#### 40 OFFSETTING FINANCIAL INSTRUMENTS

The Group and the Bank offsetting financial arrangement is summarised on the following pages.

#### Derivatives and loans and advances to banks

The Group and the Bank uses master netting agreements and holds cash collateral and marketable securities to mitigate the credit risk of derivatives, repurchase agreements and securities lending.

The Group and the Bank enters into derivatives with central counterparty clearing houses (CCPs) or bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Group and the Bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Group and the Bank and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of derivatives transacted on exchanges and with CCPs. The collateral posted with regards to open derivatives is cash or marketable securities.

The Group's and the Bank's repurchase, and reverse repurchase, transactions and securities borrowing and lending are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

# **NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 30 JUNE 2020

THE GROUP

### 40 OFFSETTING FINANCIAL INSTRUMENTS (CONTINUED)

THE GROUP	statement of financial position			not offset	
2020					
	Gross	Amount	Net amount	Cash	Net
ACCETO	amounts	offset	reported	collateral	amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	69,036,975	-	69,036,975	-	69,036,975
Due from banks	11,132,738	-	11,132,738	-	11,132,738
Derivative financial instruments	321,961	-	321,961	(80,611)	241,350
Loans and advances to banks	5,245,927	-	5,245,927	-	5,245,927
Loans and advances to customers	23,043,922	-	23,043,922	(1,119,385)	21,924,537
Investment Securities	48,696,565	-	48,696,565	-	48,696,565
Other assets	2,216,920	_	2,216,920	-	2,216,920
	159,695,008		159,695,008	(1,199,996)	158,495,012
LIABILITIES					
LIABILITIES					
Due to banks	13,252	-	13,252	-	13,252
Deposits from banks	96,365	-	96,365	(80,611)	15,754
Deposits from customers	150,826,106	-	150,826,106	(1,119,385)	149,706,721
Derivative financial instruments	107,168	-	107,168	-	107,168
Debts issued	1,083	-	1,083	-	1,083
Lease liabilities	82,571	-	82,571	-	82,571
Other liabilities	484,907	-	484,907	-	484,907
Financial liabilities measured at fair value through profit or loss	4,398	-	4,398	-	4,398
	151,615,850				
		ect of offsetting	on	Related a	amounts
2019	Effe	ect of offsetting ent of financial p		Related a	
2019	Effe stateme Gross	ent of financial p Amount	osition Net amount	not o	ffset Net
	Effe stateme Gross amounts	ent of financial p Amount offset	osition Net amount reported	not o Cash collateral	Net amount
2019 ASSETS	Effe stateme Gross	ent of financial p Amount	osition Net amount	not o	ffset Net
	Effe stateme Gross amounts	ent of financial p Amount offset	osition Net amount reported	not o Cash collateral	Net amount
ASSETS	Effe stateme Gross amounts MUR'000	ent of financial p Amount offset	osition  Net amount reported  MUR'000	not o Cash collateral	Net amount MUR'000
ASSETS  Cash and cash equivalents	Effe stateme Gross amounts MUR'000 50,700,638	ent of financial p Amount offset MUR'000	osition  Net amount reported  MUR'000  50,700,638	not o Cash collateral	Net amount MUR'000 50,700,638
ASSETS  Cash and cash equivalents  Due from banks	Effe stateme Gross amounts MUR'000 50,700,638	ent of financial p Amount offset MUR'000	osition  Net amount reported  MUR'000  50,700,638 12,967,930	not o  Cash collateral  MUR'000	Net amount MUR'000 50,700,638 12,967,930
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930	ent of financial p Amount offset MUR'000	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595	not o  Cash collateral  MUR'000	Net amount MUR'000 50,700,638 12,967,930 744,595
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930	ent of financial p Amount offset MUR'000	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048	not o  Cash collateral  MUR'000	Net amount MUR'000 50,700,638 12,967,930 744,595 6,019,048
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks  Loans and advances to customers	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 - 6,019,048 22,150,196	ent of financial p Amount offset MUR'000	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196	not o  Cash collateral  MUR'000	Net amount MUR'000 50,700,638 12,967,930 744,595 6,019,048 21,359,925
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks  Loans and advances to customers  Investment Securities	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 - 6,019,048 22,150,196 46,203,952	ent of financial p Amount offset MUR'000	Net amount reported MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952	not o  Cash collateral  MUR'000  (790,271)	Net amount MUR'000 50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks  Loans and advances to customers  Investment Securities	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 - 6,019,048 22,150,196 46,203,952 1,922,348	ent of financial p Amount offset MUR'000  - 744,595	Net amount reported MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348	not o  Cash collateral  MUR'000  (790,271)	Net amount MUR'000 50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks  Loans and advances to customers  Investment Securities  Other assets	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 - 6,019,048 22,150,196 46,203,952 1,922,348	ent of financial p Amount offset MUR'000  - 744,595	Net amount reported MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348	not o  Cash collateral  MUR'000  (790,271)	Net amount MUR'000 50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348
ASSETS  Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks  Loans and advances to customers  Investment Securities  Other assets  LIABILITIES	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 6,019,048 22,150,196 46,203,952 1,922,348 139,964,112	ent of financial p  Amount offset  MUR'000  - 744,595	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348 140,708,707	not o  Cash collateral  MUR'000  (790,271)	Net amount MUR'000  50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348 139,918,436
ASSETS  Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 - 6,019,048 22,150,196 46,203,952 1,922,348 139,964,112	ent of financial p  Amount offset  MUR'000  - 744,595	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348 140,708,707	not o  Cash collateral  MUR'000  (790,271) - (790,271)	Net amount MUR'000  50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348 139,918,436
ASSETS  Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks Deposits from customers	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 - 6,019,048 22,150,196 46,203,952 1,922,348 139,964,112	ent of financial p Amount offset MUR'000  - 744,595 744,595	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348 140,708,707	not o  Cash collateral  MUR'000  (790,271)	Net amount MUR'000  50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348 139,918,436
ASSETS  Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks Deposits from customers Derivative financial instruments	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 6,019,048 22,150,196 46,203,952 1,922,348 139,964,112 30,434 14,106 131,018,499 (42,418)	ent of financial p  Amount offset  MUR'000  - 744,595	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348 140,708,707  30,434 14,106 131,018,499 702,177	not o  Cash collateral  MUR'000  (790,271) - (790,271)	Ffset  Net amount  MUR'000  50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348 139,918,436  30,434 14,106 130,228,228 702,177
ASSETS  Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks Deposits from customers Derivative financial instruments Debts issued	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 6,019,048 22,150,196 46,203,952 1,922,348 139,964,112 30,434 14,106 131,018,499 (42,418) 320,662	ent of financial p Amount offset MUR'000  - 744,595 744,595	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348 140,708,707  30,434 14,106 131,018,499 702,177 320,662	not o  Cash collateral  MUR'000  (790,271) - (790,271)	Net amount  MUR'000  50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348 139,918,436  30,434 14,106 130,228,228 702,177 320,662
ASSETS  Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks Deposits from customers Derivative financial instruments	Effe stateme Gross amounts MUR'000 50,700,638 12,967,930 6,019,048 22,150,196 46,203,952 1,922,348 139,964,112 30,434 14,106 131,018,499 (42,418)	ent of financial p Amount offset MUR'000  - 744,595 744,595	osition  Net amount reported  MUR'000  50,700,638 12,967,930 744,595 6,019,048 22,150,196 46,203,952 1,922,348 140,708,707  30,434 14,106 131,018,499 702,177	not o  Cash collateral  MUR'000  (790,271) - (790,271)	Ffset  Net amount  MUR'000  50,700,638 12,967,930 744,595 6,019,048 21,359,925 46,203,952 1,922,348 139,918,436  30,434 14,106 130,228,228 702,177

Effect of offsetting on

Related amounts

# **NOTES TO THE FINANCIAL STATEMENTS**

### YEAR ENDED 30 JUNE 2020

### 40 OFFSETTING FINANCIAL INSTRUMENTS (CONTINUED)

THE GROUP (CONTINUED) 2018	Effect of offsetting on statement of financial position			Related amounts not offset	
	Gross amounts	Amount offset	Net amount reported	Cash collateral	Net amount
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	50,105,076	-	50,105,076	-	50,105,076
Due from banks	5,164,742	-	5,164,742	-	5,164,742
Derivative financial instruments	-	897,052	897,052	-	897,052
Financial assets mandatorily measured at fair value through profit or loss	3,855,950	-	3,855,950	-	3,855,950
Loans and advances to banks	5,769,229	-	5,769,229	-	5,769,229
Loans and advances to customers	22,297,254	-	22,297,254	(558,564)	21,738,690
Debt instruments measured at fair value through other comprehensive income	4,074,500	-	4,074,500	-	4,074,500
Debt instruments measured at amortised cost	27,360,177	-	27,360,177	-	27,360,177
Other assets	1,587,987	-	1,587,987	-	1,587,987
	120,214,915	897,052	121,111,967	(558,564)	120,553,403
LIABILITIES					
Due to banks	932,755	-	932,755	-	932,755
Deposits from banks	33,341	-	33,341	-	33,341
Deposits from customers	111,102,759	-	111,102,759	(558,564)	110,544,195
Derivative financial instruments	(144,108)	897,052	752,944	-	752,944
Debts issued	855,302	-	855,302	_	855,302
Other liabilities	434,769	_	434,769	_	434,769
Financial liabilities measured at fair value through profit or loss	897,654	-	897,654	_	897,654
	114,112,472	897,052	115,009,524	(558,564)	114,450,960
THE BANK	Effect of offsetting on			Related amounts	
2020	statement of financial		·	not offset	
	Gross	Amount	Net amount	Cash	Net
	amounts	offset	reported	collateral	amount
ASSETS	amounts MUR'000	offset MUR'000	reported MUR'000	collateral MUR'000	amount MUR'000
ASSETS  Cash and cash equivalents			· ·		
	MUR'000		MUR'000	MUR'000	MUR'000
Cash and cash equivalents	MUR'000 69,032,249		MUR'000 69,032,249	MUR'000	MUR'000 69,032,249
Cash and cash equivalents Due from banks	MUR'000 69,032,249 11,132,738		MUR'000 69,032,249 11,132,738	MUR'000 - -	MUR'000 69,032,249 11,132,738
Cash and cash equivalents Due from banks Derivative financial instruments	MUR'000 69,032,249 11,132,738 321,961		MUR'000 69,032,249 11,132,738 321,961	MUR'000 - - (80,611)	MUR'000 69,032,249 11,132,738 241,350
Cash and cash equivalents  Due from banks  Derivative financial instruments  Loans and advances to banks	MUR'000 69,032,249 11,132,738 321,961 5,245,927		MUR'000 69,032,249 11,132,738 321,961 5,245,927	MUR'000 - - (80,611) -	MUR'000 69,032,249 11,132,738 241,350 5,245,927
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922		MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922	MUR'000 - - (80,611) -	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900	MUR'000 - - - - -	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900	MUR'000 - - (80,611) -	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795	MUR'000 - - - - -	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795	MUR'000 - (80,611) - (1,119,385) -	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795	MUR'000 - - - - -	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795	MUR'000 - (80,611) - (1,119,385) -	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492	MUR'000 - - - - -	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492	MUR'000 - (80,611) - (1,119,385) -	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795 158,453,496
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492	MUR'000 - - - - -	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492	MUR'000  - (80,611) - (1,119,385) - (1,199,996)	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795 158,453,496
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492	MUR'000 - - - - -	MUR'000 69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492	MUR'000	MUR'000 69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795 158,453,496
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks Deposits from customers	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492  13,252 96,365 150,850,619	MUR'000 - - - - -	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492  13,252 96,365 150,850,619	MUR'000	MUR'000  69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795 158,453,496  13,252 15,754 149,731,234
Cash and cash equivalents Due from banks Derivative financial instruments Loans and advances to banks Loans and advances to customers Investment Securities Other assets  LIABILITIES  Due to banks Deposits from banks Deposits from customers Derivative financial instruments	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492  13,252 96,365 150,850,619 107,168	MUR'000 - - - - -	MUR'000  69,032,249 11,132,738 321,961 5,245,927 23,043,922 48,664,900 2,211,795 159,653,492  13,252 96,365 150,850,619 107,168	MUR'000	MUR'000  69,032,249 11,132,738 241,350 5,245,927 21,924,537 48,664,900 2,211,795 158,453,496  13,252 15,754 149,731,234 107,168

## **NOTES TO THE FINANCIAL STATEMENTS**

#### YEAR ENDED 30 JUNE 2020

THE BANK (CONTINUED)

#### OFFSETTING FINANCIAL INSTRUMENTS (CONTINUED) 40

2019	statement of financial position			not offset		
	Gross	Amount	Net amount	Cash	Net	
	amounts	offset	reported	collateral	amount	
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Cash and cash equivalents	50,698,992	_	50,698,992	-	50,698,992	
Due from banks	12,967,930	-	12,967,930	-	12,967,930	
Derivative financial instruments	_	92,413	92,413	_	92,413	
Loans and advances to banks	6,019,048	_	6,019,048	_	6,019,048	
Loans and advances to customers	22,150,196	_	22,150,196	(790,271)	21,359,925	
Investment Securities	45,308,171	_	45,308,171	_	45,308,171	
Other assets	1,991,181	_	1,991,181	_	1,991,181	
	139,135,518	92,413	139,227,931	(790,271)	138,437,660	
LIABILITIES						
Due to banks	30,434	_	30,434	-	30,434	
Deposits from banks	14,106	-	14,106	-	14,106	
Deposits from customers	131,194,259	-	131,194,259	(790,271)	130,403,988	
Derivative financial instruments	(42,418)	92,413	49,995	-	49,995	
Debts issued	184,205	-	184,205	-	184,205	
Other liabilities	378,678	-	378,678		378,678	
	131,759,264	92,413	131,851,677	(790,271)	131,061,406	
2018	Effect of offsetting on statement of financial position  Gross Amount Net amount			Related amounts not offset Cash Net		
	amounts	offset	reported	collateral	amount	
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Cash and cash equivalents	49,974,647	-	49,974,647	-	49,974,647	
Due from banks	5,164,742	-	5,164,742	-	5,164,742	
Derivative financial instruments	-	208,490	208,490	-	208,490	
Financial assets mandatorily measured at fair value through profit or loss	2,958,296	-	2,958,296	-	2,958,296	
Loans and advances to banks	5,769,229		5,769,229		5,769,229	
Loans and advances to customers	22,297,254	-	22,297,254	(558,564)	21,738,690	
Debt instruments measured at fair value through other comprehensive income	4,055,941	-	4,055,941	-	4,055,941	
Debt instruments measured at amortised cost	27,360,177	-	27,360,177	-	27,360,177	
Other assets	1,744,081		1,744,081	_	1,744,081	
	119,324,367	208,490	119,532,857	(558,564)	118,974,293	
LIABILITIES						
Due to banks	000 755		000 755		000 755	
	932./55	_	932./55	_	932./55	
Deposits from banks	932,755 33,341	-	932,755 33,341	-	932,755 33,341	

Effect of offsetting on

Related amounts

The Group and the Bank entered into various forward-geared contracts with Firstrand Bank. On maturity of these contracts, the Group and the Bank will be required to pay only the net amount. Hence the fair value of all the forward geared contracts has been offset in the financial statements.

111,352,126

(144,108)

600,208

373,263

113,147,585

64,382

600,208

373,263

113,356,075

(558, 564)

(558, 564)

111,352,126

208,490

208,490

64,382

600,208

373,263

112,797,511

110,793,562

The Group and the Bank receive cash collaterals as security on various loan arrangements. The Group and the Bank have a right to offset these cash collaterals against the loan amounts on default of the Group's and the Bank's clients. As at 30 June 2019 and 2018 these amounts have been shown in "due to customers" and have not been offset against the loan balances.

Deposits from customers

Debts issued

Other liabilities

Derivative financial instruments