unwinding COVID-19 Policy Interventions for Banking Systems hosted by IMF/AFRITAC South on 18 May 2021;

xii. 12th Public Lecture on COVID-19 Pandemic Impacts to Financial System Stability hosted by IFSB on 25 May 2021;

xiii. 38th Meeting of the Council of Islamic Financial Services Board on 09 June 2021;

xiv. LIBOR Outreach Session for Commercial Banks hosted by Financial Stability Board/Bank of England/Federal Reserve Bank on 17 June 2021;

xv. Course on IT Audit hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue on 18 June 2021;

xvi. Supervision Transformational Trends program hosted by the Federal Reserve Bank of New York from 21 to 24 June 2021;

xvii. Course on Green Finance by Bundesbank hosted by Deutsche Bundesbank Centre on 21 June 2021; and

xviii. High-Level Conference on Regulatory and Supervisory Challenges in Smaller Jurisdictions hosted by FSI/BCBS/Central Bank of Bahamas from 30 June to 01 July 2021.

Appendix IV

Virtual Overseas Meetings, Training Courses, Seminars and Workshops

Acting Directors/Assistant Directors/Heads of Division

- **Ramsamy Chinniah, Acting Director-Supervision,** attended the

  i. Supervisory College of Bank of Baroda hosted by Reserve Bank of India on 03 September 2020;

  ii. Meeting on Regulatory and Supervisory issues relating to outsourcing and third party relationships hosted by Financial Stability Board on 22 February 2021; and

  iii. High-level Conference on Regulatory and Supervisory Challenges in Smaller Jurisdictions hosted by FSI/BCBS/Central Bank of Bahamas from 30 June to 01 July 2021.

- **Marjorie Marie-Agnes Heerah Pampusa, Acting Director-Reserve Management & Financial Markets,** attended the

  i. Meeting on evaluating the economic impact of COVID-19 and Stress Testing hosted by BIS on 27 October 2020;

  ii. Constituent Forum hosted by RAMP on 27 October 2020;

  iii. RAMP Discussion Forum on Reserve Management hosted by World Bank Treasury on 20 April 2021; and

  iv. Roundtable on Developing Green Bankable Projects in Capital Market and Driving Greener Investment hosted by OMFIF on 16 June 2021.

- **Sudha Hurrymun, Acting Director-Supervision,** attended the

  i. Conference on the implementation of the Global Forum's requirements regarding the availability of information on beneficial owners of legal entities, legal arrangements and bank accounts hosted by Global Forum on Transparency and Exchange of Information for Tax Purposes from 16 to 17 December 2020;

  ii. 41st Task Force of Senior Officials Meeting hosted by ESAAMLG from 15 to 30 April 2021;

  iii. 1st Sub Regional Workshop on ESAAMLG Domestic Coordination, International Cooperation and Information sharing hosted by UNOCT-UNCCT/ESAAMLG from 28 to 30 June 2021; and

  iv. High-level Conference on Regulatory and Supervisory Challenges in Smaller Jurisdictions hosted by FSI/BCBS/Central Bank of Bahamas from 30 June to 01 July 2021.

- **Ng Cheong Jose Li Yun Fong, Assistant Director-Information Technology & Business Continuity,** attended the 26th CCBG ICT Subcommittee Annual Meeting from 22 to 24 February 2021.

- **Yuntat Chu Fung Leung, Assistant Director-Banking and Currency,** attended the

  i. Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021;

  ii. ECB Central Bank Webinar on Banknotes on 30 June 2021; and

  iii. 100th Anniversary Celebration of the South African Reserve Bank (SARB) on 30 June 2021.

- **Urvashi Chuttarsing-Soobarah, Assistant Director-Supervision,** attended the

  i. CCBG Legal Subcommittee Meeting from 24 to 25 August 2020;

  ii. Research workshop on Climate-Related Financial Risks hosted by the Financial System and Bank Examination Department of Bank of Japan from 25 to 26 March 2021;

  iii. CCBG Banking Supervision Subcommittee Meeting from 21 to 22 April 2021;

  iv. Group of International Finance Centre Supervisors Plenary Meeting on 28 April 2021; and

  v. High-level Conference on Regulatory and Supervisory Challenges in Smaller Jurisdictions hosted by FSI/BCBS/Central Bank of Bahamas from 30 June to 01 July 2021.

- **Smeeta Bissoonauth, Assistant Director-Enterprise Risk & Museum,** attended the Institute of International Finance Africa Forum on 25 May 2021.

- **Rajshri Jutton-Gopy, Head-Legal Services,** attended the

    i. Seminaire "Lutte anti-blanchiment" hosted by Institut Bancaire et Financier International from 08 to 11 December 2020;

    ii. Conference on the implementation of the Global Forum's requirements regarding the availability of information on beneficial owners of legal entities, legal arrangements and bank accounts hosted by Global Forum on Transparency and Exchange of Information for Tax Purposes from 16 to 17 December 2020;

    iii. 41st Task Force of Senior Officials Meeting hosted by ESAAMLG from 15 to 30 April 2021;

    iv. CCBG Legal Subcommittee Meeting from 17 to 18 May 2021; and

    v. 1st Subregional Workshop on ESAAMLG Domestic Coordination, International Cooperation & Information sharing hosted by UNOCT-UNCCT/ESAAMLG from 28 to 30 June 2021.

- **Sanjay Ramnarainsing, Assistant Director-Financial Markets Operations,** attended the

    i. Green Swan Conference-Coordinating Finance on Climate hosted by NGFS/Banque de France/IMF/BIS from 02 to 04 June 2021; and

    ii. Roundtable on Developing Green Bankable Projects in Capital Markets and Driving Greener Investment hosted by OMFIF on 16 June 2021.

- **Tilotma Gobin Jhurry, Assistant Director-Payment Systems & Digital Currency and Digital Innovation & FinTech,** attended the

    i. GSMA Thrive Africa and Mobile Money Leadership Forum from 29 September to 01 October 2020; and

    ii. Afro-Asia FinTech Festival hosted by Central Bank of Kenya from 07 to 09 December 2020.

- **Ashwin Moheeput, Assistant Director-Economic Analysis & Research,** attended the

    i. Meeting on evaluating the economic impact of COVID-19 & Stress Testing hosted by BIS on 27 October 2020;

    ii. Seminar on the Green Swan-central banking and financial stability in the age of climate change hosted by BIS on 20, 22 and 27 January 2021;

    iii. Meetings of the CCBG Macroeconomic Subcommittee and Research Review Panel from 04 to 06 May 2021;

    iv. Meeting of the SADC Macroeconomic Subcommittee on 28 May 2021; and

    v. SADC Meeting of the CCBO and CCBG hosted by SARB from 28 June to 01 July 2021.

- **Neetyanand Kowlessur, Assistant Director-Financial Stability,** attended the Meetings of the CCBG Macroeconomic Subcommittee and Research Review Panel from 04 to 06 May 2021.

Advisor

- **Mooneesing Janna Naikeny, former Advisor to Management in Technology,** attended the GSMA Thrive Africa and Mobile Money Leadership Forum from 29 September to 01 October 2020.

Chiefs

- **Kevin Aubeeluck, Chief-Enterprise Risk,** attended the

    i. Share It 2020 Programme hosted by PICTET Asset Management from 02 to 04 November 2020;

    ii. Webinar on Mobilising Private Investment into Africa hosted by IMF from 06 to 07 May 2021;

    iii. Annual CFA Alpha Summit hosted by RAMP on 18 May 2021; and

    iv. Meeting on Rebuilding Sustainability hosted by OMFIF on 24 June 2021.

- **Ravishin Bullyraz, Chief-Supervision,** attended the

    i. Dialogue on Africa's centralised customer due diligence-MANSA Platform hosted by Afrexim Bank on 25 November 2020;

    ii. FATF/FSRB Joint Assessor Training hosted by FATF from 14 to 18 December 2020; and

    iii. 1st Subregional Workshop on ESAAMLG Domestic Coordination, International Cooperation & Information sharing hosted by UNOCT-UNCCT/ESAAMLG from 28 to 30 June 2021.

APPENDICES

- **Mohammud Feyçal Caunhye, Chief-Communications,** attended the Workshop on "COVID-19: Implications for Central Bank Communications" hosted by SARB/Bank of England on 23 November 2020.

- **Jean Claude Benoit Chamary, Chief-Banking and Currency,** attended the ECB Central Bank Webinar on Banknotes on 29 June 2021.

- **Jayvind Kumar Choolhun, Chief-Payment Systems & Digital Currency,** attended the Webinar on Financial Crime Compliance hosted by SWIFT on 16 April 2021.

- **Grooduth Daboo, Chief-Banking and Currency,** attended the

    i. Counterfeit Resilience Webinar hosted by De La Rue on 03 June 2021;

    ii. ECB Central Bank Webinar on Banknotes on 29 June 2021; and

    iii. Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Arvind Kumar Dowlut, Chief-Information Technology & Business Continuity,** attended the

    i. 11th MAS Information Technology Supervision Workshop 2020 hosted by Monetary Authority of Singapore from 16 to 17 November 2020;

    ii. Workshop on Business Continuity Management hosted by RAMP from 30 November to 04 December 2020 and 11 to 15 January 2021;

    iii. Workshop on Introduction to Machine Learning hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue from 08 to 12 March 2021; and

    iv. Meeting on the Impact of Digital Currency on the Financial System hosted by OMFIF on 23 June 2021.

- **Chitananda Ellapah, Chief-Enterprise Risk,** attended the

    i. DWS Global Investor Seminar & Training 2020 from 14 to 17 September 2020;

    ii. Strategic Asset Allocation for Fixed Income Portfolios hosted by RAMP from 05 to 08 October 2020;

    iii. Workshop on Risk Budgeting in Active Portfolio Management hosted by RAMP from 03 to 06 May 2021;

    iv. Annual CFA Alpha Summit hosted by RAMP on 18 May 2021; and

    v. Meeting on the Role of Central Banks in Greening Portfolios and Sustainable Investment hosted by OMFIF on 25 June 2021.

- **Qayyum Ali Ismael Ghanty, Chief-Enterprise Risk,** attended the

    i. Course on Cyber Security in the Financial Services Sector hosted by Macroeconomic and Financial Management Institute of Eastern and Southern Africa from 28 September to 09 October 2020;

    ii. FinCyber Conference on Cybersecurity and Financial Inclusion hosted by Carnegie Endowment for International Peace/IMF/World Bank/World Economic Forum on 10 December 2020;

    iii. Course on IT Audit hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue on 18 June 2021;

    iv. Meeting on The Economics of Artificial Intelligence and Machine Learning hosted by OMFIF on 22 June 2021; and

    v. Meeting on The Impact of Digital Currency on the Financial System hosted by OMFIF on 23 June 2021.

- **Bibi Koraisha Jeewoot, Chief-Reserve Management,** attended the

    i. RAMP Discussion Forum on Reserve Management hosted by World Bank Treasury on 20 April 2021;

    ii. Workshop on Risk Budgeting in Active Portfolio Management hosted by RAMP from 03 to 06 May 2021;

    iii. 6th Annual State Street Global Advisors-OMFIF EMEA Roundtable: "Recovery, Responsibility and Returns for Public Investors in 2021" hosted by OMFIF from 13 May to 03 June 2021; and

    iv. Workshop on Managing an External Asset Management Program hosted by RAMP from 14 to 17 June 2021.

- **Marie Medgee Lauricourt, Chief-Supervision,** attended the

    i. Training on FinTech Regulation and Supervision for members of Community of African Bank Supervisors from 07 to 11 December 2020;

    ii. FinCyber Conference on Cybersecurity and Financial Inclusion hosted by Carnegie Endowment for International Peace/IMF/World Bank/World Economic Forum on 10 December 2020;

    iii. 16th BCBS-FSI high-level meeting for Africa on supervisory capacity building hosted by BIS from 28 to 29 January 2021;

    iv. Financial Inclusion Global Initiative Symposium hosted by FinCoNet from 25 May to 24 June 2021; and

    v. High-level Conference on Regulatory and Supervisory Challenges in Smaller Jurisdictions hosted by FSI/BCBS/Central Bank of Bahamas from 30 June to 01 July 2021.

- **Powkeem Lo Tiap Kwong, Chief-Statistics,** attended the

    i. Meeting on Financial Consumer Protection and FinCoNet and Seminar on Performance-based Regulation & Financial Consumer Protection hosted by G20, OECD and FinCoNet from 15 to 17 March 2021; and

    ii. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Ashwin Kumar Madhou, Chief-Economic Analysis & Research,** attended the

    i. Applied Bayesian Econometrics for Central Bankers event hosted by Bank of England from 04 to 06 August 2020;

    ii. African Union Extraordinary STC on Finance, Monetary Affairs, Economic Planning & Integration on 01 December 2020; and

    iii. Validation Workshop for User's Guide on Fiscal Stress Testing for Central Banks and Ministries of Finance hosted by COMESA Monetary Institute from 22 to 26 March 2021.

- **Najma Nabee, Chief-Economic Analysis & Research,** attended the

    i. Workshop on 2020 Perspectives on Building Organisational Resilience in Institutions hosted by RAMP on 18 February 2021;

    ii. 6th Annual State Street Global Advisors-OMFIF EMEA Roundtable: "Recovery, Responsibility and Returns for Public Investors in 2021" hosted by OMFIF from 13 May to 03 June 2021;

    iii. 6th Annual Research Conference on the Policy Toolkit for a World in Flux from 10 to 11 June 2021; and

    iv. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Hemlata Nundoochan, Chief-Supervision,** attended the

    i. 16th BCBS-FSI high-level meeting for Africa on supervisory capacity building hosted by BIS from 28 to 29 January 2021;

    ii. Training on IFRS 9 and Review of ICAAP hosted by COMESA Monetary Institute from 26 to 30 April 2021;

    iii. 20th International Conference on Policy Challenges for the Financial Sector hosted by World Bank/IMF/Federal Reserve System from 01 to 03 June 2021; and

    iv. 2nd Association of African Central Banks' (AACB) Continental Seminar on "High-Level of Non-Performing Loans in Africa: Determinants and Implications for Financial Stability and the Real Economy in the Region" from 28 to 30 June 2021.

- **Malini Ramdhan, Chief-Supervision,** attended the Supervisory College on Anti-Money Laundering and Combating the Financing of Terrorism Risk hosted by SARB from 02 to 04 December 2020.

- **Aswin Kumar Ramduny, Chief-Payment Systems & Digital Currency,** attended the

    i. Afro-Asia FinTech Festival hosted by Central Bank of Kenya from 07 to 09 December 2020;

    ii. Training on FinTech Regulation and Supervision for members of Community of African Bank Supervisors from 07 to 11 December 2020;

iii. FinCyber Conference on Cybersecurity and Financial Inclusion hosted by Carnegie Endowment for International Peace/IMF/World Bank/World Economic Forum on 10 December 2020;

iv. Inaugural Digital Monetary Institute Symposium on Central Banks and Digital Currencies hosted by OMFIF from 28 to 29 April 2021; and

v. 1st Continental Seminar of the AACB for the Year 2021 hosted by National Bank of Rwanda from 31 May to 02 June 2021.

- **Arvind Sharma Ramful, Chief-Information Technology & Business Continuity,** attended the 2020 Microsoft Regulator Summit from 22 to 24 September 2020.

- **Keshwarajsingh Ramnauth, Chief-Financial Markets Operations,** attended the

i. 8th Annual Conference of the Bilateral Assistance and Capacity Building for Central Banks "Climate Change and Disaster Risk: What do they imply for emerging Market Central Banks" hosted by IHEID and Central Bank of Switzerland from 29 September to 01 October 2020;

ii. Developments in the International Capital Market and potential areas of collaboration hosted by International Capital Market Association on 14 October 2020;

iii. 6th Annual State Street Global Advisors-OMFIF EMEA Roundtable: "Recovery, Responsibility and Returns for Public Investors in 2021" hosted by OMFIF from 13 May to 03 June 2021; and

iv. Green Swan Conference-Coordinating Finance on Climate hosted by NGFS/Banque de France/IMF/BIS from 02 to 04 June 2021.

- **Yogeeta Devi Ramphul, Chief-Supervision,** attended the

i. 16th BCBS-FSI high-level meeting for Africa on supervisory capacity building hosted by BIS from 28 to 29 January 2021;

ii. Training on IFRS 9 and Review of ICAAP hosted by COMESA Monetary Institute from 26 to 30 April 2021; and

iii. Training Programme on Improving Cross-Border and Consolidated Supervision hosted by SARB from 10 to 14 May 2021.

- **Dhirajsingh Rughoobur, Chief-International & Institutional Relations,** attended the

i. Training Programme on Cybersecurity Risk Management and Supervision hosted by SARB from 17 to 21 August 2020;

ii. Financial education, financial consumer protection and financial inclusion policy responses to the COVID-19 pandemic in Asia-Pacific hosted by OECD/INFE & the G20/OECD Task force on Financial Consumer Protection on 09 February 2021;

iii. Meeting on Regulatory and Supervisory issues relating to outsourcing and third party relationships hosted by Financial Stability Board on 22 February 2021;

iv. Research workshop on Climate-Related Financial Risks hosted by the Financial System and Bank Examination Department of the Bank of Japan from 25 to 26 March 2021; and

v. CCBG Legal Subcommittee Meeting from 17 to 18 May 2021.

- **Sandiren Vadeevaloo, Chief-Supervision,** attended the Supervisory College of Bank of Baroda hosted by Reserve Bank of India on 03 September 2020.

Senior Analysts

- **Ghanish Beegoo, Senior Analyst-Statistics,** attended the Launch of the Africa Long Term Finance Website: Key Findings and Insights hosted by African Development Bank on 03 June 2021.

- **Ibne Faraz Beekun, Senior Analyst-Information Technology & Business Continuity,** attended the

i. 2020 Microsoft Regulator Summit from 22 to 24 September 2020; and

ii. Practice Oriented Information Security Training Course "Cyber Course: International Module" hosted by Bank of Russia from 16 to 18 June 2021.

- **Minesh Bhundoo, Senior Analyst-Human Resources,** attended the Course on Organisational Challenges of running a Central Bank during COVID hosted by Bank of England's Centre for Central Banking studies from 09 to 11 March 2021.

- **Mahima Bhurtha, Senior Analyst-Economic Analysis & Research,** attended the

  i. E-Learning Course on Statistics of International Trade in Services hosted by UNSD and UNCTAD from 21 September to 31 October 2020;

  ii. Webinar on Understanding the African Continental Free Trade Agreement (AfCFTA): Standardisation, Harmonisation and Certifications hosted by AfCFTA on 28 October 2020;

  iii. Green Swan Conference-Coordinating Finance on Climate hosted by NGFS/Banque de France/IMF/BIS from 02 to 04 June 2021; and

  iv. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Prithee Nishi Gopy, Senior Analyst-Internal Audit,** attended the Workshop on Effective Internal Audit of a Central Bank's Foreign Exchange Reserve Management Operations hosted by RAMP from 10 to 13 May 2021.

- **Satishingh Jugoo, Senior Analyst-Statistics,** attended the 1st Continental Seminar of the AACB for the Year 2021 hosted by National Bank of Rwanda from 31 May to 02 June 2021.

- **Ranjeet Kallychurn, Senior Analyst-Information Technology & Business Continuity,** attended the 8th IT Governance and Business Continuity Management Champions Meetings hosted by CCBG ICT Subcommittee from 08 to 09 June 2021.

- **Ved Prakash Anand Koonjul, Senior Analyst-Financial Markets Operations,** attended the

  i. Webinar on Mobilising Private Investment into Africa hosted by IMF from 06 to 07 May 2021; and

  ii. 5th Roundtable on Challenges in Sukuk Issuance: "Towards an Effective Shariah Compliant Repo Market: Challenges and Alternatives" hosted by International Islamic Liquidity Management Corporation on 28 June 2021.

- **Lutchmee Devi Maistry, Senior Analyst-Supervision,** attended the

  i. 16th BCBS-FSI high-level meeting for Africa on supervisory capacity building hosted by BIS from 28 to 29 January 2021; and

  ii. Training Programme on Improving Cross-Border and Consolidated Supervision hosted by SARB from 10 to 14 May 2021.

- **Kaveeta Nowbutsing-Hurynag, Senior Analyst-Economic Analysis & Research,** attended the

  i. SADC Macroeconomic Subcommittee Meeting on 27 November 2020;

  ii. 6th Annual State Street Global Advisors-OMFIF EMEA Roundtable: "Recovery, Responsibility and Returns for Public Investors in 2021" hosted by OMFIF from 13 May to 03 June 2021;

  iii. Green Swan Conference-Coordinating Finance on Climate hosted by NGFS/Banque de France/IMF/BIS from 02 to 04 June 2021; and

  iv. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Premchand Nundlall, Senior Analyst-Supervision,** attended the 21st Islamic Financial Stability Forum themed "The implications of COVID-19 on the stability of Islamic Financial Services Industry" hosted by IFSB on 16 December 2020.

- **Shakuntala Devi Ramanah, Senior Analyst-Supervision,** attended the

  i. 2nd International Research Conference on Empirical Approaches to Anti-Money Laundering and Financial Crime Suppression hosted by Central Bank of the Bahamas from 27 to 29 January 2021;

  ii. Joint FATF/ESAAMLG Standards Training Course hosted by FATF and ESAAMLG Secretariats from 24 May to 03 June 2021;

  iii. Banque de France Crypto-Asset Seminar hosted by OMFIF on 15 June 2021; and

  iv. 1st Sub Regional Workshop on ESAAMLG Domestic Coordination, International Cooperation and Information sharing hosted by UNOCT-UNCCT/ESAAMLG from 28 to 30 June 2021.

APPENDICES

- **Vijayantimala Ramful, Senior Analyst-Financial Markets Operations,** attended the

    i. Seminar on Central Bank Transparency Code hosted by IMF from 25 to 26 January 2021; and

    ii. Annual CFA Alpha Summit hosted by RAMP on 18 May 2021.

- **Feisal Bin Khalid Sooklall, Senior Analyst-Economic Analysis & Research,** attended the

    i. 4th Ordinary Session of the Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration hosted by African Union from 17 to 21 May 2021; and

    ii. Course on Green Finance hosted by Bundesbank on 21 June 2021.

Analysts/Communications Officer/Attorney-at-Law/ Database Administrator

- **Atish Babboo, Analyst-Economic Analysis & Research,** attended the

    i. Applied Bayesian Econometrics for Central Bankers event hosted by Bank of England from 04 to 06 August 2020;

    ii. 8th Annual Conference of the Bilateral Assistance and Capacity Building for Central Banks "Climate Change and Disaster Risk: What do they imply for emerging Market Central Banks" hosted by IHEID and Central Bank of Switzerland from 29 September to 01 October 2020;

    iii. Workshop on overview by Portfolio Managers hosted by RAMP on 23 February 2021; and

    iv. 20th International Conference on Policy Challenges for the Financial Sector hosted by World Bank/ IMF/Federal Reserve System from 01 to 03 June 2021.

- **Elisa Chan Yiet Po, Communications Officer-Communications,** attended the Workshop on "COVID-19: Implications for Central Bank Communications" hosted by SARB/Bank of England on 23 November 2020.

- **Doorgesh Choonucksing, Facilities Officer-Facilities,** attended the Workshop on Business Continuity Management hosted by RAMP from 30 November to 03 December 2020 and 11 to 15 January 2021.

- **Shehzaad Chutoo, Analyst-Enterprise Risk,** attended the

    i. Workshop on Risk Budgeting in Active Portfolio Management hosted by World Bank Treasury and RAMP from 13 to 16 July 2020;

    ii. Advanced Market Risk hosted by RAMP from 07 to 10 December 2020;

    iii. Crown Agents Investment Management Central Bank Webinar Series: A Tail of Two Assets, Understanding and Applying Modern Risk Measures hosted by CAIM on 27 May 2021;

    iv. Course on Green Finance hosted by Bundesbank on 21 June 2021; and

    v. FX Reserve Portfolio Management Central Banker Program hosted by Federal Reserve Bank of New York from 21 to 30 June 2021.

- **Percy Fabrice Dabeesing, Analyst-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Suyash Dhurmea, Analyst-Statistics,** attended the Workshop on Cross Border Statistics on Special Purpose Entities hosted by IMF from 06 to 08 April 2021.

- **Archana Devi Gobin, Analyst-Information Technology & Business Continuity,** attended the Meeting on The Impact of Digital Currency on the Financial System hosted by OMFIF on 23 June 2021.

- **Roshan Kumar Gopaul, Analyst-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Sahadeosing Gungabissoon, Analyst-Supervision,** attended the Training Programme on Cybersecurity Risk Management and Supervision hosted by SARB from 17 to 21 August 2020.

- **Bindoomatee Gungaram, Analyst-Financial Markets Operations,** attended the

    i. Developments in the International Capital Market and potential areas of collaboration hosted by International Capital Market Association on 14 October 2020; and

    ii. Green Swan Conference-Coordinating Finance on Climate hosted by NGFS/Banque de France/IMF/ BIS from 02 to 04 June 2021.

- **Yuvna Hemoo, Analyst-Financial Markets Operations,** attended the 5th Roundtable on Challenges in Sukuk Issuance: "Towards an Effective Shariah Compliant Repo Market: Challenges and Alternatives" hosted by International Islamic Liquidity Management Corporation on 28 June 2021.

- **Nadeem Azad Jeetun, Analyst-Strategy and Policy,** attended the Applied Bayesian Econometrics for Central Bankers event hosted by Bank of England from 04 to 06 August 2020.

- **Monysha Lyna Jany Singh Jhamna, Analyst-Enterprise Risk,** attended the

  i. Performance Measurement, Attribution and Reporting hosted by RAMP from 19 to 22 October 2020; and

  ii. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Dronacharya Jhurry, Database Administrator-Enterprise Risk,** attended the

  i. Course on Cyber Security in the Financial Services Sector hosted by Macroeconomic and Financial Management Institute of Eastern and Southern Africa from 28 September to 09 October 2020;

  ii. 11th MAS Information Technology Supervision Workshop 2020 hosted by Monetary Authority of Singapore from 16 to 17 November 2020;

  iii. FinCyber Conference on Cybersecurity and Financial Inclusion hosted by Carnegie Endowment for International Peace/IMF/World Bank/World Economic Forum on 10 December 2020;

  iv. Course on IT Audit hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue on 18 June 2021;

  v. Meeting on The Economics of Artificial Intelligence and Machine Learning hosted by OMFIF on 22 June 2021; and

  vi. Meeting on The Impact of Digital Currency on the Financial System hosted by OMFIF on 23 June 2021.

- **Pooja Yashni Mohesh, Analyst-Supervision,** attended the

  i. CCBG Legal Subcommittee Meeting from 24 to 25 August 2020;

  ii. CCBG Banking Supervision Subcommittee Meeting from 21 to 22 April 2021; and

  iii. Banque de France Crypto-Asset Seminar hosted by OMFIF on 15 June 2021.

- **Koveena Mootoosamy, Analyst-Supervision,** attended the Federal Reserve System Webinar on Banking Analysis and Examination focusing on Asset Quality hosted by SARB/Federal Reserve System Board of Governors on 18 May 2021.

- **Kumaravel Mootoosamy, Analyst-Legal Services,** attended the CCBG Legal Subcommittee Meeting from 24 to 25 August 2020.

- **Arjun Munbodh, Analyst-Supervision,** attended the

  i. Course on Financial Inclusion and Development hosted by National Institute of Bank Management from 23 to 27 March 2021;

  ii. Federal Reserve System Webinar on Banking Analysis and Examination focusing on Asset Quality hosted by SARB/Federal Reserve System Board of Governors on 18 May 2021; and

  iii. 2nd AACB's Continental Seminar on "High-Level of Non-Performing Loans in Africa: Determinants and Implications for Financial Stability and the Real Economy in the Region" from 28 to 30 June 2021.

- **Dany Allan Nicholas Ng Cheong Vee, Analyst-Enterprise Risk,** attended the

  i. Advanced Market Risk hosted by RAMP from 16 to 19 November 2020;

  ii. Webinar on Mobilising Private Investment into Africa hosted by IMF from 06 to 07 May 2021;

  iii. Workshop on ESG for Public Investors hosted by RAMP from 18 to 20 May 2021; and

  iv. Course on Foreign Reserve Management hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue from 14 to 18 June 2021.

- **Yahseen Mohammad Peerbocus, Analyst-Statistics,** attended the

  i. Advanced Techniques in Portfolio Management hosted by RAMP from 09 to 12 November 2020; and

ii. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Parveen Peerye, Analyst-Information Technology & Business Continuity,** attended the Workshop on financial inclusion and technology hosted by the Financial Stability Board/Financial Stability Institute of BIS from 17 to 18 November 2020.

- **Meenakshi Ramchurn, Analyst-Reserve Management,** attended the

  i. Performance Measurement, Attribution and Reporting Program hosted by RAMP from 19 to 22 October 2020; and

  ii. Webinar on Mobilising Private Investment into Africa hosted by IMF from 06 to 07 May 2021.

- **Mridula Daibee Ramkissoon, Analyst-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Aneeshta Ramma, Attorney-at-Law-Legal Services,** attended the CCBG Legal Subcommittee Meeting from 17 to 18 May 2021.

- **Hema Ramnial-Tacouri, Analyst-Legal Services,** attended the CCBG Legal Subcommittee Meeting from 24 to 25 August 2020.

- **Preethee Ramudit Bakhoree, Analyst-Reserve Management,** attended the

  i. Annual CFA Alpha Summit hosted by RAMP on 18 May 2021; and

  ii. FX Reserve Portfolio Management Central Banker Program hosted by Federal Reserve Bank of New York from 21 to 30 June 2021.

- **Roopeswarchanda Rashpassing, BI Analyst-Information Technology & Business Continuity,** attended the 8th IT Governance and Business Continuity Management Champions Meetings hosted by CCBG ICT Subcommittee from 08 to 09 June 2021.

- **Komal Rughoo, Analyst-Supervision,** attended the Supervisory College on Anti-Money Laundering and Combating the Financing of Terrorism Risk hosted by SARB from 02 to 04 December 2020.

- **Itranjan Seetohul, Analyst-Supervision,** attended the

  i. 2020 Microsoft Regulator Summit from 22 to 24 September 2020; and

  ii. Workshop on Non-Bank Financial Intermediation Monitoring hosted by Financial Stability Board from 08 to 09 June 2021.

- **Rajlukshmee Tengur, Analyst-Economic Analysis & Research,** attended the Applied Bayesian Econometrics for Central Bankers event hosted by Bank of England from 04 to 06 August 2020.

Bank Officers Grade I/Safety and Health Officer

- **Dhaneshwari Angnoo, Bank Officer Grade I-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Bibi Zoya Aungraheeta, Bank Officer Grade I-Supervision,** attended the Training on Macro and Micro Stress Testing hosted by COMESA Monetary Institute from 10 to 14 May 2021.

- **Danishta Bachoo-Goindo, Safety and Health Officer-Safety & Health,** attended the Course on Organisational Challenges of running a Central Bank during COVID hosted by Bank of England's Centre for Central Banking studies from 09 to 11 March 2021.

- **Preeyamvada Banarsee, Bank Officer Grade I-Legal Services,** attended the

  i. CCBG Legal Subcommittee Meeting from 24 to 25 August 2020;

  ii. Webinar on Understanding the African Continental Free Trade Agreement: Standardisation, Harmonisation and Certifications hosted by AfCFTA on 28 October 2020; and

  iii. CCBG Legal Subcommittee Meeting from 17 to 18 May 2021.

- **Anne Cecile Baptiste Giuliana, Bank Officer Grade I-Statistics,** attended the

  i. Seminar on Monetary and Financial Account Statistics hosted by International Banking and Finance Institute of Banque de France from 18 to 21 May 2021; and

  ii. Course on National Accounts Statistics hosted by IMF from 16 June to 28 July 2021.

- **Larveen Bhujun, Bank Officer Grade I-Supervision,** attended the 31st MAS Banking Supervisors' Training Programme hosted by Monetary Authority of Singapore from 27 May to 04 June 2021.

- **Yaasir Bhurtun, Bank Officer Grade I-Supervision,** attended the

  i. 12th Public Lecture on COVID-19 Pandemic Impacts to Financial System Stability hosted by IFSB on 25 May 2021; and

  ii. 31st MAS Banking Supervisors' Training Programme hosted by Monetary Authority of Singapore from 27 May to 04 June 2021.

- **Shilpa Busgopal-Narain, Bank Officer Grade I-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Rideema Cunniah, Bank Officer Grade I-Economic Analysis & Research,** attended the Practice Oriented Information Security Training Course "Cyber Course: International Module" hosted by Bank of Russia from 16 to 18 June 2021.

- **Jazbeen Banu Edoo, Bank Officer Grade I-Statistics,** attended the Seminar on Monetary and Financial Account Statistics hosted by International Banking and Finance Institute of Banque de France from 18 to 21 May 2021.

- **Soobhadra Fowdur, Bank Officer Grade I-Statistics,** attended the

  i. E-Learning Course on Statistics of International Trade in Services hosted by UNSD and UNCTAD from 21 September to 31 October 2020; and

  ii. Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Abi Raeesah Gulbul, Bank Officer Grade I-Accounting & Budgeting,** attended the Training Course on Investment Accounting hosted by RAMP from 08 to 11 March 2021.

- **Chitra Deepun-Gungabissoon, Bank Officer Grade I-International & Institutional Relations,** attended the 8th Annual Conference of the Bilateral Assistance and Capacity Building for Central Banks: "Climate Change and Disaster Risk: What do they imply for emerging Market Central Banks" hosted by IHEID and Central Bank of Switzerland from 29 September to 01 October 2020.

- **Pareena Issur-Kandhai, Bank Officer Grade I-Financial Markets Operations,** attended the Course on Financial Markets Analysis hosted by IMF from 09 June to 31 August 2021.

- **Ayesha Jeetun, Bank Officer Grade I-Reserve Management,** attended the Course on Financial Markets Analysis hosted by IMF from 10 June to 31 August 2021.

- **Heeranee Jugessur, Bank Officer Grade I-Statistics,** attended the Seminar on Monetary and Financial Account Statistics hosted by International Banking and Finance Institute of Banque de France from 18 to 21 May 2021.

- **Humairaa Juman, Bank Officer Grade I-Payment Systems & Digital Currency,** attended the Workshop on Settlement and Custodian Relations hosted by RAMP and World Bank from 31 August to 03 September 2020.

- **Muhammad Maahi Lall Beeharry, Bank Officer Grade I-Supervision,** attended the Federal Reserve System Webinar on Banking Analysis and Examination focusing on Asset Quality hosted by SARB/Federal Reserve System Board of Governors on 18 May 2021.

- **Francois Yohann Lanfray, Bank Officer Grade I-Reserve Management,** attended the Official Institutions Seminar 2021, "Managing Risk in Fixed Income in a post Pandemic World" hosted by Goldman Sachs Asset Management from 21 to 25 June 2021.

- **Navisha Lobin-Goojha, Bank Officer Grade I-Reserve Management,** attended the Share It 2020 Programme hosted by PICTET Asset Management from 02 to 04 November 2020.

- **Sanjanah Nulliah-Seeneevassen, Bank Officer Grade I-Statistics,** attended the Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Saraspadee Ramalingum, Bank Officer Grade I-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Arvin Kumar Ramsahye, Bank Officer Grade I-Financial Markets Operations,** attended the

Course on Financial Markets Analysis hosted by IMF from 09 June to 31 August 2021.

- **Chidanand Rughoobar, Bank Officer Grade I-Economic Analysis & Research,** attended the Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Damien Christophe Seblin, Bank Officer Grade I-Reserve Management,** attended the FX Reserve Portfolio Management Central Banker Program hosted by Federal Reserve Bank of New York from 21 to 30 June 2021.

- **Divya Seewon, Bank Officer Grade I-Financial Stability,** attended the

  i. Webinar on Communicating about Financial Stability hosted by Secretariat of CCBG in SADC on 14 April 2021;
  ii. Training on Macro and Micro Stress Testing hosted by COMESA Monetary Institute from 10 to 14 May 2021;
  iii. Green Swan Conference-Coordinating Finance on Climate hosted by NGFS/Banque de France/IMF/BIS from 02 to 04 June 2021;
  iv. Course on Financial Stability Systemic Risk, Macroprudential Policy & Stability Analysis hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue from 21 to 25 June 2021; and
  v. 2nd AACB's Continental Seminar on "High-Level of Non-Performing Loans in Africa: Determinants and Implications for Financial Stability and the Real Economy in the Region" from 28 to 30 June 2021.

- **Prashant Sowdagur, Bank Officer Grade I-Supervision,** attended the Course on Financial Inclusion and Development hosted by National Institute of Bank Management from 23 to 27 March 2021.

- **Cedric Wong Tai Yun, Bank Officer Grade I-Financial Markets Operations,** attended the Annual CFA Alpha Summit hosted by RAMP on 18 May 2021.

Bank Officers

- **Shilpa Boodhram, Bank Officer-Financial Stability,** attended the

  i. Workshop on Implementing the Basel Framework hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue from 15 to 19 March 2021; and
  ii. Course on Macroprudential Surveillance hosted by Deutsche Bundesbank Centre for International Central Bank Dialogue from 03 to 07 May 2021.

- **Shail Brojmohun, Bank Officer-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Urvashee Gokhool, Bank Officer-Economic Analysis & Research,** attended the Course on Green Finance hosted by Bundesbank on 21 June 2021.

- **Neervan Jahaly, Bank Officer-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Sirini Kritibye Mancoo, Bank Officer-Financial Stability,** attended the 12th Public Lecture on COVID-19 Pandemic Impacts to Financial System Stability hosted by IFSB on 25 May 2021.

- **Vickram Suneechur, Bank Officer-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Lance Venkatasami, Bank Officer-Enterprise Risk,** attended the Course on Green Finance hosted by Bundesbank on 21 June 2021.

Bank Officers Grade II

- **Marie Cinthia Quincy Angelina Gentil-Lafrance, Bank Officer Grade II-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Padmini Shah Ghurbhurn-Naujeer, Bank Officer Grade II-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

- **Priyamvada Devi Ramgoolam, Bank Officer Grade II-Banking and Currency,** attended the Webinar on Importance of Cash hosted by The Royal Mint on 29 June 2021.

Appendix V

Local Courses, Seminars and Workshops

Acting Directors/Assistant Directors

- **Ramsamy Chinniah, Acting Director-Supervision,** attended the Webinar on Unwinding COVID-19 Policy Interventions for Banking Systems hosted by IMF/AFRITAC South on 18 May 2021.

- **Marjorie Marie-Agnes Heerah Pampusa, Acting Director-Reserve Management and Financial Markets,** attended the

  i. Roadshow on the implementation of 2019 Financial Soundness Indicators Guide hosted by ATI on 10 November 2020; and

  ii. Regional Seminar: Journey towards the Sustainable Development Goals-Key Fiscal Issues hosted by ATI from 19 to 21 April 2021.

- **Sudha Hurrymun, Acting Director-Supervision,** attended the Webinar on Unwinding COVID-19 Policy Interventions for Banking Systems hosted by IMF/AFRITAC South on 18 May 2021.

- **Urvashi Chuttarsing Soobarah, Assistant Director-Supervision,** attended the Webinar on Unwinding COVID-19 Policy Interventions for Banking Systems hosted by IMF/AFRITAC South on 18 May 2021.

- **Shardhanand Gopaul, Assistant Director-Accounting & Budgeting,** attended the

  i. Conference on Risk Based Supervision Approach to AML/CFT for the Accounting Sector hosted by Mauritius Institute of Professional Accountants (MIPA) on 16 July 2020; and

  ii. Training on IFRS 3 “Business Combinations” and IAS 32 “Financial Instruments: Presentation” hosted by MIPA on 23 February 2021.

- **Sanjay Ramnarainsing, Assistant Director-Financial Markets Operations,** attended the Regional Seminar: Journey towards the Sustainable Development Goals-Key Fiscal Issues hosted by ATI from 19 to 21 April 2021.

- **Tilotma Gobin Jhurry, Assistant Director-Payment Systems & Digital Currency and Digital Innovation & Fintech,** attended the

  i. National Seminar on the Joint Statement Initiative on E-Commerce hosted by Ministry of Foreign Affairs, Regional Integration and International Trade and International Institute for Sustainable Development on 04 September 2020;

  ii. 10th Meeting of the National Regulatory Sandbox Licence (NRSL) Committee hosted by NRSL Committee Secretariat/FSC on 06 October 2020;

  iii. Awareness Session on the Regulatory Framework for Security Token Offering hosted by FSC and Ministry of Financial Services and Good Governance on 29 October 2020; and

  iv. 1st Workshop related to Virtual Assets and Virtual Assets Service Providers Risk Assessment hosted by World Bank on 25 January 2021.

- **Ashwin Moheeput, Assistant Director-Economic Analysis & Research,** attended the

  i. National Seminar on the Joint Statement Initiative on E-Commerce hosted by Ministry of Foreign Affairs, Regional Integration and International Trade and International Institute for Sustainable Development on 04 September 2020;

  ii. Course on Practical tools to estimate the impact of COVID-19 on income and inequality hosted by ATI from 19 to 23 October 2020;

  iii. Roadshow on the implementation of 2019 Financial Soundness Indicators Guide hosted by ATI on 10 November 2020;

  iv. The treatment of restructured loans for FSI Compilation hosted by ATI on 18 November 2020;

  v. Course on Managing Capital Flows: Macroeconomic Analysis and Policies hosted by ATI from 08 to 19 February 2021;

  vi. Regional Webinar on Macroeconomics of Climate Change hosted by African Union/ATI on 28 April 2021; and

  vii. 11th Webinar Series on Peer to Peer Research Paper “Quarterly Forecasting and Monetary Policy Analysis Model for the West African Economic & Monetary Union” hosted by ATI/IMF on 16 June 2021.

Chiefs/Data Protection Officer

- **Kevin Aubeeluck, Chief-Enterprise Risk,** attended the Webinar on Cyber Risk and Resilience for Financial Market Infrastructures hosted by AFRITAC South from 29 to 30 April 2021.

APPENDICES

- **Hurrychun Budhna, Acting Chief-Accounting & Budgeting,** attended the
  i. Roundtable discussion for AFRITAC South member countries focusing on Central Bank Support to Financial Markets during the COVID-19 Pandemic hosted by AFRITAC South and Monetary and Capital Markets Department of IMF on 15 July 2020; and
  ii. Training on IFRS Update: IAS 20, IFRS 9 and IAS hosted by MIPA on 07 August 2020.
- **Ravishin Bullyraz, Chief-Supervision,** attended the
  i. Training on requirements for Non-Profit Organisations under the Financial Action Task Force Standards hosted by Ministry of Financial Services and Good Governance in collaboration with EU funded Global AML/CFT Facility from 06 to 10 July 2020; and
  ii. Conference on Anti-Money Laundering/Combating of Terrorism Financing and Environmental and Maritime Crimes hosted by Office of DPP on 11 November 2020.
- **Qayyum Ali Ismael Ghanty, Chief-Enterprise Risk,** attended the Webinar on Cyber Risk and Resilience for Financial Market Infrastructures hosted by AFRITAC South from 29 to 30 April 2021.
- **Marie Medgee Lauricourt, Chief-Supervision,** attended the Public Consultation Workshop on Corporate Governance Scorecard for Mauritius hosted by National Committee on Corporate Governance on 09 February 2021.
- **Powkeem Lo Tiap Kwong, Chief-Statistics,** attended the
  i. Treatment of restructured loans for FSI Compilation hosted by ATI on 18 November 2020;
  ii. "To be" Workshop-SME Business Plan hosted by Statistics Mauritius on 12 April 2021; and
  iii. Course on Nowcasting GDP in Sub Saharan African Countries hosted by ATI from 26 to 30 April 2021.
- **Ashwin Kumar Madhou, Chief-Economic Analysis & Research,** attended the
  i. Course on Practical tools to estimate the impact of COVID-19 on income and inequality hosted by ATI from 19 to 23 October 2020;
  ii. Regional Webinar on Public Debt Management Policy Linkages and Coordination hosted by IMF/AFRITAC South from 22 to 26 March 2021; and
  iii. Course on Nowcasting GDP in Sub Saharan African Countries hosted by ATI from 26 to 30 April 2021.
- **Najma Nabee, Chief-Economic Analysis & Research,** attended the Course on Tax Policy and Administration Theory and Practice hosted by ATI from 29 March to 09 April 2021.
- **Hemlata Nundoochan, Chief-Supervision,** attended the 1st Workshop related to Virtual Assets and Virtual Assets Service Providers Risk Assessment hosted by World Bank on 25 January 2021.
- **Malini Ramdhan, Chief-Supervision,** attended the Training Programme on the implementation of the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 hosted by the National Sanctions Secretariat from 26 to 27 January 2021.
- **Keshwarajsingh Ramnauth, Chief-Financial Markets Operations,** attended the
  i. Roundtable discussion for AFRITAC South member countries focusing on Central Bank Support to Financial Markets during the COVID-19 Pandemic hosted by AFRITAC South and Monetary and Capital Markets Department of IMF on 15 July 2020; and
  ii. Green Bond Boot Camp hosted by Pleion Corporate Finance from 20 to 22 October 2020.
- **Dhirajsingh Rughoobur, Chief-International & Institutional Relations,** attended the Webinar on Amendments to Competition Commission Guidelines hosted by Competition Commission on 11 September 2020.
- **Nivedita Sajadah-Aujayeb, Data Protection Officer-Data Protection Office,** attended the Training Session on the Data Protection Act 2017 hosted by Data Protection Office on 12 November 2020.

Senior Analysts

- **Ibne Faraz Beekun, Senior Analyst-Information Technology & Business Continuity,** attended the Dell EMC-Technology Refresh Workshop hosted by SIL on 06 November 2020.

- **Minesh Bhundoo, Senior Analyst-Human Resources,** attended the Seminar on the National Pension Reform Options hosted by Aon Hewitt Ltd on 14 August 2020.

- **Mahima Bhurtha, Senior Analyst-Economic Analysis & Research,** attended the

  i. Roundtable discussion for AFRITAC South member countries focusing on Central Bank Support to Financial Markets during the COVID-19 Pandemic hosted by AFRITAC South and Monetary and Capital Markets Department of IMF on 15 July 2020;

  ii. Course on Monetary Policy hosted by ATI from 08 to 19 February 2021; and

  iii. Course on Macroeconomic Diagnostics hosted by ATI from 03 to14 May 2021.

- **Satishingh Jugoo, Senior Analyst-Statistics,** attended the Regional Webinar on Macroeconomics of Climate Change hosted by African Union/ATI on 28 April 2021.

- **Abdool Anwar Massafeer, Senior Analyst-Statistics,** attended the Treatment of restructured loans for FSI Compilation hosted by ATI on 18 November 2020.

- **Kaveeta Nowbutsing-Hurynag, Senior Analyst-Economic Analysis & Research,** attended the

  i. Course on Public Debt Sustainability and Debt Restructuring hosted by ATI from 25 to 28 January 2021; and

  ii. Course on Financial Programming and Policies hosted by ATI from 28 June to 09 July 2021.

- **Marie-Line Gilberte Philibert, Senior Analyst-Supervision,** attended the 3rd Mauritius Compliance Risk & Economic Crime Conference hosted by Comsure Training Solutions/Centre for Legal & Business Studies (CLBS) from 25 to 26 November 2020.

- **Shakuntala Devi Ramanah, Senior Analyst-Supervision,** attended the

  i. Training on requirements for Non-Profit Organisations under the Financial Action Task Force Standards hosted by Ministry of Financial Services and Good Governance in collaboration with EU funded Global AML/CFT Facility from 06 to 10 July 2020;

  ii. Training for Designated Non-Financial Businesses and Professions Regulators under the GIZ Technical Assistance programme hosted by Ministry of Financial Services and Good Governance from 14 to 16 September 2020; and

  iii. 1st Workshop related to Virtual Assets and Virtual Assets Service Providers Risk Assessment hosted by World Bank on 25 January 2021.

- **Vijayantimala Ramful, Senior Analyst-Financial Markets Operations,** attended the Roundtable discussion for AFRITAC South member countries focusing on Central Bank Support to Financial Markets during the COVID-19 Pandemic hosted by AFRITAC South and Monetary and Capital Markets Department of IMF on 15 July 2020.

- **Feisal Bin Khalid Sooklall, Senior Analyst-Economic Analysis & Research,** attended the

  i. Roundtable discussion for AFRITAC South member countries focusing on Central Bank Support to Financial Markets during the COVID-19 Pandemic hosted by AFRITAC South and Monetary and Capital Markets Department of IMF on 15 July 2020; and

  ii. Course on Nowcasting GDP in Sub Saharan African Countries hosted by ATI from 26 to 30 April 2021.

Analysts/Attorney-at-Law/Database Administrators

- **Stephan Soon Chan Ah Kine, Analyst-Supervision,** attended the

  i. Webinar on Amendments to Competition Commission Guidelines hosted by Competition Commission on 11 September 2020; and

  ii. Regional Webinar on Macroeconomics of Climate Change hosted by African Union/ATI on 28 April 2021.

APPENDICES

- **Marie Aurore Natacha Anseline, Analyst-Accounting & Budgeting,** attended the Seminar on the National Pension Reform Options hosted by Aon Hewitt Ltd on 14 August 2020.

- **Atish Babboo, Analyst-Economic Analysis & Research,** attended the Course on Monetary Policy Frameworks and Operations hosted by ATI/SARB from 05 to16 April 2021.

- **Divya Lakshmi Bhuruth, Analyst-Accounting & Budgeting,** attended the Workshop on Foreign Investment Frameworks hosted by FSC/OECD on 17 May 2021.

- **Chetanand Christna, Analyst-Accounting & Budgeting,** attended the Training on IFRS 3 "Business Combinations" and IAS 32 "Financial Instruments: Presentation" hosted by MIPA on 23 February 2021.

- **Suyash Dhurmea, Analyst-Statistics,** attended the Course on Cross-Border Position Statistics hosted by ATI from 08 to 12 March 2021.

- **Sahadeosing Gungabissoon, Analyst-Supervision,** attended the Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Bindoomatee Gungaram, Analyst-Financial Markets Operations,** attended the Green Bond Boot Camp hosted by Pleion Corporate Finance from 20 to 22 October 2020.

- **Nadeem Azad Jeetun, Analyst-Strategy and Policy,** attended the Workshop on Building Resilience through SMEs & Entrepreneurship hosted by Ministry of Finance, Economic Planning and Development and EDB on 29 September 2020.

- **Rajeev Luchmun, Analyst-Financial Markets Operations,** attended the

  i. Regional Webinar on Public Debt Management Policy Linkages and Coordination hosted by IMF/AFRITAC South from 22 to 26 March 2021; and

  ii. FX Global Code Webinar hosted by ACI FMA Mauritius from 04 May to 01 June 2021.

- **Rajwantee Lulith, Analyst-Accounting & Budgeting,** attended the

  i. Seminar on the National Pension Reform Options hosted by Aon Hewitt Ltd on 14 August 2020; and

  ii. Workshop on digitalisation and transparency in public financial management in Southern Africa and West Indian Ocean Region hosted by AFRITAC South from 27 to 30 April 2021.

- **Bihisht Mautadin, Analyst-Statistics,** attended the Course on Public Sector Debt Statistics hosted by ATI from 08 March to 30 April 2021.

- **Pooja Yashni Mohesh, Analyst-Supervision,** attended the Webinar on Amendments to Competition Commission Guidelines hosted by Competition Commission on 11 September 2020.

- **Usha Pratap Gaya, Analyst-Human Resources,** attended the Seminar on the National Pension Reform Options hosted by Aon Hewitt Ltd on 14 August 2020.

- **Aneeshta Ramma, Attorney-at-Law-Legal Services,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Hema Ramnial-Tacouri, Analyst-Legal Services,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Uttam Deepak Seetul, Analyst-Supervision,** attended the Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Rajlukshmee Tengur, Analyst-Economic Analysis & Research,** attended the

  i. Training on Financial Programming and Policies hosted by ATI from 05 to 16 October 2020; and

  ii. Course on Monetary Policy hosted by ATI from 05 to 16 April 2021.

Bank Officers Grade I

- **Bibi Zoya Aungraheeta, Bank Officer Grade I-Supervision,** attended the Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Preeyamvada Banarsee, Bank Officer Grade I-Legal Services,** attended the

   i. Training on requirements for Non-Profit Organisations under the Financial Action Task Force Standards hosted by Ministry of Financial Services and Good Governance in collaboration with EU funded Global AML/CFT Facility from 06 to 10 July 2020; and

   ii. National Workshop on "Understanding and Analysing Regional Trade Agreements" hosted by Ministry of Foreign Affairs, Regional Integration and International Trade in collaboration with the World Trade Organisation from 19 to 21 January 2021.

- **Anne Cecile Baptiste Giuliana, Bank Officer Grade I-Statistics,** attended the

   i. Training course on Macroeconomic Diagnostics hosted by ATI from 21 September to 02 October 2020; and

   ii. Course on Macroeconomic Management in Resource Rich Countries hosted by ATI from 22 March to 02 April 2021.

- **Oojala Burhoo, Bank Officer Grade I-Accounting & Budgeting,** attended the Workshop on Foreign Investment Frameworks hosted by FSC/OECD on 17 May 2021.

- **Rideema Cunniah, Bank Officer Grade I-Economic Analysis & Research,** attended the

   i. Training on Financial Programming and Policies hosted by ATI from 05 to 16 October 2020; and

   ii. Course on Macroeconomic Diagnostics hosted by ATI from 03 to14 May 2021.

- **Urvashee Dussooa, Bank Officer Grade I-Statistics,** attended the Course on Cross-Border Position Statistics hosted by ATI from 08 to 12 March 2021.

- **Soobhadra Fowdur, Bank Officer Grade I-Statistics,** attended the Course on Economic Issues in Regional Integration hosted by ATI from 07 to 18 June 2021.

- **Bibi Sharmeen Gariban, Bank Officer Grade I-Economic Analysis & Research,** attended the

   i. Training course on Macroeconomic Diagnostics hosted by ATI from 21 September to 02 October 2020; and

   ii. Course on Monetary Policy Frameworks and Operations hosted by ATI/SARB from 05 to16 April 2021.

- **Pareena Issur-Kandhai, Bank Officer Grade I-Financial Markets Operations,** attended the FX Global Code Webinar hosted by ACI FMA Mauritius from 04 May to 01 June 2021.

- **Ravisha Devi Jang, Bank Officer Grade I-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Saraspati Devi Jharittaya, Bank Officer Grade I-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Madhvi Jhumun, Bank Officer Grade I-Supervision,** attended the Course on Financial Sector Surveillance hosted by ATI from 08 to 12 February 2021.

- **Heeranee Jugessur, Bank Officer Grade I-Statistics,** attended the Course on Monetary and Financial Statistics hosted by ATI from 08 to 11 March 2021.

- **Preksha Kurrumchand, Bank Officer Grade I-Supervision,** attended the Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Mehisha Luchmadu-Imrit, Bank Officer Grade I-Supervision,** attended the Course on Financial Sector Surveillance hosted by ATI from 08 to 12 February 2021.

- **Revadhi Moorghen, Bank Officer Grade I-Supervision,** attended the

   i. Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021; and

ii. Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Divya Luxmi Mungar, Bank Officer Grade I-Legal Services,** attended the

  i. 3rd Mauritius Compliance Risk and Economic Crime Conference hosted by Comsure Training Solutions/CLBS from 25 to 26 November 2020; and

  ii. Training Programme on the implementation of the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 hosted by National Sanctions Secretariat from 26 to 27 January 2021.

- **Marie Sharon Wendy Noellette, Bank Officer Grade I-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Arvin Kumar Ramsahye, Bank Officer Grade I-Financial Markets Operations,** attended the FX Global Code Webinar hosted by ACI FMA Mauritius from 04 May to 01 June 2021.

- **Nishta Ramsurn, Bank Officer Grade I-Supervision,** attended the Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Chidanand Rughoobar, Bank Officer Grade I-Economic Analysis & Research,** attended the Course on Macroeconomic Management in Resource Rich Countries hosted by ATI from 22 March to 02 April 2021.

- **Paroshitimah Santokee, Bank Officer Grade I-Accounting & Budgeting,** attended the

  i. Training on IFRS Update: IAS 20, IFRS 9 and IAS hosted by MIPA on 07 August 2020; and

  ii. IFRS 3 "Business Combinations" and IAS 32 "Financial Instruments: Presentation" hosted by MIPA on 23 February 2021.

- **Divya Seewon, Bank Officer Grade I-Financial Stability,** attended the

  i. Roadshow on the implementation of 2019 Financial Soundness Indicators Guide hosted by ATI on 10 November 2020;

  ii. The treatment of restructured loans for FSI Compilation hosted by ATI on 18 November 2020;

  iii. Course on Financial Soundness Indicators hosted by ATI from 22 to 25 February 2021; and

  iv. Webinar on Cyber Risk and Resilience for Financial Market Infrastructures hosted by AFRITAC South from 29 to 30 April 2021.

- **Cedric Wong Tai Yun, Bank Officer Grade I-Financial Markets Operations,** attended the Workshop on digitalisation and transparency in public financial management in Southern Africa and West Indian Ocean Region hosted by AFRITAC South from 27 to 30 April 2021.

Bank Officers

- **Tishan Rao Appunah, Bank Officer-Supervision,** attended the

  i. Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021; and

  ii. Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Hoomeshwar Bissoon, Bank Officer-Supervision,** attended the Course on Core Elements of Banking Supervision hosted by ATI from 12 to 23 April 2021.

- **Preesha Bissoon, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Tehseen Galamali, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Neha Goburdhun, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Henisha Devi Gopaul, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Tejasweenee Gunnoo, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Sirini Kritibye Mancoo, Bank Officer-Financial Stability,** attended the Course on Financial Soundness Indicators hosted by ATI from 22 to 25 February 2021.

- **Prita Manick, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Vanessa Manrakhan, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Bharisha Neerunjun, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Kristananda Vishnu Dharma Kant Nursoo, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

- **Mohamad Ziyaad Rusmaully, Bank Officer-Supervision,** attended the Workshop on Targeted Financial Sanctions and Beneficial Owner Information hosted by the Technical Subcommittee on Legal and Regulatory Requirements, Training and Outreach on 05 March 2021.

APPENDICES

Appendix VI

Staff Turnover

RECRUITMENT

- Devraj Ramsawmy and Sonalee Elliah Cahaneea were appointed Security Officer on 06 July 2020.
- Kevin Aubeeluck was appointed Chief on 01 September 2020.
- Viswaprakash Atchama, Abhinav Chuttun, Rohan Kumar Chummun, Goordesh Cohanoo, Raneeta Doollub Ramnandon, Ramkumar Deoprakash Gobin, Jayneshsingh Ghunowa, Shaheen Goolfee, Nahzim Harryjan, Leckraj Hauroo, Tecknanand Jahul, Dhanandjay Jaunkeepersad, Doorgeshwaree Devi Luchmoneea, Yogesh Lutchmun, Madeni Mooneesawmy, Viswadath Naiko, Oliven Nessen Nallan, Vikash Rao Pandoo, Pallaven Ramsamy, Abhishek Aishwar Roseeawon, Yogeswari Sunkur, Girish Udhin, Gavish Rai Chatooa, Vanisha Gopaul, Bhavesh Heemoo, Vandanah Ramjumun, Joram Ramlochund and Nadia Techer were appointed Bank Attendant Grade III on 03 November 2020.
- Aneeshta Ramma was appointed Attorney-at-Law on 04 January 2021.
- Prithvi Appadoo, Kunal Kumar Caullychurn, Abi Raeesah Gulbul, Ravisha Devi Jang, Ayesha Jeetun, Saraspati Devi Jharittaya, Pareena Issur-Kandhai, Simla Devi Kurumun, Eshanah Bibi Nuzhah Shabana Mooraby-Gunny, Revadhi Moorghen, Marie Sharon Wendy Noellette, Sanjanah Nulliah-Seeneevassen, Bhisham Ramkelawon, Arvin Kumar Ramsahye, Jashveer Seetahul, Ved Prakash Seetohul and Wassimah Beebee Wozeer were appointed Bank Officer Grade I on 04 January 2021.
- Sandeep Baichun, Indrajeet Bonomaully, Ravindra Kumar Bedaysee, Dhananjaysingh Doomjy, Irfaan Mohammad Dulmar, Vasoodeo Gangaram, Dany Christopher Lazare, Krishna Palaniandy, Titraj Ramkhalawon, Kevish Sharma Sohan and Yashwant Kumar Soomaroo were appointed Bank Attendant/ Driver on 05 January 2021.
- Haveenash Apiah, Tishan Rao Appunah, Preesha Bissoon, Hoomeshwar Bissoon, Shilpa Boodhram, Shail Brojmohun, Sarveshsingh Bugwan, Carina Chevathian, Hidesh Dinnah, Tehseen Galamali, Neha Goburdhun, Urvashee Gokhool, Nischay Koomar Goomany, Henisha Devi Gopaul, Tejasweenee Gunnoo, Karishma Haulkory Taulloo, Mansha Jhingut, Doushika Jhugroo, Pravish Jogee, Phalesh Sharma Jokhun, Reemsha Kamadu, Abhishek Rahul Koonja, Sirini Kritibye Mancoo, Prita Manick, Vanessa Manrakhan, Lawmesh Kumar Naiko, Bharisha Neerunjun, Mahirah Beebee Nubheebucus, Kristananda Vishnu Dharma Kant Nursoo, Madhuri Padaruth, Avisha Devi Ramdhoonee, Nishta Rai Ramkhalawon-Sukha, Mohamad Ziyaad Rusmaully, Simi Sawmynaden, Yageshwaree Sobrun, Vickram Suneechur, Daren Suppanee and Dhanisha Teeluck were appointed Bank Officer on 11 January 2021.
- Ashwinee Khirodhur, Manisa Mungroo and Bibi Kausar Sehba Ramjaun were appointed Bank Officer Grade II on 11 January 2021.
- Lance Venkatasami was appointed Bank Officer on 02 February 2021.
- Nessen Jurgen Poomny was appointed Bank Attendant Grade III on 02 February 2021.

APPOINTMENT

Jayadevi Nuckchady, Priyadarshini Dalliah, Tashima Gorroochurn, Nouruddin Boojhawoonah, Mohammad Aziim Imrit, Manisha Cunthen, Kumari Mudita Sookrah, Palvinabye Mahadoo Bhisajee, Shehzaad Ahmud Rossan, Kalnishabye Bhicajee and Navina Mooroogen were appointed Help Desk Officer on the permanent and pensionable establishment with effect from 05 November 2020.

PROMOTION

- Jitendra Nathsingh Bissessur was appointed Director with effect from 30 July 2020.
- Ravishin Bullyraz, Dhirajsingh Rughoobur, Marie Medgee Lauricourt, Yogeeta Devi Ramphul and Sandiren Vadeevaloo were appointed Chief with effect from 25 August 2020.
- Premi Jyoti Santoshi Ghoorah, Roshan Kumar Gopaul, Rajwantee Lulith, Yasmeena Bee Peeroo-Tegally, Ouma Purmessur Dookhit, Maita Devi Rambojun, Amrita Devi Ramburun and Luxmi Devi Sobun were appointed Analyst with effect from 04 September 2020.

- Stephan Soon Chan Ah Kine, Marie Aurore Natacha Anseline, Atish Babboo, Divya Lakshmi Bhuruth, Vachaspati Sharma Hurreeram, Bihisht Mautadin, Nainam Priyadarshinee Seedoyal and Sheik Muhammad Hafeez Toofail were appointed Analyst with effect from 04 January 2021.

- Dhaneshwari Angnoo, Shilpa Busgopal-Narain, Marie Audrey Empeigne, Chitra Deepun-Gungabissoon, Saraspadee Ramalingum and Allee Chengelroydoo Vythalingum were appointed Bank Officer Grade I with effect from 04 January 2021.

- Hanshini Bhurosy, Namratah Devi Calcutta, Neervan Jahaly, Pooja Ketaruth, Jacques Adriano Berthy Marianen, Neermul Kumarsingh Nauthoo and Yousreen Banoo Sohawon were appointed Bank Officer with effect from 11 January 2021.

- Rafika Parveen Bakar Khan, Ghirish Bissoon, Ajagee Cooroopdoss, Yashilall Gopaul, Rajni Devi Jangi-Kistoo, Rajeev Luchmun, Pooja Yashni Mohesh, Koveena Mootoosamy, Arjun Munbodh, Sarita Devi Ramkooleea, Hema Ramnial-Tacouri, Rajlukshmee Tengur and Perly Grace Deanna Veerapatren were appointed Analyst with effect from 05 April 2021.

- Jaymala Goburdhan, Bibi Nasreen Begum Mustun, Indira Ramdhian and Rajeshpedi Sola Veeramundan were appointed Senior Confidential Secretary with effect from 15 June 2021.

- Sati Ansuya Bhugowandeen, Meera Ramnauth, Karouna Tuhaloo and Vima Devi Veerabudren were appointed Bank Officer with effect from 15 June 2021.

- Tilotma Gobin Jhurry, Shardhanand Gopaul, Ashwin Moheeput and Sanjay Ramnarainsing were appointed Assistant Director with effect from 17 June 2021.

- Dhaylall Doolar, Soodhakar Hurril, Jagatsingh Mattan, Rajeshwar Nunkoo and Deven Koreeda Ramudu were appointed Bank Attendant Grade II with effect from 17 June 2021.

- Neetyanand Kowlessur was appointed Assistant Director with effect from 28 June 2021.

RETIREMENT

- Anil Kumar Tohooloo, Acting Director, retired with effect from 12 August 2020.

- Krishnaduth Kissoon, Senior Analyst, retired with effect from 08 October 2020.

- Atmanand Jhary, Chief, retired with effect from 14 October 2020.

- Georges Desire Manuel, Bank Attendant Grade III, retired with effect from 22 October 2020.

- Sobha Mangar, Bank Officer Grade II (Personal), retired with effect from 21 December 2020.

- Doorgeshwaree Sooroojebally, Senior Confidential Secretary, retired with effect from 25 February 2021.

- Dorine Chui Lan Han Heng Pew, Bank Officer Grade II, retired with effect from 12 June 2021.

RESIGNATION

- Koshita Vanita Pergaush, Bank Officer Grade II, resigned with effect from 11 September 2020.

- Bhisham Ramkelawon, Bank Officer Grade I, resigned with effect from 07 January 2021.

- Phalesh Sharma Jokhun and Mahirah Beebee Nubheebucus, Bank Officers, resigned with effect from 14 January 2021 and 18 January 2021, respectively.

- Mooneesing Janna Naikeny, Advisor to Management in Technology, resigned with effect from 01 March 2021.

- Sheik Muhammad Hafeez Toofail, Analyst, resigned with effect from 10 April 2021.

DEMISE

Ramaya Kora Narayadu, Bank Officer Grade I, passed away on 27 February 2021.

TERMINATION

The Bank terminated the employment of Nahzim Harryjan-Bank Attendant Grade III, with effect from 08 January 2021; Sarvanand Madhub-Bank Officer Grade I, with effect from 12 May 2021; and Harshil Gobin-Bank Attendant Grade III, with effect from 25 May 2021.

APPENDICES

Appendix VII

Main Legislative Amendments

The Finance (Miscellaneous Provisions) Act 2021

The Finance (Miscellaneous Provisions) Act 2021, which provides for the implementation of measures announced in the Budget Speech 2021-2022 and for matters connected, consequential and incidental thereto, has been gazetted on 5 August 2021 as Act No. 15 of 2021.

The amendments which are of interest to the Bank are set out hereunder. These amendments pertain to the Bank of Mauritius Act 2004 ('BoM Act'), the Banking Act 2004 ('BA'), the Financial Intelligence and Anti-Money Laundering Act 2002 ('FIAMLA') and the National Payment Systems Act 2018 ('NPS Act') and are deemed to have come into operation on 5 August 2021.

I. Bank of Mauritius 2004

(a) Section 2 – Interpretation

A definition of the term "credit score" has been inserted in Section 2 of the BoM Act and refers to a number which represents the credit exposure of a consumer.

(b) Section 5 – Functions of Bank

(i) Section 5(1) of the BoM Act has been amended in Paragraph (b)(i) to enable the Bank to regulate and supervise, in addition to financial institutions, any other institution which the Bank may license or authorise under the banking laws to carry out activities in, or from within, Mauritius.

(ii) A new Paragraph (ba) has also been added to Section 5(1) to empower the Bank to be the macroprudential authority of Mauritius.

(c) Section 6 – Powers of Bank

(i) Subparagraph (ii) of Section 6(1)(a) of the BoM Act has been repealed and replaced by a new subparagraph (ii) which empowers the Bank to open accounts for, accept deposits from, and pay interest on such deposits to, amongst others, financial institutions or a licensee under the National Payment Systems Act.

(ii) A new Paragraph (ra) has been added to Section 6(1) which provides that the Bank may establish and maintain links and liaison and enter into any agreement or arrangement with such institutions, authorities or agencies as it may determine for the purposes of assisting it in the discharge of its functions and in the furtherance of its objects.

(iii) Section 6(2A) of the BoM Act has been amended in Paragraph (a) so that the Bank may raise loans by the issue of securities for investment in projects or companies promoting the sustainable economic development of Mauritius, including the blue economy and green economy, only as agent of Government pursuant to section 57 of the BoM Act.

(iv) To enable the Bank to set out the framework for issuing Green and Blue Bond and other sustainable bonds, a new Paragraph (d) has been added to Section 6(2A) of the BoM Act which provides that the Bank may issue such guide, guidelines, directives, rules or instructions, as it may determine, regarding the framework for the issue of sustainable bonds, including blue and green bonds, in Mauritius.

(d) Section 36 – Printing of bank notes, minting of coins and issuing of digital currency

Two new subsections (2) and (3) have been added to Section 36 to enable the Bank to:

(i) make rules to provide for the framework under which digital currency may be issued by the Bank and may be held or used by the public.

(ii) notwithstanding section 6(1)(a), for the purpose of issuing digital currency, open accounts for, and accept deposits from, such persons as it may determine.

(e) Section 42A – Counterfeit digital currency

A new Section 42A has been added to the BoM Act to make the counterfeiting of digital currency an offence.

In terms of this new section, any person who makes or causes to be made, counterfeits, or alters, a digital currency, or uses a counterfeit digital currency for any purpose shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to penal servitude.

(f) Section 52 – Establishment of a Credit Information Bureau

(i) A new paragraph (f) has been added to Section 52(1) of the BoM Act, for the Mauritius Credit Information Bureau (MCIB) to be empowered to provide credit scoring as a value added service.

(ii) A new subsection (1C) has been added to Section 52 of the BoM Act which provides that where the Credit Information Bureau provides credit scores pursuant to the new paragraph (f) of section 52(1), section 52B, entitled 'Establishment of Credit Scoring Services Agency', shall apply to the Credit Information Bureau.

(g) Section 52A – Establishment of Central KYC and Accounts Registry

(i) Section 52A of the BoM Act already provided for the establishment of the Central KYC Registry, which collects KYC records submitted to KYC institutions by their customers. This Section has been amended to extend the scope of application of the Central KYC Registry to include the Central Accounts Registry.

(ii) Accordingly, the heading of Section 52A of the BoM Act has been amended from 'Establishment of Central KYC Registry' to 'Establishment of Central KYC and Accounts Registry'.

(iii) Section 52A(1) has been amended to provide, amongst others, that the Bank may establish a Central KYC and Accounts Registry, for the purpose of collecting KYC records submitted to KYC institutions by their customers and information on accounts maintained by customers, other than the balance and amount held in the accounts.

(iv) In addition, Section 52A(1C) has been amended to prohibit the Bank from disclosing or allowing access to account information collected on the Registry to any person or institutions.

(v) A new subsection (1D) has also been added to Section 52A which provides :

(a) that where it is necessary for the prevention, detection, investigation or prosecution of money laundering, terrorism financing or a financial crime offence, including the identification, tracing and freezing of assets related thereto, the Bank may, under conditions of confidentiality and subject to the compliance with such conditions as the Bank may determine, or where lawfully required to do so by an order of the Judge in Chambers or any Court, disclose or allow access to account information collected on the Registry to a supervisory authority or law enforcement agency;

(b) for a definition of the term 'financial crime offence' which shall have the same meaning as in sections 41A(5) and 80D(5) of the Courts Act.

(vi) Section 52A(3) has also been amended to require every KYC institution to inform its customers that their account information, other than the balance and amount held therein, shall also be submitted to the Registry.

(vii) Subsection (6) of Section 52A has been repealed and replaced by a new subsection (6) which provides that the Bank may, for the purpose of this section, issue such directives, guidelines, instructions or rules as it considers necessary.

(viii) In light of the above amendments, the definition of the term "Central KYC Registry" or "Registry" has been deleted from Section 52A(7) of the BoM Act and the following three new definitions have been inserted in Section 52A(7) of the BoM Act

(a) "account" means an account maintained in Mauritius by a financial institution for its customer, or an account in Mauritius designated in accordance with the rules of international standardisation (IBAN) maintained by financial institutions for their customers, or a safe deposit box leased by a bank, or any account maintained by such institution as the Bank may specify

(b) "Central KYC and Accounts Registry" or "Registry" means the central registry established under subsection (1)

(c) "customer" means the owner of an account, the lessee of a safe deposit box leased by a bank, a person who acts on behalf of a person referred to in paragraph (a) or (b), the beneficial owner of an account

(ix) Further, the definition of the term "KYC institution" in Section 52A(7) of the BoM Act has been enlarged to provide that KYC institution means any institution or person, duly licensed by the Bank or the Financial Services Commission established under the Financial Services Act which or who is required to identify and verify the identity of its or his customers under the Financial Intelligence and Anti-Money Laundering Act or submit information on accounts to the Registry.

(x) Section 52B – Establishment of Credit Scoring Services Agency

(i) To align with the provisions of the new Section 52(1)(f) of the BoM Act, Section 52B(1) of the BoM Act has been amended to provide that the Bank may, by itself, through a subsidiary or any other legal entity, establish a Credit Scoring Services Agency for the purpose of providing credit scores on such terms and conditions as it may determine.

(ii) In the same vein, a new subsection (1A) has been added to Section 52B which provides that without prejudice to subsection (1), the Credit Information Bureau established under section 52 may provide credit scores.

(iii) In light of the new Section 52B(1A), Section 52B(2) has been amended to provide that the Bank may, for the purpose of subsection (1) or (1A), make use of information available in the Credit Information Bureau established under section 52, and request any person to provide it with such information as it may consider necessary for the establishment of the Credit Scoring Services Agency.

(iv) Since a definition of "credit score" has been inserted in Section 2 of the BoM Act, subsection (7) of Section 52B has been repealed and replaced by a new subsection (7) which provides that no civil or criminal liability shall be incurred by the Bank, the Credit Information Bureau or any person that provides the Bank with information under subsection (2)(b) in respect of any matter or thing done by it or him in the discharge, in good faith, of it or his duties under section 52B.

II. Banking Act 2004

(a) Section 2 - Interpretation

The definitions of the terms “fintech”, “regtech” or “regulatory technology”, “regulatory sandbox” and “regulatory sandbox authorization” have been added in Section 2 of the BA in light of new sections 11C and 11D, empowering the Bank to grant regulatory sandbox authorization and to establish a fintech innovation hub and digital lab respectively.

(b) Section 7 - Grant or refusal to grant banking licence

Section 7(4A) of the BA has been amended in Paragraph (a) to clarify that the Bank shall refuse to grant a banking licence to “an applicant” which does not meet the requirements set out therein.

(c) Section 11C – Regulatory sandbox authorisation

A new Section 11C has been added in the BA to allow the Bank to grant and regulate the issue and renewal of a regulatory sandbox authorization.

Pursuant to the new Section 11C of the BA, a financial institution, a licensee under the National Payment Systems Act 2018 or a body corporate may apply to the Bank for a regulatory sandbox authorization, which would allow the applicant to enter a regulatory sandbox to experiment with fintech, regtech or other innovation driven financial services falling under the purview of the Bank, in such form and manner, and the application shall be accompanied by such documents, as the Bank may determine.

Under the new Section 11C of the BA, the Bank may thereafter grant such authorisation where it is satisfied that the applicant meets such requirements, including eligibility criteria, as the Bank may determine.

(d) Section 11D – Establishment of fintech innovation hub and digital lab

A new Section 11D has been added in the BA to allow the Bank to establish a fintech innovation hub and digital lab for specific purposes set thereunder and regulate the entry, participation or operation of any person therein.

Further, according to the new Section 11D of the BA, the Bank may seek the collaboration of any financial institution, or public or private sector agency for the establishment of the fintech innovation hub and digital lab.

(e) Section 14E – Granting of licences to issuer of money market instruments

The definition of “eligible institution” in Section 14E(8)(a) of the BA has been amended by deleting subparagraph (ii) therefrom. Accordingly,a financial institution or a company incorporated or registered under the Companies Act no longer has to demonstrate that its operating cash flows at least equal to the size of the issue of the money market instrument to qualify as an “eligible institution”.

(f) Section 39 - Appointment, powers and duties of auditors

Section 39(5) of the BA provided for a cooling off period of 5 years from the date of termination of the last audit assignment during which a firm of auditors who has been responsible for the audit of a financial institution for a continuous period of 5 years or less should not be entrusted the responsibility for the audit of that financial institution. This cooling off period has been reduced from 5 years to 3 years.

Subsection (5A) of Section 39 has been repealed and replaced by a new subsection (5A) which provides that notwithstanding subsections (4) and (5), the Bank may, upon a request from a financial institution and on just and reasonable grounds shown, approve, in writing, the extension of the appointment of its firm of auditors (a) for an additional period not exceeding 2 years, or (b) in the case of a branch or subsidiary of a foreign bank, for an additional period not exceeding 5 years where the firm of auditors is also the auditor of its parent financial institution which is subject to consolidated supervision by competent foreign regulatory authorities, and the engagement partner of the audit firm is rotated with respect to the additional period approved by the Bank.

(g) Section 64 – Confidentiality

A new Paragraph (da) has been added to Section 64(3) of the BA to provide for an additional exception to the duty of confidentiality imposed under Section 64 of the BA. The new paragraph (da) provides that the duty of confidentiality shall not apply where disclosure is necessary to enable a financial institution to make a complaint or lodge a report to an officer authorised under any enactment to (i) receive a complaint or report, or (ii) carry out an investigation or prosecution, in relation to a person involved or suspected to be involved in an offence. It is also provides that the duty of confidentiality shall not be applicable where disclosure is necessary to any Court.

In light of the amendments brought to Section 52A of the BoM Act, which now provides for the establishment of a Central KYC and Accounts Registry, Section 64(3)(i) of the BA has been amended to allow disclosure of information where such information is required for transmission to, amongst others, the Central KYC and Accounts Registry.

(h) Section 64C – Examination of financial institutions or holders of licence

Section 64C(1)(b) of the BA has been amended to provide that in addition to the subsidiary, branch, agency or office outside Mauritius of a financial institution or holder of a licence incorporated or established in Mauritius, the Bank may also from time to time, conduct an examination of the operations and affairs of any affiliate of the financial institution or holder of a licence incorporated or established in Mauritius.

III. Financial Intelligence and Anti-Money Laundering Act 2002

(a) Section 2 - Interpretation

The definition of the term “bank” in Section 2 of the FIAMLA has been amended by repealing and replacing subparagraph (ii) of Paragraph (b) by the following new subparagraph “(ii) a licensee under the National Payment Systems Act;”.

(b) Section 19AA – Establishment of Core Group

A new Section 19AA has been added to the FIAMLA which provides for the establishment of a Core Group for Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation for the purposes of the Act.

The new Section 19AA also provides for the constitution of the Core Group which shall be chaired by the Financial Secretary and co-chaired by the Governor of the Bank as well as the Director-General of the Independent Commission Against Corruption.

Further, the new Section 19AA provides for the functions of the Core Group which are to, amongst others, ensure the effective implementation, by the relevant competent authorities of the Financial Action Task Force international standards on AML/CFT, decide on matters pertaining to the implementation of AML/CFT standards which a relevant competent authority may refer to it, and ensure effective coordination and cooperation with the National Committee and among all competent authorities. Competent authorities under this new Section include supervisory authorities, Registrars and law enforcement authorities. These terms are as defined in section 2 of the FIAMLA.

IV. National Payment Systems Act 2018

(a) Section 2 – Interpretation

A definition of the term "Committee" has been inserted in Section 2 of the NPS Act and means the National Payment Systems Committee established under section 4A.

(b) Section 3 - Application of Act

Amendments have been brought to Section 3 of the NPS Act to afford to the Official Clearing and Settlement Facilities to be designated under the Securities Act, as amended by the Securities (Amendment) Act 2021, the same treatment as previously afforded to the Central Depository & Settlement Co. Ltd under the NPS Act.

Accordingly, Sections 3(1)(b) and 3(2) of the NPS Act respectively have been amended by replacing the words "the Central Depository & Settlement Co. Ltd under the Securities (Central Depository, Clearing and Settlement) Act" by the words "an Official Clearing and Settlement Facility under the Securities Act".

(c) Section 4A – National Payment Systems Committee

A new Section 4A has been added to the NPS Act which provides for the establishment of a National Payment Systems Committee which shall act as an advisory committee to the Bank in the exercise of its oversight function under this Act.

Pursuant to the new Section 4A, the National Payment Systems Committee shall consist of a Deputy Governor of the Bank who shall be the chairperson and such other authority, agency or person regulating, facilitating or involved in the provision of payment services in Mauritius, as the Bank may prescribe. Further, the Bank shall act as the Secretariat to this Committee.

The Bank has also been empowered under the new Section 4A to make such regulations and rules, and issue such directives and guidelines as it thinks fit for the proper functioning of the National Payment Systems Committee.

(d) Section 51 – Regulations

A new subsection (2A) has been added to Section 51 of the NPS Act which provides that any regulations made under this Act may provide that any person who contravenes them shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding one year.

Appendix VIII

LIST OF BANKS, NON-BANK DEPOSIT TAKING INSTITUTIONS, MONEY-CHANGERS AND FOREIGN EXCHANGE DEALERS 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 and cash dealers licensed to transact the business of money-changer or foreign exchange dealer in Mauritius and Rodrigues as at 30 June 2021.

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. BanyanTree Bank Limited (in conservatorship)
8. BCP Bank (Mauritius) Ltd
9. Habib Bank Limited
10. HSBC Bank (Mauritius) Limited
11. Investec Bank (Mauritius) Limited
12. MauBank Ltd
13. SBI (Mauritius) Ltd
14. SBM Bank (Mauritius) Ltd
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. Cim Forex Ltd
4. Mauritius Post Foreign Exchange Co Ltd
5. Shibani Finance Co. Ltd
6. Thomas Cook (Mauritius) Operations Company Limited

[1] *The bank carries on exclusively private banking business.*

LIST OF CHARTS

LIST OF CHARTS

LIST OF TABLES

LIST OF ACRONYMS

Afreximbank	African Export–Import Bank
AfCFTA	African Continental Free Trade Area
AACB	Association of African Central Banks
AFRITAC	Africa Regional Technical Assistance Centre
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ATI	Africa Training Institute
ATMs	Automated Teller Machines
AU	African Union
BA	Banking Act
BCBS	Basel Committee on Banking Supervision
BCG	Basel Consultative Group
BCS	Bulk Clearing System
BIS	Bank for International Settlements
BML	Broad Money Liabilities
BoM	Bank of Mauritius
CAR	Capital Adequacy Ratio
CBC	COMESA Business Council
CBDC	Central Bank Digital Currency
CCB	Capital Conservation Buffer
CCBG	Committee of Central Bank Governors
CET1	Common Equity Tier 1
c.i.f.	Cost, insurance, freight
CKYC	Central Know Your Customer
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CPS	Card Payment System
CRR	Cash Reserve Ratio
DCs	Depository Corporations
D-SIBs	Domestic Systemically-Important Banks
DTIs	Deposit-Taking Institutions
ECAIs	External Credit Assessment Institutions
EFTs	Electronic Fund Transfers
EPI	Export Price Index
ERM	Enterprise Risk Management

LIST OF ACRONYMS

ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
EU	European Union
FAO	Food and Agriculture Organisation
FATF	Financial Action Task Force
FCY	Foreign Currency Deposits
FIAMLA	Financial Intelligence and Anti-Money Laundering Act
FinCoNet	International Financial Consumer Protection Organisation
f.o.b.	Free on board
FSB	Financial Stability Board
FSC	Financial Services Commission
FSI	Financial Soundness Indicators
FX	Foreign Exchange
FY	Financial Year
G30	Group of Thirty Consultative Group on International Economic and Monetary Affairs
GBC	Global Business Companies
GBLHs	Global Business Licence Holders
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFIN	Global Financial Innovation Network
GIFCS	Group of International Finance Centre Supervisors
GMTCs	Government of Mauritius Certificates
GNDI	Gross National Disposable Income
GNI	Gross National Income
GNS	Gross National Savings
GOIR	Gross Official International Reserves
GVA	Gross Value Added
HQLA	High Quality Liquid Assets
IADI	International Association of Deposit Insurers
ICC	Interagency Coordination Committee
ICT	Information and Communication Technology
IFC	Irving Fisher Committee on Central Bank Statistics
IFRS	International Financial Reporting Standard
IFSB	Islamic Financial Services Board
IILM	International Islamic Liquidity Management Corporation

LIST OF ACRONYMS

IIP	International Investment Position
IMF	International Monetary Fund
INFE	International Network on Financial Education
IPI	Import Price Index
IPS	Instant Payment System
ISI	International Statistical Institute
IT	Information Technology
KRR	Key Repo Rate
LCR	Liquidity Coverage Ratio
MACSS	Mauritius Automated Clearing and Settlement System
MauCAS	Mauritius Central Automated Switch
MCIB	Mauritius Credit Information Bureau
MEC	Macroeconomic Convergence
MERI	Mauritius Exchange Rate Index
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MRA	Mauritius Revenue Authority
MSMEs	Micro, Small and Medium Enterprises
MTSP	Medium-Term Strategic Plan
NBDTIs	Non-Bank Deposit-Taking Institutions
NFA	Net Foreign Assets
NFPSBs	Non-Financial Public Sector Bodies
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
NPLs	Non-Performing Loans
NPS	National Payment Systems
OECD	Organisation for Economic Co-operation and Development
OMFIF	Official Monetary and Financial Institutions Forum
ONFCs	Other Nonfinancial Corporations
OPEC	Organisation of the Petroleum Exporting Countries
PLACH	Port Louis Automated Clearing House
PLR	Prime Lending Rate
PMI	Purchasing Managers' Index
POS	Point-of-Sale

LIST OF ACRONYMS

QR	Quick Response
RCG	Regional Consultative Group
REPSS	Regional Payment and Settlement System
ROA	Return on Assets
RTGS	Real Time Gross Settlement
SAA	Strategic Asset Allocation
SADC	Southern African Development Community
SDR	Savings Deposit Rate
SEM	Stock Exchange of Mauritius
SEMDEX	Stock Exchange of Mauritius Index
SMEs	Small and Medium Enterprises
SSA	Sub-Saharan Africa
TCIB	Transactions Cleared on an Immediate Basis
ToT	Terms of Trade
ULC	Unit Labour Cost
Y-o-y	Year-on-year

Unless otherwise stated, the Report relies on information and financial data available up to the end of June 2021.

Acknowledgements: For the Bank's Annual Report for Year ended 30 June 2021, the theme for Chapter Separators is ***"Port Louis and its Evolution over the 18th and 19th Centuries".*** These Engravings are reproduced by courtesy of the MCB Group Limited.

Please scan the QR Code to access the Bank of Mauritius Annual Report 2020-2021 on the Bank's website.

BANK OF MAURITIUS
Sir William Newton Street
Port Louis 11328, Mauritius
Website: https://www.bom.mu
Email: communications@bom.mu

ISSN 1694-3457