

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

16(a) LOANS AND ADVANCES TO BANKS

Banks:

Segment A

Segment B

Gross core loans and advances to banks

Less: allowance for impairment losses

THE GROUP AND THE BANK		
2020	2019	2018
MUR'000	MUR'000	MUR'000
1,002,583	-	-
4,255,014	6,034,226	5,827,242
5,257,597	6,034,226	5,827,242
(11,670)	(15,178)	(58,013)
5,245,927	6,019,048	5,769,229

All the loans and advances to banks are classified in stage 1 and 12 months ECL calculated thereon as from 2019.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

External rating grade

Performing:

Credit rating A+ to A-

Credit rating BBB+ to BBB-

Credit rating BB+ to BB-

Credit rating B+ to B-

Total gross carrying amount

Loss allowance

Carrying amount

THE GROUP AND THE BANK	
2020	2019
MUR'000	MUR'000
321,758	1,521,469
1,404,181	2,763,402
3,328,236	1,425,850
203,422	323,505
5,257,597	6,034,226
(11,670)	(15,178)
5,245,927	6,019,048

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

Gross carrying amount

Gross carrying amount at 01 July

New financial assets originated

Financial assets that have been repaid

Financial assets that have been derecognised

Other movements

Gross carrying amount at 30 June

THE GROUP AND THE BANK	
2020	2019
MUR'000	MUR'000
6,034,226	5,827,242
2,130,461	3,455,025
(2,918,440)	(2,794,423)
-	(514,200)
11,350	60,582
5,257,597	6,034,226

Allowance for impairment losses

Loss allowance at 01 July

- Effect of adopting IFRS 9

Loss allowance as at 01 July

Financial assets that have been derecognised

New financial assets originated

Financial assets that have been repaid

Other movements

Loss allowance as at 30 June

THE GROUP AND THE BANK	
2020	2019
MUR'000	MUR'000
15,178	58,013
-	(35,258)
15,178	22,755
-	(4,915)
5,333	4,748
(9,585)	(12,079)
744	4,669
11,670	15,178

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

16(b) LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP AND THE BANK		
	2020	2019	2018
	MUR'000	MUR'000	MUR'000
Retail and personal	2,297,051	1,460,455	1,147,945
Business	10,173,536	9,434,693	8,933,679
Government and parastatal bodies	386,062	992,546	1,160,169
Entities outside Mauritius	12,501,874	12,065,223	12,139,078
Credit cards	75,282	109,796	132,324
Gross loans and advances to customers	25,433,805	24,062,713	23,513,195
Less: allowance for impairment losses	(2,389,883)	(1,912,517)	(1,215,941)
	23,043,922	22,150,196	22,297,254

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	THE GROUP AND THE BANK			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	444,346	-	-	444,346
Credit rating AA+ to AA-	3,109,194	83,667	-	3,192,861
Credit rating A+ to A-	12,782,569	50,749	-	12,833,318
Credit rating BBB+ to BBB-	4,853,103	290,918	-	5,144,021
Credit rating BB+ to BB-	699,862	26,734	-	726,596
Credit rating B+ to B-	239,199	6,679	-	245,878
Credit rating CCC+ to C	-	17,457	-	17,457
Non performing:				
Credit rating D	-	-	2,829,328	2,829,328
Total gross carrying amount	22,128,273	476,204	2,829,328	25,433,805
Loss allowance	(151,766)	(15,745)	(2,222,372)	(2,389,883)
Carrying amount at 30 June 2020	21,976,507	460,459	606,956	23,043,922

Internal rating grade	THE GROUP AND THE BANK			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	63,306	-	-	63,306
Credit rating AA+ to AA-	947,278	-	-	947,278
Credit rating A+ to A-	13,099,640	-	-	13,099,640
Credit rating BBB+ to BBB-	4,647,832	-	-	4,647,832
Credit rating BB+ to BB-	1,665,110	-	-	1,665,110
Credit rating B+ to B-	279,795	-	-	279,795
Credit rating CCC+ to C	-	1,117,417	-	1,117,417
Non performing:				
Credit rating D	-	-	2,242,335	2,242,335
Total gross carrying amount	20,702,961	1,117,417	2,242,335	24,062,713
Loss allowance	(120,351)	(226,360)	(1,565,806)	(1,912,517)
Carrying amount at 30 June 2019	20,582,610	891,057	676,529	22,150,196

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

Gross carrying amount

Gross carrying amount at 01 July 2019
Changes in the gross carrying amount
Transfer to stage 1
Transfer to stage 2
Transfer to stage 3
New financial assets originated
Financial assets that have been repaid
Financial assets that have been derecognised
Write-offs
Other movements
Gross carrying amount at 30 June 2020

THE GROUP AND THE BANK			
2020			
Stage 1	Stage 2	Stage 3	
12-months ECL	Lifetime ECL	Lifetime ECL	Total
MUR'000	MUR'000	MUR'000	MUR'000
20,702,962	1,117,415	2,242,336	24,062,713
20,382	(8,280)	(12,102)	-
(268,182)	300,663	(32,481)	-
(766,067)	(357,015)	1,123,082	-
9,413,781	218,772	59,100	9,691,653
(7,305,655)	(28,030)	(271,977)	(7,605,662)
-	(708,726)	-	(708,726)
-	-	(506,314)	(506,314)
331,052	(58,595)	227,684	500,141
22,128,273	476,204	2,829,328	25,433,805

Gross carrying amount

Gross carrying amount at 01 July 2018
Changes in the gross carrying amount
Transfer to stage 1
Transfer to stage 2
Transfer to stage 3
New financial assets originated
Financial assets that have been repaid
Financial assets that have been derecognised
Write-offs
Other movements
Gross carrying amount at 30 June 2019

THE GROUP AND THE BANK			
2019			
Stage 1	Stage 2	Stage 3	
12-months ECL	Lifetime ECL	Lifetime ECL	Total
MUR'000	MUR'000	MUR'000	MUR'000
18,901,352	2,815,420	1,796,423	23,513,195
149,260	(128,110)	(21,150)	-
(486,171)	486,173	(2)	-
(240,702)	(1,030,318)	1,271,020	-
11,821,407	4,700	17,233	11,843,340
(8,524,383)	(590,152)	(533,458)	(9,647,993)
-	(310,091)	-	(310,091)
-	-	(213,662)	(213,662)
(917,801)	(130,207)	(74,068)	(1,122,076)
20,702,962	1,117,415	2,242,336	24,062,713

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Allowance for impairment losses

Loss allowance as at 01 July 2019

Changes in the loss allowance

Transfer to stage 1

Transfer to stage 2

Transfer to stage 3

Financial assets that have been derecognised

Write-offs

Net remeasurement of loss allowance

New financial assets originated

Financial assets that have been repaid

Other movements

Loss allowance as at 30 June 2020

THE GROUP AND THE BANK			
2020			
Stage 1	Stage 2	Stage 3	Total
12-months ECL	Lifetime ECL	Lifetime ECL	
MUR'000	MUR'000	MUR'000	MUR'000
120,351	226,360	1,565,806	1,912,517
4,028	(440)	(3,588)	-
(2,115)	3,952	(1,837)	-
(702)	(76,060)	76,762	-
-	(139,932)	-	(139,932)
-	-	(506,314)	(506,314)
(3,965)	2,909	888,644	887,588
38,284	2,976	44,003	85,263
(38,741)	(392)	(78,051)	(117,184)
34,626	(3,628)	236,947	267,945
151,766	15,745	2,222,372	2,389,883

Allowance for impairment losses

Loss allowance as at 01 July 2018

- Effect of adopting IFRS 9

Loss allowance as at 01 July 2018 (as restated)

Changes in the loss allowance

Transfer to stage 1

Transfer to stage 2

Transfer to stage 3

Financial assets that have been derecognised

Write-offs

Net remeasurement of loss allowance

New financial assets originated

Financial assets that have been repaid

Other movements

Loss allowance as at 30 June 2019

THE GROUP AND THE BANK			
2019			
Stage 1	Stage 2	Stage 3	Total
12-months ECL	Lifetime ECL	Lifetime ECL	
MUR'000	MUR'000	MUR'000	MUR'000
306,304	-	909,637	1,215,941
(147,203)	565,679	-	418,476
159,101	565,679	909,637	1,634,417
26,348	(4,752)	(21,596)	-
(1,576)	1,578	(2)	-
(1,027)	(220,518)	221,545	-
-	(142,023)	-	(142,023)
-	-	(192,203)	(192,203)
(64,666)	79,059	665,767	680,160
60,180	83	3,964	64,227
(47,311)	(33,028)	(202,904)	(283,243)
(10,698)	(19,718)	181,598	151,182
120,351	226,360	1,565,806	1,912,517

Allowance for impairment losses include both capital and interest on non-performing loans. Interest provision amounts to MUR 250m at 30 June 2020 (2019: MUR 296m, 2018: MUR 341m) on non-performing loans which are in arrears for more than 90 days (included in stage 3).

The interest suspended for the year ended 30 June 2020 amounts to MUR 67.7m (2019: MUR 54.7m and 2018: MUR 93.1m).

Revaluation adjustments on ECL have been accounted under 'Net gain from foreign exchange and derivatives'.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The following is a reconciliation of the allowance for impairment losses for loans and advances at 30 June 2018:

At 1 July 2017
 Amount written off against allowance
 Charge for the year
 At 30 June 2018

THE GROUP AND THE BANK		
Specific impairment MUR'000	Collective impairment MUR'000	Total MUR'000
1,409,713	294,569	1,704,282
(1,364,156)	-	(1,364,156)
864,080	11,735	875,815
909,637	306,304	1,215,941