SEYCHELLES INTERNATIONAL MERCANTILE BANKING CORPORATION LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Abdul Gafoor Yakub Ahmad Saeed Anil Dua Damien Thesee David Howes Michael Bluemner Vincent Van Heyste
SECRETARY	:	ACM Consultants (Pty) Limited PO Box 12890, First floor Allied Plaza, Francis Rachel Street, Victoria, Mahé, Seychelles
REGISTERED OFFICE	:	Nouvobanq House, Victoria, Mahé, Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles

The Directors are pleased to present their report together with the audited financial statements of the **Seychelles International Mercantile Banking Corporation Limited ("the Bank")** for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Bank consist of the provision of banking and financial services in Seychelles. The Bank operates mainly locally and its offshore activities are negligible and; therefore no separate disclosures are presented in these Financial Statements. There has been no change to these activities for the financial year under review.

RESULTS	SR' 000
Profit for the year	**217,375**
Retained earnings brought forward	**220,427**
Retained earnings carried forward	**437,802**

DIVIDENDS

The Directors did not recommend any dividend for the financial year under review (2019: An interim dividend of SR 1,650 per share amounting to SR 165m was declared and paid).

In light of the impact of the COVID-19 pandemic, the Central Bank of Seychelles (CBS) made key policy interventions and implemented several new measures to safeguard the soundness, stability and integrity of the Seychelles' financial system and the broader economy.

One of the measures introduced was the prohibition of declaration of dividends by all commercial banks, the Development Bank of Seychelles and the Seychelles Credit Union. This directive was communicated during the second quarter of 2020, is applicable to the financial years ending December 31, 2019 and December 31, 2020. The Directors confirm that they have complied with it.

PROPERTY AND EQUIPMENT

Additions to property and equipment of **SR 4.2m** for the financial year under review comprised mainly furniture, fittings and equipment and a motor vehicle (2019: SR 7.6m). There were no disposals during the year under review. (2019: Cost of SR 1.2m & Nil net book value). During the year under review, furniture, fixtures & fittings with cost and net book value of **SR 2.6m** and **SR 118k** respectively were written off (2019: furniture, fixtures & fittings and motor vehicle parts with cost and net book value of of SR 1.1m and SR 7k respectively).

Property and equipment are stated at cost less accumulated depreciation. The Directors have estimated that the carrying amount of property and equipment at the reporting date approximate their fair value.

MANAGEMENT OF COVID-19

The emergence of COVID - 19 pandemic during the year inflicted an unprecedented global crisis; taking a large toll on human lives, inducing a synchronized economic downturn and exerting long term socio-economic repercussions. The emanating uncertainty garnered emergency response from Governments across the globe in the form of multiple policy measures implemented on the economic, fiscal and monetary fronts. The unprecedented COVID-19 crisis has brought about many challenges for the financial sector and Nouvobanq. Responding to the challenge, Nouvobanq leveraged its “contingency Framework” to implement a comprehensive pandemic recovery plan encompassing guidelines by the authorities and regulator and a risk based focus to protect the staff from impact of pandemic illness and ensure information system uptime, data integrity, service availability and overall business resilience.

Pandemic impacted several aspects of the Bank’s operations such as shortage of staff, increases in use of ATMs, in volume of digital and calls and in delinquencies etc. During pandemic, the Bank ensured that strategies and processes were in place to enable business continuity to provide critical services while ensuring the health and safety of employees, customers, and vendors.

During pandemic, the Bank implemented the below measures to allow the continuity of operations with minimal contact between staff, customers, or suppliers for prolonged periods of time.

1. Redirected customers from branch/office visits to online banking services. Encouraged customers to use Bank’s digital tools and other resources for self- service banking and 24/7 account access.
2. Reduce hours of operation and enabled employees to work from home or from alternative sites.
3. Used teleconference/videoconference for meetings (even for people in the same building).
4. Implemented restrictions on visitors' access to the bank facilities and enforced quarantine for sick staff.
5. Installed sanitizing gel dispensers throughout all areas used by clients inside the branches and in internal areas for employees.
6. Rearranged furnitures in order to allow more space between employees and between employees and clients or vendors.
7. Ensured the regular disinfection of sensitive areas and defined office hygiene procedures.
8. Regular temperature check was ensured at entry points of all locations and face masks made mandatory.
9. Strict protocols on social distancing were put in place.

   The Director's, together with the Management, have assessed the Bank's ability to continue as a going concern and acknowledged the risk of lower revenue and higher costs in the short to medium term. Based on the capital and liquidity position of the Bank as well as all the ongoing measures being put in place at all levels, the Directors are of the opinion that the going concern basis of preparation of these financial statements remain appropriate in the foreseeable future.

DIRECTORS' AND THEIR INTEREST IN THE BANK

The Directors of the Company from the date of the last report and to-date are:

Abdul Gafoor Yakub
Ahmad Saeed
Anil Dua
Damien Thesee
David Howes
Michael Bluemner
Vincent Van Heyste

None of the Directors held any interest in the Bank during the financial year under review (2019: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Bank including the operations of the Bank and making investment decisions.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies Act 1972, the Financial Institutions Act 2004, as amended, and the regulations and directives of the Central Bank of Seychelles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Bank as a whole; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the Bank's assets.

The Directors confirms that the financial statements presented for audit are free from material misstatement and they have met their aforesaid responsibilities.

AUDITORS

The retiring auditors, Messers. BDO Associates, being eligible offer themselves for re-appointment.

BOARD APPROVAL

Abdul Gafoor Yakub Director	Ahmad Saeed Director	Anil Dua Director	Damien Thesee Director
David Howes Director	Michael Bluemner Director	Vincent Van Heyste Director	

Dated: 08 JUN 2021
Victoria, Seychelles

BDO

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **SEYCHELLES INTERNATIONAL MERCANTILE BANKING CORPORATION LIMITED** (hereafter referred to as **"the Bank"**) set out on pages 4 to 72 which comprise the Statement of Financial Position as at December 31, 2020, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 72 give a true and fair view of the financial position of the Bank as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act, 1972.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, 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.

Key Audit Matters

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

1. **Allowance for Expected Credit Losses (ECL)**

(i) Key Audit Matter

Determining expected credit losses ('ECL') involves Management's judgement and is subject to significant uncertainties, which have varied considerably as a result of Covid-19 pandemic.

Key Audit Matters (Cont'd)

1. **Allowance for Expected Credit Losses (ECL) (Cont'd)**

(a) **Key Audit Matter (Cont'd)**

Inherently judgemental modelling was used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), Exposures at Default ("EAD") and defining the criteria for increases in significant credit risk. The impact of COVID-19 on the economy has increased significantly the level of uncertainties. It remains unclear when the Global economy will fully recover from the COVID-19 pandemic. Reports of new waves and variants of the virus in many parts of the World are being followed up with further lockdown measures, which are adversely impacted economic activities and in many cases livelihood.

The Bank faced significant challenges to adapt its IFRS 9 modelling as compared to previous period so as to adequately fit the new Normal. In addition to the ECL framework, the Bank placed significant reliance on Management's overlay given the environment of increased uncertainty and vulnerability as well as limited view of credit risks in its portfolio.

In applying the post model adjustments, the Bank used a portfolio segmentation approach on its various sectors of exposures in addition to a multiplier effect to overlay the modelled Expected Credit Loss. The multiplier was based on the Bank's perception of risk by sector ranging from 1-8 according to the sectors resilience to COVID-19. (Refer to note 4.1(b))

At December 31, 2020, the Bank reported total credit impairment of **SCR 213.5m** out of which **SCR 203m** was in respect of drawn loans and advances which represent an ECL cover ratio of 7.6%.

(b) **How our audit addressed the key audit matter**

With the assistance of our technical team we carried out the following tests to ensure reasonableness in the circumstances of the Bank's ECL modelling and overlay:

(i) **ECL Modelling framework**

- Evaluated the appropriateness of the Bank's IFRS 9 impairment methodologies;
- Reperformed and inspected model code for the calculation of certain components of the ECL model (including the staging criteria);
- Evaluated whether the changes were appropriate by assessing the updated IFRS 9 model methodology;
- Checked the reasonableness of the Bank's considerations on the ECL impact of the current economic environment due to COVID-19;
- Sample-tested key inputs, data and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and model assumptions applied;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

1. Allowance for Expected Credit Losses (ECL) (Cont'd)

(b) How our audit addressed the key audit matter (Cont'd)

(i) ECL Modelling framework (Cont'd)

- We assessed whether the disclosures were appropriate addressed the uncertainties which existed when determining the ECL including sensitivity analysis done. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear. (Refer to note 4.1)

(ii) Management Overlay

- We assessed the post-model overlay which were applied by the Bank as a response to ECL model framework shortfall due to COVID-19 related uncertainties;
- Scrutinised post model adjustments, considering the size and complexity of Management's adjustments with a focus on COVID-19 related ones, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to their source;
- Based on our knowledge and understanding of the weaknesses and limitations in Management's models and industry emerging risks, we assessed the critical accounting estimates and judgements proposed by Management;
- We also considered the completeness and appropriateness of these adjustments by reviewing the estimates, judgements, methodologies and governance applied;
- We also reviewed the assessment made by the Bank's Risk Management Committee (RMC) to ensure justification for the Management overlay.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 1972, the Financial Institutions Act 2004, as amended and the Regulations and Directives of the Central Bank of Seychelles, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Report on Other Legal and Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interests in, the Bank, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles

The Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles requires that in carrying out our audit, we consider and report to you the following matters. We confirm that:

- In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.
- The explanations or information called for or given to us by management and employees of the Bank were satisfactory.
- The Bank did not carry out any fiduciary duties during the year under review.

Other Matter

This report is made solely to the members of **SEYCHELLES INTERNATIONAL MERCANTILE BANKING CORPORATION LIMITED** as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the Bank's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank or the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

Dated: 08 JUN 2021
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Notes	2020	As restated 2019	As restated 2018
		SR' 000	SR' 000	SR' 000
ASSETS				
Cash and bank balances	5	**5,882,705**	3,545,622	3,469,547
Loans and advances	6	**2,467,422**	2,194,760	1,870,542
Investment in financial assets	7	**2,128,781**	1,343,841	1,131,444
Property and equipment	8	**195,352**	203,506	207,430
Intangible assets	9	**9,989**	12,744	13,085
Right-of-use assets	10(b)	**30,105**	8,527	-
Retirement benefit assets	11(a)	**14,996**	-	-
Other assets	12	**40,356**	206,456	183,802
Current tax receivable	13(a)	**-**	3,114	5,202
Deferred tax assets	14(b)	**58,053**	4,997	1,198
Total Assets		**10,827,759**	7,523,567	6,882,250
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Customers deposits	15	**9,734,884**	6,708,818	6,177,309
Borrowings	16	**28,022**	-	-
Retirement benefit obligation	11(a)	**12,561**	11,285	12,829
Other liabilities	17	**94,789**	94,638	38,928
Current tax liabilities	13(a)	**18,562**	-	-
Total Liabilities		**9,888,818**	6,814,741	6,229,066
EQUITY				
Share capital	18	**100,000**	100,000	100,000
Statutory reserve	19	**100,000**	100,000	100,000
Reserve on property repossessed	12(a)	**-**	124,600	124,600
Fair value reserve	20	**295,220**	166,516	110,530
Actuarial gains/(losses)	20	**5,919**	(2,717)	(3,193)
Retained earnings		**437,802**	220,427	221,247
Total Equity		**938,941**	708,826	653,184
Total Liabilities and Equity		**10,827,759**	7,523,567	6,882,250
CONTINGENT LIABILITIES				
Guarantees, bills of collection, letters of credit, and other obligations on account of customers		**593,291**	443,780	209,637
Loan commitments	30(a)	**412,106**	547,449	530,587

The notes on pages 8 to 72 form an integral part of these financial statements
Auditor's Report on pages 3 to 3(d)

These financial statements were approved for issue by the Board of Directors on: 08 JUN 2021

Abdul Gafoor Yakub Director	**Ahmad Saeed** Director	**Anil Dua** Director	**Damien Thesee** Director
David Howes Director	**Michael Bluemner** Director	**Vincent Van Heyste** Director	

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 SR' 000	*As restated* 2019 SR' 000
Interest income	2(r)/21	**278,756**	279,659
Interest expense	2(r)/22	**(45,371)**	(50,514)
Net interest income		**233,385**	229,145
Fees and commission income	23	**65,453**	84,667
Fees and commission expense		**(41,047)**	(67,960)
Net fee and commission income		**24,406**	16,707
Net interest, fee and commission income		**257,791**	246,388
Net trading income	24	**157,818**	121,352
Exceptional income - collateral realised	12(a)	**144,960**	-
Other operating income	25	**2,295**	2,554
Total operating income		**562,864**	370,294
Non-interest expense			
Other operating expenses	26	**(94,498)**	(81,531)
Depreciation of property and equipment	8	**(12,268)**	(11,537)
Amortisation of intangibles	9	**(3,905)**	(3,304)
Depreciation of right-of-use	10(b)	**(2,607)**	(2,519)
Total operating expenses		**(113,278)**	(98,891)
Operating profit before impairment		**449,586**	270,867
Expected credit loss charge	28	**(180,870)**	(21,576)
Profit before tax		**268,716**	249,291
Tax expenses	13(b)	**(51,341)**	(85,111)
Profit for the year		**217,375**	164,180
Other Comprehensive Income			
Items that will be reclassified to Statement of Profit or Loss			
Reserve on property foreclosed	12(a)	**(124,600)**	-
Items that will not be reclassified to Statement of Profit or Loss			
Remeasurement of retirement benefit obligations (RBO) (note 11(c))		**12,890**	711
Deferred tax effect on remeasurement of RBO (note 14(b))		**(4,254)**	(235)
Net change in fair value of financial assets at FVTOCI (notes 7(a)(ii) and 20)		**128,704**	55,986
Other Comprehensive Income net of tax for the year		**12,740**	56,462
Total Comprehensive Income for the year		**230,115**	220,642

The notes on pages 8 to 72 form an integral part of these financial statements
Auditor's Report on pages 3 to 3(d)

SEYCHELLES INTERNATIONAL MERCANTILE BANKING CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	Share capital	Statutory reserve	Reserve on property foreclosed	Fair value reserve	Actuarial (losses)/ gains	Retained earnings	Total
		SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
At January 1, 2020		**100,000**	**100,000**	**124,600**	**166,516**	**(2,717)**	**220,427**	**708,826**
Total Comprehensive Income for the year		**-**	**-**	**(124,600)**	**128,704**	**8,636**	**217,375**	**230,115**
At December 31, 2020		**100,000**	**100,000**	**-**	**295,220**	**5,919**	**437,802**	**938,941**
At January 1, 2019 - *As restated*		100,000	100,000	124,600	110,530	(3,193)	221,247	653,184
- As previously reported		100,000	100,000	124,600	7,819	(3,193)	221,247	550,473
- Correction of prior period error	7(b)	-	-	-	102,711	-	-	102,711
Total Comprehensive Income for the year - *As restated*		-	-	-	55,986	476	164,180	220,642
- As previously reported		-	-	-	7,545	476	164,180	172,201
- Correction of prior period error	7(b)	-	-	-	48,441	-	-	48,441
Dividends paid	29	-	-	-	-	-	(165,000)	(165,000)
At December 31, 2019 - *As restated*		100,000	100,000	124,600	166,516	(2,717)	220,427	708,826

The notes on pages 8 to 72 form an integral part of these financial statements

Auditor's Report on pages 3 to 3(d)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020	2019
OPERATING ACTIVITIES		**SR' 000**	SR' 000
Profit before taxation		**268,716**	249,291
Adjustments for:			
Allowances for credit impairment	28	**180,870**	21,576
Interest accrued - receivable	6 & 7	**(9,094)**	(6,332)
Depreciation of property and equipment	8	**12,268**	11,537
Property and equipment written off	8	**118**	7
Profit on disposal of property and equipment	8	**-**	(340)
Amortisation of intangible assets	9	**3,905**	3,304
Amortisation of right-of-use assets/lease prepayments	10(b)	**2,607**	2,519
Interest accrued - payable	15	**12,905**	15,824
Retirement benefit obligations charge	11(d)(ii) & (e)	**3,762**	2,802
Effect of foreign exchange differences		**(23,076)**	2,655
Operating profit before working capital changes		**452,981**	302,843
Changes in working capital			
- Loans and advances		**(438,195)**	(340,683)
- Other assets net of recycled fair value	12	**41,601**	(27,268)
- Movement in mandatory balance with central bank	5(b)	**(269,547)**	(106,454)
- Customer deposits	15	**3,013,161**	515,685
- Other liabilities	17	**(28,304)**	50,012
Net cash generated from operations		**2,771,697**	394,135
Employer's contribution and direct benefits paid	11(d)(ii) & (e)	**(4,591)**	(3,635)
Tax refund received	13(a)	**3,114**	5,202
Tax paid	13(a)	**(90,089)**	(92,259)
Net cash inflow from operating activities		**2,680,131**	303,443
INVESTING ACTIVITIES			
Purchase of investments in financial assets	7(a)	**(5,879,536)**	(8,428,049)
Maturity of investments in financial assets	7(a)	**5,223,974**	8,272,831
Placement above three months net of short term investments	5(b)	**(241,253)**	(138,992)
Purchase of property and equipment	8	**(4,232)**	(7,620)
Proceeds from disposal of property and equipment	8	**-**	340
Purchase of intangible assets	9	**(1,150)**	(2,963)
Net cash outflow from investing activities		**(902,197)**	(304,453)
FINANCING ACTIVITIES			
Dividends paid	29	**-**	(165,000)
Borrowings	16	**28,022**	-
Repayment of principal portion of lease liabilities	10(c)	**(2,564)**	(2,349)
Net cash inflow/(outflow) from financing activities		**25,458**	(167,349)
Net change in cash and cash equivalents		**1,803,392**	(168,359)
Movement in cash and cash equivalents:			
At January 1,		**1,879,510**	2,050,524
Increase/(Decrease)		**1,803,392**	(168,359)
Effect of foreign exchange difference		**23,076**	(2,655)
At December 31,	5(b)	**3,705,978**	1,879,510

The notes on pages 8 to 72 form an integral part of these financial statements
Auditor's Report on pages 3 to 3(d)

1. GENERAL INFORMATION

Seychelles International Mercantile Banking Corporation Limited is a limited liability company incorporated and domiciled in Seychelles. The Bank holds a banking license issued by the Central Bank of Seychelles under the Financial Institutions Act, 2004 as amended. The principal place of business is situated at the Nouvobanq House, Victoria, Mahé, Seychelles. The principal activities of the Bank are as stated on page 2 of the Directors' Report.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year.

(a) Basis of preparation

The financial statements of **Seychelles International Mercantile Banking Corporation Limited** have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and are in compliance with the Seychelles Companies Act, 1972, the Financial Institutions Act, 2004 as amended and Regulations and Directives of the Central Bank of Seychelles.

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards.

The preparation of financial statements is in compliance with adopted IFRS which requires the use of certain critical accounting estimates. It also requires Bank's Management to exercise judgement in applying the bank's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

(b) Going concern

The Directors consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements. In reaching this assessment, the Directors have considered the implications of the COVID-19 pandemic macroeconomic and geopolitical headwinds upon the Bank's performance and projected funding and capital position.

(c) New and amended standards and interpretations

(i) Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. *The amendments have no impact on the Bank’s financial statements.*

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(c) **New and amended standards and interpretations (Cont'd)**

(ii) Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. *The amendments have no impact on the Bank's financial statements.*

(iii) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. *The amendments have no impact on the Bank's financial statements.*

(iv) Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. *The amendments have no impact on the Bank's financial statements.*

(v) COVID-19-Related Rent Concessions (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. *The amendments have no impact on the Bank's financial statements.*

(vi) Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. *The amendments have no impact on the Bank's financial statements.*

(d) **Standards, Amendments to published Standards and Interpretations issued but not yet effective**

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Bank has not early adopted.

At the reporting date the following amendments were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
IFRS 17 Insurance Contracts;
Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
Annual Improvements 2018–2020;
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
Reference to the Conceptual Framework (Amendments to IFRS 3);
Amendments to IFRS 17; and
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

Certain new Standards, revised IFRSs and interpretations which are not mandatorily effective for the year ended December 31, 2021 are not likely to have an impact on the Bank's financial statements. The Bank will adopt the other applicable standards on their effective dates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The Financial Statements of the Bank are presented in Seychelles Rupee, which is its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(f) Financial instruments

(i) Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through the Statement of Profit or Loss (FVTPL), transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at their transaction prices.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (Cont'd)

(ii) Classification and measurement

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured either at Amortised Cost or Fair Value Through Other Comprehensive Income (FVTOCI).

Financial Assets measured at Amortised Cost

The Bank measures Cash and cash equivalents, Loans and advances and Investment in financial assets and Other assets at amortised cost only if both of the following conditions are met:

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

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

Business model assessment (Cont'd)

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- Other factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, performance of the asset's is evaluated and reported to key management personnel, the expected frequency and value and timing of sales.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the solely payments of principal and interest (SPPI) test.

Principal, for the purpose of SPPI test, is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(ii) **Classification and measurement (Cont'd)**

The SPPI test (Cont'd)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTOCI.

Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the Statement of Profit or Loss. Dividends are recognised in the Statement of Profit or Loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in Statement of Other Comprehensive Income. Equity instruments at Fair Value through Other Comprehensive Income are not subject to an impairment assessment.

Financial Liabilities measured at Amortised Cost

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the Effective Interest Rate (EIR).

Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit or Loss, and an Expected Credit Loss (ECL) allowance.

The premium received is recognised in the Statement of Profit or Loss in "fees and commission income" on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are within the scope of the ECL requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (Cont'd)

(ii) Classification and measurement (Cont'd)

Financial guarantees, letters of credit and undrawn loan commitments (Cont'd)

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the Statement of Financial Position. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

(iii) Reclassification of financial assets and liabilities

Financial assets are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Bank did not change its business model during the current and comparative period and did not make any reclassifications.

However financial liabilities will never be reclassified but continue to be classified as 'at amortised cost'.

(iv) Derecognition of financial assets and liabilities

Derecognition of financial assets due to substantial modification of terms and conditions

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a ‘new’ asset at fair value and recalculates a new effective interest rate for the assets. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(iv) **Derecognition of financial assets and liabilities (Cont'd)**

Derecognition of financial assets due to substantial modification of terms and conditions (Cont'd)

However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the Statement of Profit or Loss in net impairment of financial assets.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the Statement of Profit or Loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Financial asset derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

If the Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Bank:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit or Loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(v) ***Impairment of financial assets***

(i) Overview of the ECL principles

The Bank records an allowance for Expected Credit Loss (ECL) for all loans and receivables and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL). The Bank's policies for determining if there has been a significant increase in credit risk are set out in note *3.3.3(f).*

The 12mECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in *note 3.3.3(b)* .

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in *note 3.3.3(f)* .

Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. *(Refer to 3.3.3(g))*

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. *(Refer to 3.3.3(g))*

Stage 3: Loans considered credit-impaired *(as outlined in note 3.3.3(a))* , the Bank records an allowance for the LTECL.

(ii) The calculation of ECL

The Bank calculates ECL based on probability of default (PD) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to a Bank in accordance with the contract and the cash flows that the entity expects to receive.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(v) ***Impairment of financial assets (Cont'd)***

(ii) *The calculation of ECL (Cont'd)*

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD PD is defined as the probability that a borrower will be unable to meet a debt obligation over a stipulated time. The PD estimate incorporates information relevant to assess the borrower's ability and willingness to repay debts, as well as information about the economic environment in which the borrower operates. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in *note 3.3.3(c)* .

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in *note 3.3.3(d)* .

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately, as set out in note 2(f)(vi). It is usually expressed as a percentage of the EAD. The LGD is further explained in *note 3.3.3(e)* .

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

The calculation of ECL including the ECL related to the undrawn element if any is as explained below:

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

Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained on stage 1 assets, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(v) ***Impairment of financial assets (Cont'd)***

(ii) *The calculation of ECL (Cont'd)*

Stage 3 - For loans considered credit-impaired (as defined in note 3.3.3(a)), the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments and letters of credit - When estimating LTECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability of default. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For 'Deferred cards' and related undrawn commitment if any, ECL is calculated and presented together with 'Provision' same as loan commitments and letters of credit, the ECL is recognised within provisions under other liabilities. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

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

(iii) *Purchased or originated credit impaired financial assets (POCI)*

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance. There were however none during the period under review.

(iv) *Deferred cards*

The Bank's products offering includes a variety of corporate and retail credit cards facilities termed Deferred card, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice.

The Deferred cards portfolio of the Bank has not been combined with the retail portfolio. The deferred cards portfolio has not seen any historical defaults within the Bank. This portfolio is secured and backed by eligible financial collaterals.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, as explained in *note 3.3.3(c)* , but greater emphasis is also given to qualitative factors such as changes in usage.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(v) ***Impairment of financial assets (Cont'd)***

(iv) *Deferred cards (Cont'd)*

The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, as explained in *note 3.3.3(b)* , on a collective basis. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

(v) *Forward looking information*

The Bank incorporates forward looking information/Macro economic overlay on retail and corporate portfolio through the following methods:

Portfolio	Methodology	Model Type	Data Time Period
Corporate	Regression Analysis	Bivariate Model	2015 Quarter 1 – 2019 Quarter 4
Retail	Regression Analysis	Multivariate Model	2015 Quarter 1 – 2019 Quarter 4

The Bank uses general government gross debt and current account balance as percent of GDP specific to Seychelles on Corporate portfolio while GDP per capita at constant prices, total investments as percent of GDP and general government net debt) for Retail Portfolio.

The forward looking estimates was arived through computation of a five year macroeconomic scalar for the above segments. The scalar is multiplied on a rolling basis to the PD term structure to arrive at the macroeconomic adjusted PD term structure.

(vi) **Credit enhancements: collateral valuation and financial guarantees**

To mitigate its credit risks on financial assets, the Bank seeks to use collaterals, where possible. The collaterals come in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. Collateral, unless repossessed, is not recorded on the Bank's Statement of Financial Position.

Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a financial asset which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collaterals affect the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on practical basis by Management. However, some collaterals, for example, cash or securities relating to margining requirements, is valued daily.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (Cont'd)**

(vi) **Credit enhancements: collateral valuation and financial guarantees (Cont'd)**

The Bank does not use active market data for valuing financial assets held as collaterals. The Bank relies on the market value provided by professional valuers as at the time a request is made.

Guarantees held are included in the measurement of loan ECLs when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended. Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

(vii) **Repossessed collateral**

Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans or foreclosure on loans that are in default. Such assets are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

Repossessed assets are initially recognised at fair value when acquired and classified as inventories within 'Other assets' unless they meet the requirements of Non Current Assets-held-for sale or disposal groups under IFRS 5. Repossessed properties are subsequently measured at the lower of carrying amount and net realisable value. In case when outstanding indebtness is cleared before collateral is realised; the Bank recognises corresponding entry in fair value reserve which can be recycled to other income on sale.

(viii) **Write-offs**

Financial assets are written-off, in whole or in part, when the Bank exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include among others, customer files for bankrupcy, the failure of a customer to engage in a repayment plan with the Bank, and a failure to make contractual payments for a period of greater than 365 days past due.

The Bank may write-off financial assets that are still subject to enforcement activity when the Bank seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

(g) **Cash and cash equivalents**

Cash and cash equivalents as referred to in the Statement of Cash Flows comprises cash on hand, highly liquid financial assets that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments, non–restricted current accounts with Central Bank of Seychelles and amounts due from banks on demand or with an original maturity of three months or less and bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(i) Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

	Years
Buildings	Leasehold period
Leasehold improvements	Leasehold period
Furniture and fittings	5
Office equipment	5
Premises' fixed equipment	5 to 10
Motor vehicles	4

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) **Property and equipment (Cont'd)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. (as outlined on note 2(l))

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with their carrying amount and are included in the Statement of Profit or Loss.

(j) **Leases**

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in *note 2(l)* impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Intangible assets

Acquired computer software

Intangible assets comprise of software and licenses which have a finite economic life.

Acquired computer software and licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over the estimated useful life of 5 years.

The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets is recognised in the Statement of Profit or Loss.

Computer software is subject to impairment in line with the Bank's policy as described in *note 2(l)* impairment of non-financial assets.

(l) Impairment of non-financial assets

The Bank assesses, at each reporting date, whether there is an indication that Property and equipment, Right of use assets, Intangible assets and Other assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the Statement of Profit or Loss in Other operating expenses.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(m) **Taxation**

Current tax

Tax in the Statement of Profit or Loss relates to current year's tax which is the expected amount of tax payable in respect of taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax

Deferred tax is provided for using the liability method on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of equipment, provision for credit impairment on loans and advances, provision for retirement benefit obligation, excess of lease obligation over right-of-use, cummulative acturial gains/losses.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled. The tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date are used to determine deferred tax.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of Profit or Loss except for tax related to remeasurement of actuarial gains/losses which are charged or credited to Statement of Other Comprehensive Income.

Deferred tax assets are recognised to the extent that it is possible that future taxable profit will be available against which the temporary differences can be utilised.

(n) **Retirement benefit obligations**

(i) **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(n) **Retirement benefit obligations (Cont'd)**

(ii) **Defined contribution plans**

A defined contribution plan is a pension plan under which the Bank pays a fixed contribution into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Bank and Seychellois employees contributes to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

(iii) **Length of service compensation**

The amendments to the Seychelles Employment Act in the year 1999 entitled one day wage for each completed month of service provided the employee has completed five years continuous service. The Bank accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur.

(iv) **Defined benefit plan**

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined obligation at the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are accumulated in a separate reserve and will not be reclassified to the Statement of Profit or loss in the subsequent periods.

The Bank recognises the following changes in the net benefit obligation under 'employment benefit expenses 'in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit or Loss net of any reimbursement.

(p) Equity reserves

The reserves recorded in equity on the Bank's Statement of Financial Position include:

- The cumulative net change in the fair value of Equity instruments classified at FVTOCI; and
- The statutory reserve is maintained in accordance with section 24(1) of the Financial Institutions Act 2004 as amended.
- Unrealised profits emanating from assets repossesed for which loans and advances had been previously written off. This is subsequntly released to the Statement of Other Comprehensive Income upon disposal of the repossessed assets. (refer to note 2(f)(vii)).
- Cumulative actuarial gains/losses emanating from defined benefit obligation. (as set out on note n (ii)).

(q) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's Shareholders and Central Bank of Seychelles. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(r) Interest income and expense

(i) The effective interest rate (EIR) method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(r) **Interest income and expense (Cont'd)**

(i) **The effective interest rate method (EIR) (Cont'd)**

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the Statement of Financial Position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

(ii) **Interest and similar income/expense**

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the Statement of Profit or Loss for both interest income and interest expense to provide symmetrical and comparable information.

Interest income/expense is calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in *note 2(r)(i)* above.

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired as set out in *note 3.3.3(a*) and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures (as outlined in *note 3.3.3(a)*) and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(r) **Interest income and expense (Cont'd)**

(ii) **Interest and similar income/expense (Cont'd)**

For purchased or originated credit-impaired (POCI) financial assets (as set out in *note 3.3.3(a))* , the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

However for the financial years 2020 and 2019 the Bank did not recognise interests of all loans and advances that were 90 days past due. These were credited to an interest in suspense account and adjusted to Loan and advance balance under *(note 6)* . The Bank release suspended interest once outstanding dues have been cleared per the backward transition explained on *note 3.3.3(g)* .

(s) **Fees and commission**

Fees and commissions are recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiations of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors and management

The Bank's activities expose it to a variety of financial risk, market risk (including currency and fair value interest risk), credit risk and liquidity risk. It's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Bank's financial performance.

The Bank also seeks to raise its interest margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Its exposures are not restricted to just on-statement of Financial Position loans and advances but also to other commitments such as acceptances, letters of credit and bank guarantees.

A description of the significant risks is given as follows together with the risk management policies applicable. It is the Bank's policy to take deposits from customers at variable rates mostly by investing these funds in a wide range of assets.

3.2 *Capital adequacy*

In line with requirements of the Financial Institutions (Capital Adequacy) Regulations 2010, capital adequacy ratio is closely monitored in line with the requirements of the Financial Institutions Act, 2004 as amended and those of the Central Bank of Seychelles. The ratio is given below:

	2020	2019
	SR'000	SR'000
Capital Base:		
Tier I Capital	**637,802**	421,247
Tier II Capital	**26,260**	19,979
Total Capital Base (a)	**664,062**	441,226
Total Risk Weighted Assets for Credit risk	**3,932,755**	3,072,749
Operational Risk Capital Requirement	**529,055**	506,906
Total Risk-adjusted Assets (b)	**4,461,810**	3,428,503
Capital adequacy (a/b)*100	**14.88%**	12.87%
Minimum requirement	**12%**	12%

The Bank has adhered to the capital requirements of Central Bank of Seychelles for the year under review.

3.3 *Credit risk*

The Bank is exposed to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and are subject to frequent reviews.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 *Credit risk (Cont'd)*

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these limits where appropriate. Exposure to credit risk is also managed by obtaining collateral and personal guarantees.

3.3.1 Credit risk management

Bank's approach to credit risk management is based on the foundation of independence and integrity of risk management. This is ensured through a well-defined and robust organisation structure duly supported by various risk committees, forums, systems, policies, procedures and processes providing a strong risk infrastructure and management framework.

The Bank's credit policy focuses on the core credit principles, lending guidelines and parameters, control and monitoring requirements, problem loan identification, management of high risk counterparties and provisioning. Standard procedures specific to businesses have been established to manage various types of risks across different business segments, products and portfolios.

Portfolio performance is periodically measured against risk appetite parameters and breaches if any are actioned by the Bank's Senior Management.

(a) *Retail & Corporate banking credit risk management:*

Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment considers amongst other things the purpose of the facility, sources of re-payment, prevailing and potential macro-economic factors, industry trends, customers' credit worthiness and standing within the industry.

The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

The Bank has a well-defined process for identification and management of Early Alert (EA), Watch List (WL) & Impaired Non Performing Loans (NPL). There are policies which govern credit review of EA, WL & NPL accounts and impairment, in line with Basel Guidelines, International Financial Reporting Standards and regulatory guidelines.

(b) *Consumer banking credit risk management:*

The Bank has a structured management framework for Consumer Banking risk management. The framework enables the Bank in identification and evaluation of the significance of all credit risks that the Bank faces, which may have an adverse material impact on its financial position.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 *Credit risk (Cont'd)*

3.3.1 Credit risk management (Cont'd)

(b) *Consumer banking credit risk management (Cont'd):*

In the Consumer Banking portfolio, losses stem from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending transactions.

The Bank's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Bank to prudently recognise impairment on its portfolios.

3.3.2 Credit-related commitments risks

The main purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank to pay a third party, on behalf of its customers up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers continuously adhering to specific credit standards. The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

3.3.3 Impairment assessment

The Bank's impairment assessment and measurement approach is set out below. It should be read in conjunction with the summary of significant accounting policies *note 2(f)(v).*

(a) <u>Definition of default and impairment</u>

The Bank considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments unless the entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 *Credit risk (Cont'd)*

3.3.3 Impairment assessment (Cont'd)

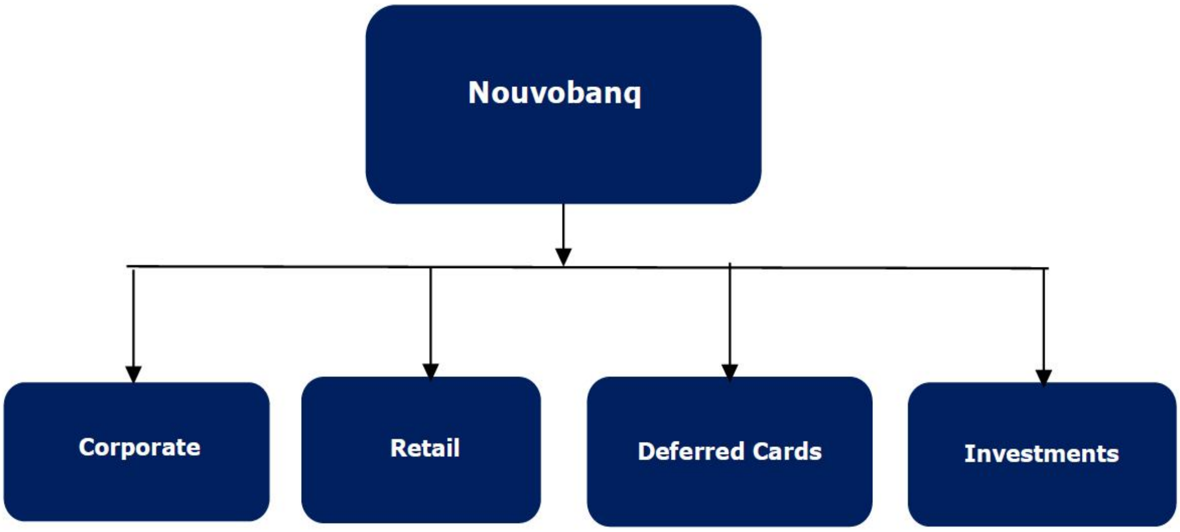
(a) Definition of default and impairment (Cont'd)

In addition, the Bank may identify certain exposures as defaulted where, in the opinion of the Management, there is a threat of the exposure having to be classified as default in a short period of time.

The Bank has aligned its definition of credit impaired assets under IFRS 9 to prudent global definition of non-performing loans ('NPLs').

(b) Segmentation of financial assets

The Bank extends credit facilities to individual customers and to corporate entities. Its portfolio is broadly categorized as detailed below:



Corporate portfolio include overdraft and term loans. This has been segmented based on the size of each industry within the loan book. Real estate, Tourism and Trade categories were identified to have significant segments and have been modelled individually to arrive at the Probability of Default (PD) and the remaining industries have been combined together for the modelling purpose.

Retail portfolio includes Mortgage loans, Private households loans and Consumer loans. The loan book is relatively smaller in size, and therefore has not been considered for distinct segmentation.

The Bank evaluate Deferred cards portfolio separately including the evaluation of each risk component.

For the investments portfolio, the ECL computation was done separately for each product. This includes Treasury Bills, Treasury Bonds, Placements, Letter of Credits (LC's) and Guarantees.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 *Credit risk (Cont'd)*

3.3.3 Impairment assessment (Cont'd)

(c) The Bank's internal rating and Probability of Default (PD) estimation process

The Bank allocates each exposure to credit risk grade based on a variety of data that is determined to be predictive of risk of default and applying experienced credit judgement. For the loans and advances, credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of the borrower.

(c)(i) Bank's Grading

The Bank does not have an approved grading system, however for financial reporting the Bank adopted below grading which is based on allocation of each exposure to credit risk grade in turn based on a variety of data that is determined to be predictive of risk of default and applying experienced credit judgement.

In particular, grading of loans and advances is based on the modified Central Bank of Seychelles grading guidelines aligning to the Bank's Days Past Due (DPD) days as below:

C B S grading	Bank's grading	DPD Date	Staging
Pass	High to Standard	0 - 30	Stage 1 and Stage 2
Special mention	Sub standard,	31 - 90	Stage 2 and Stage 3
Sub standard,	Non performing loans	91 - 180	Stage 3
Doubtful	Non performing loans	181 - 365	Stage 3
Loss	Non performing loans	> 365	Stage 3

Grading of other financial assets is based on Moody's rating which comprises grading from 1-4 is classified as high grade, 5-16 as standard grade, 17-19 as sub standard grading and 20 as non-

(c)(ii) Probability of Default (PD)

The PD computation is based on Vintage analysis by considering a rolling window of 5 years (January 2015 – December 2019) for both the corporate and retail portfolios. *(Refer to table below)*. Data of year 2020 was not included for the PD model because of data unavailability as majority of the loans were in moratorium. The PDs computed through this process are Through the Cycle (TTC) PDs.

Portfolio	Methodology	Data Time Period
Retail	Vintage analysis	January 2015 – December 2019
Corporate	Vintage analysis	January 2015 – December 2019
Deferred cards	Basel Prescribed Minimum PD of 0.03%	-
Investments	Basel Prescribed Minimum PD of 0.03%	-

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.3 *Credit risk (Cont'd)*

3.3.3 Impairment assessment (Cont'd)

(c)(ii) Probability of Default (PD) (Cont'd)

The macro model built in 2020 financial year took the quarterly default rates from 2015 to 2019. Data of year 2020 was not included for the PD model for this current year because of data unavailability as majority of the loans were in moratorium. So, the same FY2020 macroeconomic model was used, but updated with the latest IMF estimates for year 2021-2025.

Macroeconomic variable time series data (2021-2025) pertaining to the Seychelles economy and sourced from the International Monetary Fund (IMF), and quarterly default rates (2015-2019) were used to build a macroeconomic overlay model.

The macroeconomic overlay/impact computed from macroeconomic overlay model is applied on Through the Cycle (TTC) PD to come up with Point in Time (PIT) PD.

The methodology followed and the assumptions used while arriving at the PD and the corresponding PD Term structure have been detailed in the following sections.

Corporate Portfolio PD Computation

The PD computation for the corporate portfolio has been based on Vintage analysis. The corporate portfolio was segmented within the Bank based on the industries in which they have an exposure. For the PD model, the segmentation done for the corporate portfolio was based on the number of accounts present in the following industries: (a) Real Estate, (b) Tourism, (c) Trade and (d) Others.

Based on this analysis, 4 segments were created to compute the TTC PD's for the Bank. A separate Vintage analysis was performed to track the accounts for each of the four segments.

Retail Portfolio PD Computation

The Bank combined the entire retail portfolio and computed a single TTC PD using Vintage analysis as explained above. This was due to few defaults noted in the Bank's historic performance as well as materiality of the portfolio.

Through the cycle (TTC) PD was computed using data that covered an economic cycle of at least 5 – 7 years. For the Bank, 5 years of default data was considered. The PD computation was used to create a term structure for the portfolio using survival analysis.

3. **FINANCIAL RISK MANAGEMENT (Cont'd)**

3.3 ***Credit risk (Cont'd)***

3.3.3 **Impairment assessment (Cont'd) /** (c)(ii) Probability of Default (PD) (Cont'd)

Deferred Cards Portfolio PD Computation

The deferred cards portfolio have not seen any historical defaults within the Bank. This portfolio is secured and backed by eligible financial collaterals. Each month any outstanding balance is recovered from cash security held by the Bank. The Bank has concluded that no ECL should be levied on Deferred Cards (2019:The Bank adopted Basel's prescribed minimum floor on the PD component of 0.03%.)

Investments Portfolio PD Computation

The Investments portfolio have been treated individually. Since the investments have no historical defaults within the Bank, no model has been built to arrive at the PD estimates.

The bank adopted Basel prescribed minimum floor on the PD component of 0.03%. This floor was applied to all the investments.

(d) Exposure at default (EAD)

EAD is defined as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued has been considered for the EAD computation.

The Bank computes EAD for undisbursed portion of exposure by applying a credit conversion factor of 20% if the original maturity is less than a year and a factor of 50% if the original maturity is greater than 1 year. This application has been aligned with the Basel guidelines.

EAD = Disbursed Exposure * 100% + Undisbursed Exposure * CCF factor

(e) Loss given default (LGD)

LGDs for both the Retail & Corporate portfolios, Deferred Card and Investment were based on the foundation – IRB approach.

The foundation IRB approach (F-IRB) is based on regulatory prescribed LGD’s. In a situation where the Bank is not able to arrive at internal estimates for their risk components based on their internal data, the Regulator prescribed an LGD value based on haircuts that can be applied on the collaterals. For the Bank, this methodology was adopted due to the paucity of default data.

The FIRB approach which considers some other forms of collateral, known as eligible IRB collateral, and were also recognized. These include receivables, specified commercial and residential real estate, and other physical collateral, where they met the minimum requirements.

3. **FINANCIAL RISK MANAGEMENT (Cont'd)**

3.3 ***Credit risk (Cont'd)***

3.3.3 **Impairment assessment (Cont'd)**

(f) Significant increase in credit risk (SICR)

The Bank's portfolio were classified into three stages based on comparisons made between an account's credit risk at origination and its credit risk on the reporting date.

The Bank continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assessed whether there has been a significant increase in credit risk since initial recognition.

The Bank used the number of days past due (DPD) to determine significant increase in credit risk. Credit gradings are assigned to facilities granted by sectors upon initial recognition based on available information. For Corporate and Retail loans Stage 1: 0-29 DPD, Stage 2: 30-89 DPD and Stage 3: 90+ DPD+. The Bank however considered each investment (across every product mentioned above) and checked if the instrument was invoked. If such was the case, then the account would be classified as Stage 3, else, it would be in Stage 1.

Credit risk is deemed to have increased significantly if credit ratings have deteriorated at the reporting date. When estimating ECLs on a collective basis for a group of similar assets (as set out in note 3.3.3(b)), the Bank applied the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

The Bank also applied a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk was deemed to have increased significantly since initial recognition.

In 2020, Nouvobanq granted moratorium to several borrowers due to COVID-19. In such cases, DPD did not give a clear picture of borrowers' risk. The below qualitative and qualitative criterias were considered when the Bank took the decision to classify Borrowers in stage two:

Qualitative criteria for Corporate portfolio

Borrowers who were in moratorium as at Dec 2020 and classified under 'severely impacted industry by Bank management were those who were considered to be severely impacted by COVID-19.

Borrowers who were in moratorium as at Dec 2020, but classified in 'moderately and less impacted' industries by the Bank's Management, and whose interests were being capitalised.

Borrowers, (irrespective of moratorium or interest paid), who were in 30+dpd during period Mar-19 to

Quantitative criteria for Corporate portfolio:

Borrowers, (irrespective of moratorium or interest paid), who were in 30+dpd during Mar-19 to Feb-

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.3 *Credit risk (Cont'd)*

3.3.3 Impairment assessment (Cont'd)

(g) Treatment of restructuring, curing and backward transitions

The Bank keeps the restructured accounts in Stage 3 where restructurations of cash flows are done on the account due to the financial stress of the customers. Portfolios are then moved to Stage 2 based on Management's outlook with appropriate evidences of timely payments for at least 3 months.

When an improvement to the credit quality occurs, and there are adequate and documented reasons that make it possible to transfer credit claims from Stage 3 to Stage 2, or from Stage 2 to Stage 1, the Bank transfers credit exposure from upper stage to lower stage after verifying the credit status of the claim and obligation through payment of monthly installments.

Upon transition back from higher risk grades to lower risk grades i.e. from Stage 3 to Stage 2 or Stage 2 to Stage 1, the following are considered:

- That all payments are up-to-date i.e. all outstanding payments on the credit facility are made on time and no payments are in arrears; and
- The PD has remained below the threshold that is considered a 'significant increase' 'for a minimum period of 3 months (Probation period) as per Central Bank of Seychelles.

3.3.4 Concentration risk and exposure to credit risk

The Bank’s concentration risk is managed by client and industry sector as shown in *3.3.4(b)* .

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors with discretionary limits set for the Bank's Management.

3. **FINANCIAL RISK MANAGEMENT (Cont'd) / Credit risk (Cont'd)**

3.3.4 ***Concentation risk and exposure to credit risk (Cont'd)***

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these limits where appropriate. Exposure to credit risk is also managed by obtaining collateral, corporate and personal guarantees.

(a) The table that follow shows the maximum exposure of financial assets to credit risk for the components of the Statement of Financial Position.

Description	**2020**			2019		
	Gross exposure	**E C L**	**Net exposure**	Gross exposure	E C L	Net exposure
Cash and bank balances (note 5)	**5,883,222**	**(517)**	**5,882,705**	3,545,954	(332)	3,545,622
Loans and advances (note 6)	**2,670,494**	**(203,072)**	**2,467,422**	2,223,968	(29,208)	2,194,760
Investment in financial assets (note 7)	**2,129,025**	**(244)**	**2,128,781**	1,343,996	(155)	1,343,841
Other assets excluding prepayments (note 12)	**34,633**	**-**	**34,633**	204,455	-	204,455
Commitments (SOFP)(note 30)	**1,005,397**	**(9,382)**	**996,015**	991,229	(2,650)	988,579
Total	**11,722,771**	**(213,215)**	**11,509,556**	8,309,602	(32,345)	8,277,257

(b) Analysis of concentration risk

	Financial services	Government of Seychelles	Real estate	Tourism	Trade	Personal	Others	Total
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
December 31, 2020								
Cash and bank balances	5,772,787	-	-	-	-	-	110,435	5,883,222
Loans and advances	192,143	115,019	598,829	662,601	118,289	199,964	783,649	2,670,494
Investment in financial assets	322,057	1,806,968	-	-	-	-	-	2,129,025
Other assets	6,988	-	-	-	-	-	33,368	34,633
Commitments	-	-	4,803	105,163	38,335	23,059	834,037	1,005,397
Total concentration of risk	6,293,975	1,921,987	603,632	767,764	156,624	223,023	1,761,489	11,722,771
December 31, 2019								
Total concentration of risk	4,458,135	1,069,900	809,114	635,226	142,533	335,677	859,017	8,309,602

3. **FINANCIAL RISK MANAGEMENT (CONT'D)**

3.4 **Currency risk**

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Bank's foreign currency positions. The latter is exposed with respect to foreign currency risk arising from trading in foreign currency and acceptances. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly, expenses monitored and actions taken accordingly.

The Bank managed its foreign currency exposure during the year under review to remain within limits set by the Financial Institutions (Foreign Currency Exposure) Regulations, 2009 as amended issued by the Central Bank of Seychelles which requires that long and short position to capital ratio is not more than 30% respectively.

At December 31, 2020, if the Seychelles Rupee had weakened/strengthened by 5% against foreign currencies (mainly US dollar and Euro) with all other variables held constant, profit for the year would have been **SR 3.5m** (2019: SR 3.5m) higher/lower, mainly as a result of foreign exchange gains/(losses) on translation of foreign currency denominated assets and liabilities balances.

On-Statement of Financial Position (SOFP) as at December 31, 2020

	EURO	USD	SCR	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
Assets					
Cash and cash equivalents	**1,129,556**	**3,736,181**	**914,029**	**103,456**	**5,883,222**
Loans and advances	**787,924**	**704,357**	**1,178,213**	**-**	**2,670,494**
Investment in financial assets	**607**	**320,815**	**1,807,603**	**-**	**2,129,025**
Right-of-use assets	**-**	**-**	**30,105**	**-**	**30,105**
Property and equipment	**-**	**-**	**195,352**	**-**	**195,352**
Intangible asset	**-**	**-**	**9,989**	**-**	**9,989**
Deferred tax assets	**-**	**-**	**58,053**	**-**	**58,053**
Retirement benefit assets	**-**	**-**	**14,996**	**-**	**14,996**
Other assets	**1,513**	**18**	**38,825**	**-**	**40,356**
	1,919,600	**4,761,371**	**4,247,165**	**103,456**	**11,031,592**
Liabilities					
Deposits from banks & customers	**1,915,418**	**4,255,937**	**3,471,140**	**92,389**	**9,734,884**
Borrowings	**-**	**-**	**28,022**	**-**	**28,022**
Retirement benefit obligations	**-**	**-**	**12,561**	**-**	**12,561**
Other liabilities	**1,334**	**31,737**	**59,128**	**2,590**	**94,789**
Current tax liabilities	**-**	**-**	**18,562**	**-**	**18,562**
	1,916,752	**4,287,674**	**3,589,413**	**94,979**	**9,888,818**
Net on-SOFP position	**2,848**	**473,697**	**657,752**	**8,477**	**1,142,774**
Less ECL on SOFP financial assets (notes 5, 6 & 7)					**(203,833)**
					938,941

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.4 Currency risk (Cont'd)

Off Statement of Financial Position (SOFP) as at December 31, 2020

	EURO	USD	SCR	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
Acceptances, letters of credit and guarantees	9,476	479,750	101,977	2,088	593,291
Loan commitments	40,480	169,604	202,022	-	412,106
	49,956	649,354	303,999	2,088	1,005,397
Less off SOFP ECL exposure (note 17(b))					(9,382)
					996,015

On-Statement of Financial Position (SOFP) as at December 31, 2019

	EURO	USD	SCR	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
Total assets	1,142,768	2,974,819	3,369,698	65,977	7,553,262
Total liabilities	1,150,691	2,654,825	2,945,626	63,599	6,814,741
Net on-SOFP position	(7,923)	319,994	424,072	2,378	738,521
Less ECL on SOFP financial assets (notes 5, 6 & 7)					(29,695)
					708,826

Off Statement of Financial Position (SOFP) as at December 31, 2019

	EURO	USD	SCR	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
Acceptances, letters of credit and guarantees	3,727	328,839	109,048	2,166	443,780
Loan commitments	68,625	112,571	366,167	86	547,449
	72,352	441,410	475,215	2,252	991,229
Less off SOFP ECL exposure (note 17(b))					(2,650)
					988,579

3. **FINANCIAL RISK MANAGEMENT (CONT'D) / 3.5 Liquidity Risk**

The Bank is exposed to daily calls on its available cash resources from deposits at call and short notice or maturing deposits, loan disbursements, guarantees and from margin and other calls. The Bank maintains cash resources to meet all of these needs based on ongoing analysis of volatile funds and past experience. It also sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing that should be in place to cover withdrawals at unexpected levels of demand. Maturity profile of assets and liabilities is as follows:

At December 31, 2020	Up to 3 month	3 - 12 months	1 - 5 years	Over 5 years	Non-maturity items	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Assets						
Cash and cash equivalents	3,763,550	996,497	-	-	1,123,175	5,883,222
Loans and advances	275,076	60,659	1,470,579	774,225	89,955	2,670,494
Investment in financial assets	835,227	765,540	155,711	50,489	322,058	2,129,025
Right-of-use assets	-	165	6,015	23,925	-	30,105
Property and equipment	-	-	-	-	195,352	195,352
Intangible assets	-	-	-	-	9,989	9,989
Deferred tax assets	-	-	-	-	58,053	58,053
Retirement benefit assets	-	-	-	-	14,996	14,996
Other assets	31,362	5,358	365	-	3,271	40,356
	4,905,215	1,828,219	1,632,670	848,639	1,801,853	11,031,592
Liabilities						
Deposits from banks and customers	9,215,468	515,090	4,326	-	-	9,734,884
Borrowings	-	-	28,022	-	-	28,022
Retirement benefit obligation	-	-	-	-	12,561	12,561
Other liabilities	44,460	173	6,167	19,466	24,523	94,789
Current tax liabilities	-	-	-	-	18,562	18,562
	9,259,928	515,263	38,515	19,466	55,646	9,888,818
Maturity gap	(4,354,713)	1,312,956	1,594,155	829,173	1,746,207	1,142,774
Less ECL on SOFP financial assets (notes 5, 6 & 7)						(203,833)
						938,941

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.5 Liquidity risk (Cont'd)

At December 31, 2019	Up to 3 month	3 - 12 months	1 - 5 years	Over 5 years	Non-maturity items	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Total assets	3,296,219	1,755,677	883,033	971,077	647,256	7,553,262
Total liabilities	6,147,311	553,644	7,863	-	105,923	6,814,741
Maturity gap	(2,851,092)	1,202,033	875,170	971,077	541,333	738,521
Less ECL on SOFP financial assets (notes 5, 6 & 7)						(29,695)
						708,826

The Bank also complies with the Central Bank of Seychelles' requirements as a commercial bank and maintains liquid assets of an amount which shall not, as a daily average each month, be less than 20% of the bank's total liabilities under the Financial Institutions (Liquidity Risk Management) Regulations, 2009 as amended in 2012.

The Bank met the guidelines of the Central Bank of Seychelles in terms of its liquidity ratio during the years 2020 and 2019.

3.6 Interest rate risk

Interest rate risk arises from changes in interest rates. The main type of interest rate risk to which the Bank is exposed is “Re-pricing Risk”, which is defined as: The risk arising from timing differences in the maturity (for fixed rates) and re-pricing (for floating rates) of bank assets, liabilities and off Statement of Financial Position exposures, which can expose a bank’s income and/or underlying economic value to unanticipated fluctuations as interest rates vary.

It is the policy of the Bank to limit exposure of its Statement of Financial Position and off Statement of Financial Position to re-pricing risk by systematically inserting a clause in its contract that allows the Bank to re-price as and when required in line with changes in interest rates, thereby mitigating the re-pricing risk.

3.6 **FINANCIAL RISK MANAGEMENT (CONT'D) / Interest rate risk (Cont'd)**

At December 31, 2020	**Up to 12 months**	**1 to 3 years**	**Over 3 years**	**Non-interest items**	**Total**
Assets	**SR'000**	**SR'000**	**SR'000**	**SR'000**	**SR'000**
Cash and cash equivalents	**4,631,253**	**-**	**-**	**1,251,969**	**5,883,222**
Loans and advances	**425,690**	**805,764**	**1,439,040**	**-**	**2,670,494**
Investment in financial assets	**1,600,767**	**155,711**	**50,489**	**322,058**	**2,129,025**
Right-of-use assets	**165**	**1,095**	**28,845**	**-**	**30,105**
Property and equipment	**-**	**-**	**-**	**195,352**	**195,352**
Intangible assets	**-**	**-**	**-**	**9,989**	**9,989**
Deferred tax assets	**-**	**-**	**-**	**58,053**	**58,053**
Retirement benefit assets	**-**	**-**	**-**	**14,996**	**14,996**
Other assets	**-**	**-**	**-**	**40,356**	**40,356**
	6,657,875	**962,570**	**1,518,374**	**1,892,773**	**11,031,592**
Liabilities					
Deposits from banks and customers	**1,990,480**	**4,326**	**-**	**7,740,078**	**9,734,884**
Borrowings	**-**	**-**	**-**	**28,022**	**28,022**
Retirement benefit obligation	**-**	**-**	**-**	**12,561**	**12,561**
Other liabilities	**173**	**1,154**	**24,479**	**68,983**	**94,789**
Current tax liabilities	**-**	**-**	**-**	**18,562**	**18,562**
	1,990,653	**5,480**	**24,479**	**7,868,206**	**9,888,818**
Interest sensitivity gap	**4,667,222**	**957,090**	**1,493,895**	**(5,975,433)**	**1,142,774**
Less ECL on SOFP financial assets (notes 5, 6 & 7)					**(203,833)**
					938,941
At December 31, 2019					
Total assets	3,947,473	523,336	1,401,913	1,680,540	7,553,262
Total liabilities	2,015,737	7,863	-	4,791,141	6,814,741
Maturity gap	1,931,736	515,473	1,401,913	(3,110,601)	738,521
Less ECL on SOFP financial assets (notes 5, 6 & 7)					(29,695)
					708,826

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.6 Interest rate risk (Cont'd)

If interest rates had been 5 points higher/lower and all other variables were held constant as at year-end, the Bank's results would have been increased/decreased as follows:

	2020	2019
	SR' 000	SR' 000
Increase/Decrease	**117**	115

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements of the Bank requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates 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 discussed below.

4.1 *Impairment losses on financial assets*

(a) *Expected Credit Loss Under IFRS 9*

The measurement of impairment losses under IFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances.

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

- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be, measured on a life time Expected Credit Losses (LTECL) basis and the qualitative assessment; *(note 3.3.3(f))*
- The segmentation of financial assets when their ECL is assessed on a collective basis; *(note 3.3.3(b))*
- Development of ECL models, including the various formulas and the choice of inputs; *(note 3.3.3)*
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; *(notes 3.3.3(c), 3.3.3(d) and 3.3.3(e))* and

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

4.1 *Impairment losses on financial assets (Cont'd)*

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. *(note 3.3.3(c)(ii))* .

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

(b) ***Management overlay in view of COVID-19***

The Bank faced significant set of challenges to adapt IFRS 9 Expected Credit Loss (ECL) frameworks for the new normal. Formulating a response to these challenges in measuring ECL during the Covid-19 pandemic required the Bank to increase the use and reliance on Management overlays given the environment of increased uncertainty and a limited view on risks in the portfolio.

While complying with international practices advocating post-model overlays/adjustments in instances where effects of COVID-19 cannot be accurately reflected in models and given relative lack of data, the Bank has used multiplier to overlay on its IFRS 9 Expected Credit Loss model.

The post model adjustments were segmentation based and the portfolios of the Bank was segmented by sectors of exposure and a multiplier was used to overlay the modelled Expected Credit Loss. The multiplier value was estimated based on the Bank's perception to risk of a particular sector based on the sectors resilience to COVID-19.

Table below highlights the Covid-19 multipliers that are currently being used:

Sectors	Multiplier	Sectors	Multiplier
Agriculture & Horticulture	1	Manufacturing	1
Art & Entertainment	2	Non-Profit Organizations	1
Building & Construction	4	Health	2
Cars/Boats	1	Real Estate	2
Community, Social & Personal	1	Tourism	8
Education	1	Trade	4
Financial Institutions	1	Transport	4
Fishing	1	Others	1
Governmental Organizations	1	Professional, Scientific & Technical Services	1
Telecommunication, Computer & Information	1		

The Mutiplier is expected to address the clients from the standpoint of the facility risk and not only the borrower's risk.

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

4.2 *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Bank monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

4.3 *Going concern*

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. (Refer to Directors' report page 2(a)).

4.4 *Asset lives and residual values*

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

4.5 *Impairment of non financial assets*

At each financial reporting year end, Bank's Management reviews and assesses the carrying amounts of other assets and where relevant, write them down to their recoverable amounts based on best estimates.

4.6 *Fair value estimation*

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

4.6 *Fair value estimation (Cont'd)*

The Bank has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Managing Director.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (as outlined on Note 2(h)).

Significant valuation issues are reported to the Board of Directors and further information about the assumptions made in measuring fair values is included relevant notes.

4.7 *Functional currency*

Refer to note 2(e) in judgement on functional currency.

4.8 *Retirement benefit obligations*

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

4.9 *Limitation of sensitivity analysis*

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Bank's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's views of possible near-term market changes that cannot be predicted with any certainty.

5. CASH AND BANK BALANCES

	2020	2019
	SR' 000	SR' 000
Cash in hand	110,436	68,682
Balances with Central Bank of Seychelles (CBS)	1,503,148	939,898
Balances with banks abroad (note 5(a))	3,691,969	2,073,218
Balances with local banks	577,669	464,156
Gross carrying amount (notes 5(b) and 5(e))	**5,883,222**	3,545,954
Less: Allowance for expected credit loss (notes 5(c), 5(d) & 5(e))	(517)	(332)
Net carrying amount (note 5(b))	**5,882,705**	3,545,622

(a) Balances with banks abroad are reconciled as follows:

	2020	2019
	SR' 000	SR' 000
Balances with original maturity of less than three month	2,198,505	1,086,759
Balances with original maturity above three month (note 5(b))	1,493,464	986,459
	3,691,969	2,073,218

(b) For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following at the end of the reporting period:

	2020	2019
	SR' 000	SR' 000
Gross cash and bank balances	5,883,222	3,545,954
Add: Short term investments	439,395	173,643
Less: Placements with original maturity above three month (note 5(a))	(1,493,464)	(986,459)
Less: Mandatory cash balance with CBS	(1,123,175)	(853,628)
	3,705,978	1,879,510

(c) Allowance for expected credit loss

Expected credit loss (ECL) relates to Balances with Banks abroad. The Directors have estimated that ECL on mandatory cash and balances with Central Banks and local banks to be nil except for Bank of Baroda which reinvests it's funds to its head office in India. Per internal rating grades, all cash and bank balances are standard graded. These have been perfoming and have been classified within stage 1.

(d) Movement in ECL during the year is as follows:

	2020	2019
	SR' 000	SR' 000
As at January 1,	332	1,975
ECL charge/(credit) for the year (note 28)	185	(1,643)
As at December 31,	**517**	332

5. CASH AND BANK BALANCES

(e) There were no transfers between stages during the year (2019: none). A reconciliation of changes in gross carrying amount and corresponding ECL allowances in stage 1 is as follows:

	2020		2019	
	Gross amount	ECL	Gross amount	ECL
	SR' 000	SR' 000	SR' 000	SR' 000
At January 1,	3,545,954	332	3,471,522	1,975
New assets originated or purchased	5,883,222	517	3,545,954	332
Payments and assets derecognised	(3,545,954)	(332)	(3,471,522)	(1,975)
At December 31,	5,883,222	517	3,545,954	332

6. LOANS AND ADVANCES

	2020	2019
	SR' 000	SR' 000
Loans and advances to customers	2,662,163	2,218,984
Interest accrued	8,331	4,984
Gross carrying amount	2,670,494	2,223,968
Less: Allowance for credit impairment (notes 6(a) and 6(b))	(203,072)	(29,208)
	2,467,422	2,194,760

(a) Movement in ECL during the year is as follows:

	2020	2019
	SR' 000	SR' 000
As at January 1,	29,208	7,842
Charge for the year (note 28)	173,864	21,449
Loans provision written back/(off)	-	(83)
As at December 31,	203,072	29,208

(b) Credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification by segment.

(i) Corporate lending

	2020			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	SR	SR	SR	SR
Performing				
High to Standard	739,051	1,683,288	-	2,422,339
Sub-standard grade	-	17	620	637
Non-performing				
Individually impaired	-	-	13,254	13,254
Gross carrying amount	739,051	1,683,305	13,874	2,436,230
Expected credit loss	(19,615)	(176,306)	(6,825)	(202,746)
Net carrying amount	719,436	1,506,999	7,049	2,233,484

6. **LOANS AND ADVANCES (CONT'D)**

(b) Credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification by segment. (Cont'd)

(i) Corporate lending

Internal rating grade	2019 Stage 1	Stage 2	Stage 3	Total
	SR	SR	SR	SR
Performing				
High to Standard	1,952,199	-	-	1,952,199
Non-performing				
Individually impaired	-	-	21,776	21,776
Gross carrying amount	1,952,199	-	21,776	1,973,975
Expected credit loss	(20,056)	-	(8,894)	(28,950)
Net carrying amount	1,932,143	-	12,882	1,945,025

(ii) Retail lending

Internal rating grade	**2020 Stage 1**	**Stage 2**	**Stage 3**	**Total**
	SR	**SR**	**SR**	**SR**
Performing				
High to Standard	**148,936**	**85,088**	**87**	**234,111**
Sub-standard grade	**44**	**27**	**59**	**130**
Non-performing				
Individually impaired	**-**	**23**	**-**	**23**
Gross carrying amount	**148,980**	**85,138**	**146**	**234,264**
Expected credit loss	**(110)**	**(152)**	**(64)**	**(326)**
Net carrying amount	**148,870**	**84,986**	**82**	**233,938**

Internal rating grade	2019 Stage 1	Stage 2	Stage 3	Total
	SR	SR	SR	SR
Performing				
High to Standard	248,095	-	-	248,095
Sub-standard grade	-	1,756	-	1,756
Non-performing				
Individually impaired	-	-	142	142
Gross carrying amount	248,095	1,756	142	249,993
Expected credit loss	(189)	(6)	(63)	(258)
Net carrying amount	247,906	1,750	79	249,735

(c) **Credit concentration of risk by industry sectors:**

The credit concentration risk of loans and advances by industry sectors is shown under *note 3.3.4(b)* .

6. **LOANS AND ADVANCES (CONT'D)**

(d) The currencies and maturities profiles of loans and advances are shown under notes 3.4 and 3.5 respectively.

(e) Reconciliation of gross carrying amount and ECL

(i) A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for Loans and advances is as follows:

	Stage 1		Stage 2		Stage 3		Total	
	Gross amount carrying	ECL	Gross amount carrying	ECL	Gross amount carrying	ECL	Gross amount carrying	ECL
	SR	SR	SR	SR	SR	SR	SR	SR
At January 1, 2020	**2,200,294**	**20,245**	**1,756**	**6**	**21,918**	**8,957**	**2,223,968**	**29,208**
New assets originated or purchased	**519,873**	**14,036**	**-**	**-**	**-**	**-**	**519,873**	**14,036**
Payments and assets derecognised	**(278,996)**	**(7,533)**	**(1,086,293)**	**(29,330)**	**(11,104)**	**(4,849)**	**(1,376,393)**	**(41,712)**
Transfers to Stage 1	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers to Stage 2	**(2,278,566)**	**(170,899)**	**2,278,566**	**170,899**	**-**	**-**	**-**	**-**
Transfers to Stage 3	**(270)**	**(7)**	**-**	**-**	**270**	**255**	**-**	**248**
Other movements	**725,696**	**163,883**	**574,414**	**34,883**	**2,936**	**2,526**	**1,303,046**	**201,292**
At December 31, 2020	**888,031**	**19,725**	**1,768,443**	**176,458**	**14,020**	**6,889**	**2,670,494**	**203,072**

Note: Comparative disclosure for 2019 was not possible for changes in the gross carrying amounts and corresponding allowances for expected credit loss by stages for loans and advances due to unavailability of data. The Directors were however of the opinion that other disclosures in 2019 with respect to loans and advance were adequate to enable stakeholders to understand movements in Expected Credit Losses.

6. **LOANS AND ADVANCES (CONT'D)**

(f) *Sensitivity analysis*

The Bank's ECL on corporate and retail loans based on baseline values from IMF amounted to SCR 212.7m for drawn and undrawn corporate and retail portfolio.

If the International Monetary Fund variables used in adopting Macro overlay had worsened by 10%, the ECL of the Bank would have increased by 1.67%.

If the International Monetary Fund variables used in adopting Macro overlay had improved by 10%, the ECL of the Bank decrease by 1.83%.

7. **INVESTMENTS IN FINANCIAL ASSETS**

	2020	*As restated* 2019
	SR' 000	SR' 000
Debt instruments at amortised cost (notes 7(a)(i)	**1,806,968**	1,150,643
Balances with original maturity above three months	**1,366,810**	975,652
Balances with original maturity of less than three months (note 5(b))	**439,395**	173,643
Interest accrued	**763**	1,348
Equity instruments measured at FVOCI (notes 7(a)(ii))	**322,057**	193,353
Gross carrying amount	**2,129,025**	1,343,996
Less: Allowance for expected credit loss (notes 7(d))	**(244)**	(155)
Net carrying amount	**2,128,781**	1,343,841

(a) Movement in financial assets is as follows:

(i) *Debt instruments at amortised cost*

	Treasury bill	Treasury bond	DBS bond	D A A	Total
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
As at January 1, 2020	**901,453**	**25,202**	**50,345**	**173,643**	**1,150,643**
Additions during the year	**2,795,387**	**180,236**	**-**	**2,903,913**	**5,879,536**
Matured during the year	**(2,096,073)**	**-**	**(50,345)**	**(3,077,556)**	**(5,223,974)**
Interest accrued	**-**	**763**	**-**	**-**	**763**
As at December 31, 2020	**1,600,767**	**206,201**	**-**	**-**	**1,806,968**
As at January 1, 2019	928,655	-	50,345	15,077	994,077
Additions during the year	1,633,363	25,000	-	6,769,686	8,428,049
Matured during the year	(1,660,565)	-	(345)	(6,611,921)	(8,272,831)
Interest accrued	-	202	345	801	1,348
As at December 31, 2019	901,453	25,202	50,345	173,643	1,150,643

7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(a) Movement in financial assets is as follows: (Cont'd)

(ii) *Equity instruments measured at FVOCI*

	Visa shares	Mastercard shares	Afrexim shares	SWIFT SCRL	Unquoted investment	Total
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
As at January 1, 2019 - *As restated*	75,158	27,553	33,639	381	636	137,367
- As previously reported	-	-	33,639	381	636	34,656
- Correction of prior period error (note 7(b))	75,158	27,553	-	-	-	102,711
Fair value net of exchange difference - *As restated*	32,237	16,204	7,554	(9)	-	55,986
- As previously reported	-	-	7,554	(9)	-	7,545
- Correction of prior period error (note 7(b))	32,237	16,204	-	-	-	48,441
As at December 31, 2019 - *As restated*	**107,395**	**43,757**	**41,193**	**372**	**636**	**193,353**
Fair value net of exchange difference	**78,736**	**34,122**	**15,611**	**235**	**-**	**128,704**
As at December 31, 2020	**186,131**	**77,879**	**56,804**	**607**	**636**	**322,057**

(b) Prior period errors

During 2020, the Bank came upon Mastercard Incorporated Class B shares and Visa Inc Class C Common Stock totaling 10,300 and 10,043 respectively which had never been previously accounted in their financial statements. These shares which had been received at no consideration more than a decade ago, in exchange for the Bank's memberships in the two entities, had escaped the Bank's attention and failed to be recognised as financial assets on the Statement of Financial Position of the Bank. In addition, related dividend income from these shares were also incorrectly accounted under fees and commission. This error resulted in an understatement of investment in the financial statements and other income while overstating fees and commission income.

7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(b) Prior period error (Cont'd)

The error has been corrected effective year ending December 2020 and by thus restating each of the affected financial statement line items for the prior periods as follows:

(i) *Statement of Financial Position (extract)*

	Dec-31-2019 as reported	Increase/ (Decrease)	Dec-31-2019 as restated	Dec-31-2018 as reported	Increase/ (Decrease)	Jan-1-2019 as restated
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
Investment in financial assets (note 7)	1,192,689	151,152	1,343,841	1,028,733	102,711	1,131,444
Fair value reserve (note 20)	15,364	151,152	166,516	7,819	102,711	110,530

There was no impact on retained earnings in those prior years.

(ii) *Statement of Profit or Loss (extract)*

Fees and commission income (note 23)	85,203	(536)	84,667	76,061	(509)	75,552
Other income (note 25)	2,018	536	2,554	2,142	509	2,651

(iii) *Statement of Other Comprehensive Income (extract)*

Net change in fair value of financial assets at FVTOCI (note 7(a)(ii))	7,545	48,441	55,986	7,819	16,575	24,394

(c) Fair value measurement

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by Senior Management.

7. **INVESTMENT IN FINANCIAL ASSETS (CONT'D)**

(c) Fair value measurement (Cont'd)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Valuation method	Level 1	Level 2	Level 3	Total
		SR' 000	SR' 000	SR' 000	SR' 000
At December 31, 2020					
Equity instruments at fair value though OCI					
- Class C Visa shares	**Fair value**	**-**	**186,131**	**-**	**186,131**
- Mastercard shares	**Fair value**	**-**	**77,879**	**-**	**77,879**
- Afrexim shares	**Net asset value**	**56,804**	**-**	**-**	**56,804**
- SWIFT SCRL	**Fair value**	**-**	**-**	**607**	**607**
- Unquoted investment	**Cost**	**-**	**-**	**636**	**636**
Total financial assets measured at fair value		**56,804**	**264,010**	**1,243**	**322,057**
At December 31, 2019					
Equity instruments at fair value though OCI					
- Class C Visa shares	Fair value	-	107,395	-	107,395
- Mastercard shares	Fair value	-	43,757	-	43,757
- Afrexim shares	Net asset value	41,193	-	-	41,193
- SWIFT SCRL	Fair value	-	-	372	372
- Unquoted investment	Cost	-	-	636	636
Total financial assets measured at fair value		41,193	151,152	1,008	193,353

7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(d) Allowance for expected credit loss (ECL)

(i) Movement in ECL during the year is as follows:

	2020	2019
	SR' 000	SR' 000
As at January 1	**155**	-
ECL charge during the year (note 28)	**89**	155
As at December 31,	**244**	155

(ii) Reconciliation of gross carrying amount and computation of ECL

The Bank's debt instrument were held through Cental Bank of Seychelles/Government of Seychelles and Development Bank of Seychelles. Per internal rating grades, all local debt instruments are standard grades. There was no transfer between stages during the year (2019: none).

(e) In 2020, the Bank received dividends of **SR 1.62m** (2019: 1.71m) from its FVOCI equities which was recorded in the Statement of Profit or Loss as other operating income. *Refer to note 25.*

(f) The currencies and maturities profiles of investment in financial assets are shown under *notes 3.4 and 3.5* respectively.

8. PROPERTY AND EQUIPMENT

	Building	Improvement on leasehold assets	Furniture, fixtures & equipment	Motor vehicles	Work in progress	Total
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
COST						
At January 1, 2019	158,101	1,909	76,735	4,246	-	240,991
Additions	-		7,216	404	-	7,620
Disposals	-	-	-	(1,206)	-	(1,206)
Write offs	-	-	(1,119)	(9)	-	(1,128)
At December 31, 2019	**158,101**	**1,909**	**82,832**	**3,435**	**-**	**246,277**
Additions	**-**	**-**	**3,807**	**425**	**-**	**4,232**
Write offs	**-**	**-**	**(2,570)**	**-**	**-**	**(2,570)**
At December 31, 2020	**158,101**	**1,909**	**84,069**	**3,860**	**-**	**247,939**
ACCUMULATED DEPRECIATION						
At January 1, 2019	2,962	1,892	25,833	2,874	-	33,561
Charge for the year	1,777	2	9,152	606	-	11,537
Disposals adjustments	-	-	-	(1,206)	-	(1,206)
Write-off adjustments	-	-	(1,112)	(9)	-	(1,121)
At December 31, 2019	**4,739**	**1,894**	**33,873**	**2,265**	**-**	**42,771**
Charge for the year	**1,777**	**2**	**9,959**	**530**	**-**	**12,268**
Write-off adjustments	**-**	**-**	**(2,452)**	**-**	**-**	**(2,452)**
At December 31, 2020	**6,516**	**1,896**	**41,380**	**2,795**	**-**	**52,587**
NET BOOK VALUE						
At December 31, 2020	**151,585**	**13**	**42,689**	**1,065**	**-**	**195,352**
At December 31, 2019	153,362	15	48,959	1,170	-	203,506

9. INTANGIBLE ASSETS

	2020	2019
	SR' 000	SR' 000
COST		
At January 1,	**34,356**	31,393
Additions	**1,150**	2,963
At December 31,	**35,506**	34,356
AMORTISATION		
At January 1,	**21,612**	18,308
Charge for the year	**3,905**	3,304
At December 31,	**25,517**	21,612
NET CARRYING VALUE		
At December 31,	**9,989**	12,744

10. LEASES

(a) Lease contracts

The Bank has lease contracts for the land on which the Nouvobanq Building is found, branches offices, ATM houses and staff accomodations. Leases of Branches offices, ATM houses and staff accomodations have lease terms ranging between 1 and 10, while lease of land is 99 years. The Bank's obligations under its leases are secured by the lessors' titles to the leased assets. Generally, the Bank is restricted from assigning and subleasing the leased assets. There are no lease contracts that include extension and termination options and variable lease payments.

The Bank also has certain short term leases of with terms of 12 months or less as well as some leases with low value. The Bank applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(b) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period under review.

	Land	Buildings	Total
	SR' 000	SR' 000	SR' 000
As at January 1, 2019 – effect of adoption of IFRS 16	4,614	5,924	10,538
- Right-of-use assets on lease commitments	-	5,924	5,924
- Transfer from other assets (note 10(f))	4,614	-	4,614
Additions	-	508	508
Depreciation charge for the year	(53)	(2,466)	(2,519)
As at December 31, 2019	**4,561**	**3,966**	**8,527**
Additions	**-**	**24,108**	**24,108**
Effect of modification to lease terms	**-**	**77**	**77**
Depreciation charge for the year	**(53)**	**(2,554)**	**(2,607)**
As at December 31, 2020	**4,508**	**25,597**	**30,105**

10. **LEASES (CONT'D)**

(c) Lease liabilities

The carrying amounts of lease liabilities *(included under 'Other liabilities' in note 17)* and the movements noted during the period as follows:

	SR' 000
As at January 1, 2019 – effect of adoption of IFRS 16	5,924
Additions	508
Finance cost (note 22)	351
Payments	(2,700)
As at December 31, 2019 (note 17)	**4,083**
Additions	**24,108**
Finance cost (note 22)	**515**
Exchange movement	**179**
Payments	**(3,079)**
As at December 31, 2020 (note 17)	**25,806**

The Bank had total cash outflows for leases of **SR 6.02m (2019: SR 3.94m)**. The initial application of IFRS 16 resulted in non-cash additions to right-of-use assets and lease liabilities of **SR 10.54m and SR 5.92m** respectively at January 1, 2019.

(d) The maturity analysis of lease liabilities is disclosed in *note 3.5* .

(e) The following are the amounts have been recognised in the Statement of Profit or Loss:

	2020	2019
	SR' 000	SR' 000
Depreciation expense of right-of-use assets (note 10(b))	**2,607**	2,519
Interest expense on lease liabilities (notes 10(c) and 22)	**515**	351
Expense relating to short-term leases included in:	**2,143**	1,093
- Other operating expenses (note 26)	**1,343**	579
- Employment benefit expenses (note 27)	**800**	514
Total amount recognised in Statement of Profit or Loss	**5,265**	3,963

(f) The Bank entered into a 99 years lease agreement with Government of Seychelles on June 20, 2007. Lease premium and relevant taxes totalling SR 5.25m were paid in advance and were classified and amortised in other assets. Upon adoption of IFRS 16 on January 1, 2019, the Bank transferred the net of SR 4.61m made of SR 5.25m upfront lease payments and SR 0.64m accumulated amortisation to right-of-use asset.

11. RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS

(a) Amounts recognised in the Statement of Financial Position as at December 31,

	2020	2019
	SR' 000	SR' 000
Defined pension benefits (notes 11(d)(ii) and 11(d)(iii))	**(14,996)**	(1)
Other post retirement benefits (note 11(e))	**12,561**	11,286
	(2,435)	11,285

Note: In 2019, the net amount of SR 11,285k was disclosed under liabilities since SR 1k was deemed immaterial, however in 2020 SR 14,996k which represent net plan assets has been shown under assets while gratuity and compensation of SR 12,561k is disclosed under liabilities.

(b) Amount to be charged to Statement of Profit or Loss:

	2020	2019
	SR' 000	SR' 000
Defined pension benefits (notes 11(d)(ii), 11(d)(vi) and 27)	**1,695**	1,863
Other post retirement benefits (notes 11(e) and 27)	**2,067**	939
	3,762	2,802

(c) Amount to be Credited to Statement of Other Comprehensive Income

	2020	2019
	SR' 000	SR' 000
Retirement benefit obligations credit (notes 11(d)(ii), 11(d)(vii) and 20)	**12,890**	711

(d) Defined pension benefits

(i) The Bank contributes towards a defined pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years of retirement.

The assets of the plan are administered by SIMBC Fiduciary Pension Fund.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2020 by Aon Hewitt Ltd (Actuarial Valuer).

(ii) Reconciliation of net defined benefit asset:

	2020	2019
	SR' 000	SR' 000
At January 1,	**(1)**	2,255
Credited to Statement of Profit or Loss (notes 11(b) and 11(d)(vi))	**1,695**	1,863
Credit to Statement of Other Comprehensive Income (note 11(d)(vii))	**(12,890)**	(711)
Less: Employer contributions paid (note 11(d)(v))	**(3,800)**	(3,408)
At December 31,	**(14,996)**	(1)

11. **RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS (CONT'D)**

(iii) The amounts recognised in the Statement of Financial Position are as follows:

	2020	2019
	SR' 000	SR' 000
Defined benefit obligation (note 11(d)(iv))	**39,696**	46,589
Fair value of plan assets (note 11(d)(v))	**(54,692)**	(46,590)
At December 31,	**(14,996)**	(1)

(iv) The movement in the defined benefit obligations over the year is as follows:

	2020	2019
	SR' 000	SR' 000
At January 1,	**46,589**	45,101
Current service cost (note 11(d)(vi))	**1,825**	1,822
Interest cost	**3,237**	3,118
Actuarial gain (note 11(d)(vii))	**(11,237)**	(2,314)
Benefits paid (note 11(d)(v))	**(718)**	(1,138)
At December 31,	**39,696**	46,589

(v) The movement in the fair value of plan assets of the year is as follows:

	2020	2019
	SR' 000	SR' 000
At January 1,	**46,590**	42,846
Interest income	**3,367**	3,077
Employer contributions (note 11(d)(ii))	**3,800**	3,408
Benefits paid (note 11(d)(iv))	**(718)**	(1,138)
Return on plan assets exclusing interest income (note 11(d)(vii))	**1,653**	(1,603)
At December 31,	**54,692**	46,590

The major categories of plan assets as a percentage of their fair value of total plan assets are as follows:

	2020	2019
	SR' 000	SR' 000
Equities	**16**	18
Properties in Seychelles	**62**	73
Deposits	**22**	9
	100	100

(vi) The amounts recognised in the Statement of Profit or Loss are as follows:

	2020	2019
	SR' 000	SR' 000
Current service cost (note 11(d)(iv))	**1,825**	1,822
Net interest on defined benefit plan (notes 11(d)(iv) and (v))	**-130**	41
Past service cost	**-**	-
	1,695	1,863

11. **RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS (CONT'D)**

(vii) The amounts recognised in Statement of Other Comprehensive Income are as follows:

	2020	2019
	SR' 000	SR' 000
Liability experience gain (note 11(d)(iv))	**(11,237)**	(2,314)
Return on plan assets exclusing interest income (note 11(d)(v))	**(1,653)**	1,603
	(12,890)	(711)

(viii) The overall expected rate of return on planned assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligations is to be settled.

(ix) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2020	2019
	SR' 000	SR' 000
Discount rate	**10.0%**	7.0%
Rate of salary increases	**3.0%**	3.0%
Rate of pension increases	**0.0%**	0.0%
Average retirement age (ARA)		
- Male	**63 year**	63 year
- Female	**60 year**	60year
Average life expectancy for:		
- Male at ARA	**17.3 years**	17.3 years
- Female at ARA	**24.2 years**	24.2 years

(x) Sensitivity Analysis on Defined Benefit Obligation at end of period

	2020	2019
	SR' 000	SR' 000
Increase in discount rate	**3,619**	6,040
Decrease in discount rate	**3,021**	4,853

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of the period after increasing or decreasing the discount rate by 1% while leaving all other assumption unchanged. Any similar variation in the other assumptions who have shown smaller variations in the defined benefit obligation.

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

(xi) The defined benefit pension plan exposes the Bank to narmal risks associated with defined benefit pension plans such as investment, interest, longetivity and salary risks. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

11. **RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS (CONT'D)**

(xii) The Bank expects to pay **SR 3.14 million** in contributions to its post-employment benefit plans for the year ending December 31, 2021. The weighted average duration of the defined benefit obligation is 9 years at the end of the reporting period.

(e) **Other post retirement benefits**

Other post retirement benefits comprise mainly of length-of-service compensation payable under the Seychelles Employment Act, as amended.

Movement in length-of-service compensation is as follows:

	2020	2019
	SR' 000	SR' 000
At January 1,	**11,286**	10,574
Charge to Statement of Profit or Loss (note 11(b))	**2,067**	939
Paid during the year	**(791)**	(227)
At December 31,	**12,561**	11,286

12. **OTHER ASSETS**

	2020	2019
	SR' 000	SR' 000
Collateral repossessed (note 12(a))	**-**	152,985
Prepayments	**5,723**	2,001
Refundable deposits	**257**	221
Stocks of stationeries	**3,014**	1,844
Other receivables	**31,362**	49,405
	40,356	206,456

(a) Repossessed collateral represents property acquired by the Bank as settlement of an overdue loan in 2018. This repossession has been legally enforced through the Court upon default of the customer. The Bank sold this collateral in 2020 at a total consideration of USD 10m equivalent to SR 173.35m. The associated fair value initially recognised at SR 124.60m was recycled to Statement of Profit or Loss since it formed part of the exceptional income - collateral realised of SR 144.96m.

(b) The carrying amounts of 'other assets' approximate their fair value and the Directors are of the opinion that no impairment is required at December 31, 2020 (2019: Nil).

(c) The currency profile and maturity terms are detailed under *notes 3.4 and 3.5* respectively.

13. CURRENT TAX

(a) Statement of Financial Position

	2020	2019
	SR' 000	SR' 000
At January 1,	(3,114)	(5,202)
Charge to Statement of Profit or Loss (notes 13(b) and 13(c))	108,651	89,145
Tax refund received	3,114	5,202
Payments during the year	(90,089)	(92,259)
At December 31,	**18,562**	(3,114)

(b) Statement of Statement of Profit or Loss

	2020	2019
	SR' 000	SR' 000
Current tax based on the profit for the year (note 13(c))	108,651	89,145
Deferred tax credit (note 14(b))	(57,310)	(4,034)
Tax expenses	**51,341**	85,111

(c) Reconciliation between tax expense and accounting profit is as follows:

Tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2020	2019
	SR' 000	SR' 000
Profit before taxation	**268,716**	249,291
Tax calculated at applicable tax rates (note 13(d))	88,596	82,186
- Income not subject to tax	(42,005)	(386)
- Expenses not deductible for tax purposes	62,142	9,974
- Excess of capital allowance over depreciation	(82)	(2,629)
	108,651	89,145

(d) Applicable tax rates are as follows:

	2020 & 2019
Taxable income threshold	
< SR 1,000,000	25%
> SR 1,000,000	33%

14. **DEFERRED TAX**

(a) Deferred taxes are calculated on all temporary differences under the liability method at applicable rates as mentioned in note 13(d).

(b) There is a legally enforceable right to offset deferred tax assets and deferred tax liabilities when the deferred taxes relate to the same fiscal authority for the same entity.

	2020	2019
	SR' 000	SR' 000
Net deferred tax assets (note 14(c))	**58,053**	4,997

The movement in deferred tax account and amounts shown in the Statement of Financial Position are as follows:

	2020	2019
	SR' 000	SR' 000
At January 1,	**4,997**	1,198
Credit to Statement of Profit or Loss (notes 13(b) and 14(c))	**57,310**	4,034
Charged to Other Comprehensive Income (notes 14(c) and 20)	**(4,254)**	(235)
At December 31,	**58,053**	4,997
Analysed as follows:		
Deferred tax assets (note 14(c)(ii))	**75,589**	15,350
Deferred tax liabilities (note 14(c)(i))	**(17,536)**	(10,353)
	58,053	4,997

(c) Deferred tax is recognised in the Statement of Financial Position with respect to the following:

(i) **DEFERRED TAX ASSETS**

	Actuarial losses	Excess of obligation to right-of-use	Payroll provisions*	Provision for credit impairment	Total
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
At January 1, 2019	1,148	-	4,234	3,239	8,621
Credit/(Charge) to Statement of Profit or Loss	-	39	(510)	7,435	6,964
Charge to Statement of Other Comprehensive Income	(235)	-	-	-	(235)
At December 31, 2019	**913**	**39**	**3,724**	**10,674**	**15,350**
Credit to Statement of Profit or Loss	**-**	**30**	**1,434**	**59,688**	**61,152**
Charge to Statement of Other Comprehensive Income	**(913)**	**-**	**-**	**-**	**(913)**
At December 31, 2020	**-**	**69**	**5,158**	**70,362**	**75,589**

* Payroll provisions include gratuity and compensation of **SR 12.6m** (note 11) and leave pay provision amounting to **SR 3.1m** included in other liabilities (note 17).

14. **DEFERRED TAX (CONT'D)**

(ii) **DEFERRED TAX LIABILITIES**

	Accelerated tax depreciation	Actuarial gains	Retirement benefit assets	Total
	SR' 000	SR' 000	SR' 000	SR' 000
At January 1, 2019	(7,423)	-		(7,423)
Charge to Statement of Profit or Loss	(2,930)	-		(2,930)
At December 31, 2019	**(10,353)**	**-**	**-**	**(10,353)**
Credit/(Charge) to Statement of Profit or Loss	**1,107**	**-**	**(4,949)**	**(3,842)**
Charge to Statement of Other Comprehensive Income	**-**	**(3,341)**	**-**	**(3,341)**
At December 31, 2020	**(9,246)**	**(3,341)**	**(4,949)**	**(17,536)**

15. **CUSTOMER DEPOSITS**

	2020	2019
	SR' 000	SR' 000
Current accounts	**8,899,166**	5,587,908
Term deposits	**822,813**	1,105,086
Interest accrued	**12,905**	15,824
	9,734,884	6,708,818

(a) The range of interest on customer deposits varied from **0.15% to 6.15%** (2019: 0.2% to 6.0%).

16. **BORROWINGS**

	2020	2019
	SR' 000	SR' 000
Bank loan from Central Bank of Seychelles (note 16(a))	**28,022**	-

(a) The Central Bank of Seychelles extended lines of credit to Commercial Banks, Development Bank of Seychelles and Seychelles Credit Union at zero interest rate for lending to entities affected by COVID-19 economic pandemic. The lines of credit are available to Micro Business Small and Medium Enterprises (MSME) and Large Corporates. The Government of Seychelles has agreed to guarantee 70% of the loans to MSME and 50% of the loans to Large Corporates.

The line of credit granted to the Bank is denominated in Seychelles Rupees and as at December 31, 2020 the Bank had drawn an amount of **SR 16.48m**. Out of this, **SR 8.12m** had been lent to MSME and **SR 8.36m** to Large Corporates.

(b) All funds received from the borrowers in repayment of any principal amount of a loan are to be remitted to CBS every quarter, commencing December 31, 2021 and shall be made within 15 days after the end of the relevant quarter. Refer to *note 3.5* for maturity profile.

17. OTHER LIABILITIES

	2020	2019
	SR' 000	SR' 000
Foreign drafts and local cheques payable	21,455	15,128
Due to banks	-	16,926
Other payables	34,689	52,590
ECL provision for off SOFP items (notes 17(a) and 17(b))	9,382	2,650
Lease liabilities (note 10(c))	25,806	4,083
Provision for leave liability	3,068	2,634
Accruals	389	627
	94,789	94,638

(a) This relates to ECL on loan commitments, guarantees, bills of collection, letters of credit and other obligations on account of customers. These are classified as Stage 1 and there were no movements within stages during the year under review.

(b) Movement in ECL during the year is as follows:

	2020	2019
	SR' 000	SR' 000
As at January 1	2,650	1,035
ECL (credit)/charge during the year (note 28)	6,732	1,615
As at December 31,	9,382	2,650

18. SHARE CAPITAL

	2020 & 2019
	SR' 000
Authorised, issued and fully paid-up:	
100,000 ordinary shares of SR 1,000 each	100,000

19. STATUTORY RESERVE

	2020 & 2019
	SR' 000
At December 31,	100,000

The statutory reserve is maintained in accordance with section 24(1) of the Financial Institutions Act 2004 as amended and is equivalent to the share capital of SR 100 million.

20. OTHER RESERVES

	Actuarial gain/ (losses)	Fair value reserve	Total
	SR' 000	SR' 000	SR' 000
At January 1, 2019 - *As restated*	(3,193)	110,530	107,337
- As previously reported	(3,193)	7,819	4,626
- Correction of error from prior years (note 7(b))	-	102,711	102,711
Defined benefit plan (note 11(d)(vii))	711	-	711
Deferred tax on acturial movements (notes 14(b) & 14(c))	(235)	-	(235)
Fair value adjustments (note 7(a)(ii)) - *As restated*	-	55,986	55,986
- As previously reported	-	7,545	7,545
- Correction of error from prior years (note 7(b))	-	48,441	48,441
At December 31, 2019	**(2,717)**	**166,516**	**163,799**
Defined benefit plan (note 11(d)(vii))	**12,890**	**-**	**12,890**
Deferred tax on acturial movements (notes 14(b) & 14(c))	**(4,254)**	**-**	**(4,254)**
Fair value adjustments (note 7(a)(ii))	**-**	**128,704**	**128,704**
At December 31, 2020	**5,919**	**295,220**	**301,139**

21. INTEREST INCOME

	2020	2019
	SR' 000	SR' 000
Investments in financial assets	**38,548**	51,852
Cash and short term funds	**77,986**	68,878
	116,534	120,730
Loans and advances	**162,222**	158,929
	278,756	279,659

22. INTEREST EXPENSE

	2020	2019
	SR' 000	SR' 000
Customer deposits	**44,856**	50,163
Interest expense on lease liabilities (note 10(c))	**515**	351
	45,371	50,514

23. FEE INCOME AND COMMISSIONS

		As restated
	2020	2019
	SR' 000	SR' 000
Fees and commissions arising on:		
- Card fees	**34,164**	56,062
- Commission on sale of forex	**10,028**	8,181
- Letter of credit fees	**5,978**	1,833
- Loan commitment fees	**6,037**	8,490
- Portfolio and other management fees	**5,637**	5,758
- Other fees received	**3,609**	4,343
	65,453	84,667

24. NET TRADING INCOME

	2020	2019
	SR' 000	SR' 000
Net foreign exchange gains	**149,640**	112,287
Recovery of charges	**8,178**	9,065
	157,818	121,352

25. OTHER OPERATING INCOME

	2020	*As restated* 2019
	SR' 000	SR' 000
Dividend received (notes 7(b) and 7(e))	**1,621**	1,705
Cashiers Surplus	**20**	50
Miscellaneous income	**654**	799
	2,295	2,554

26. OTHER OPERATING EXPENSES

	2020	2019
	SR' 000	SR' 000
Employee benefit expenses (note 27)	**47,044**	43,452
Auditors' remuneration	**386**	421
Administrative expenses	**31,032**	22,548
Computer costs	**5,148**	4,840
Rental expenses (note 10(e))	**1,343**	579
Maintenance and other related costs	**9,545**	9,691
	94,498	81,531

27. EMPLOYEE BENEFIT EXPENSE

	2020	2019
	SR' 000	SR' 000
Salaries and wages	**38,096**	32,427
Directors' emoluments (note 27(a))	**2,962**	3,034
Defined benefit obligations (note 11(b) and 11(d)(vi))	**1,695**	1,863
Other retirement benefit obligations (note 11(b) and 11(e))	**2,067**	939
Other staff costs**	**2,224**	5,189
	47,044	43,452

** This includes short term lease of **SR 800k** (2019: SR 514k).

27. EMPLOYEE BENEFIT EXPENSE (CONT'D)

(a) Directors' emoluments:

	2020			2019
	Directors' fees	**Other emoluments**	**Total**	Total
	SR' 000	**SR' 000**	**SR' 000**	SR' 000
Ahmad Saeed	**-**	**2,584**	**2,584**	2,464
Abdul Gafoor Yakub	**87**	**-**	**87**	92
Vincent Van Heyste	**60**	**-**	**60**	68
Damien Thesee	**60**	**-**	**60**	68
Roger Toussaint	**-**	**-**	**-**	37
Anil Dua	**60**	**-**	**60**	218
David Howes	**60**	**-**	**60**	87
Michael Bluemner	**51**	**-**	**51**	-
	378	**2,584**	**2,962**	3,034

28. EXPECTED CREDIT LOSS PROVISION

		2020			
	Notes	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		SR' 000	**SR' 000**	**SR' 000**	**SR' 000**
Cash and cash equivalents	5(d)	**185**	**-**	**-**	**185**
Loans and advances	6(a)	**(520)**	**176,452**	**(2,068)**	**173,864**
Investment in financial assets	7(d)	**89**	**-**	**-**	**89**
Loan commitments	17(b)	**6,685**	**-**	**-**	**6,685**
Other commitments	17(b)	**47**	**-**	**-**	**47**
		6,486	**176,452**	**(2,068)**	**180,870**

		2019			
		Stage 1	Stage 2	Stage 3	Total
		SR' 000	SR' 000	SR' 000	SR' 000
Cash and cash equivalents	5(d)	(1,643)	-	-	(1,643)
Loans and advances	6(a)	14,987	(51)	6,513	21,449
Investment in financial assets	7(d)	155	-	-	155
Loan commitments	17(b)	1,717	-	-	1,717
Other commitments	17(b)	(102)	-	-	(102)
		15,114	(51)	6,513	21,576

29. DIVIDENDS

The Directors did not recommend any dividend for the financial year under review (2019: An interim dividend of SR 1,650 per share amounting to SR 165m was declared and paid).

In light of the impact of the COVID-19 pandemic, the Central Bank of Seychelles (CBS) has made key policy interventions and implemented several new measures to safeguard the soundness, stability and integrity of the Seychelles' financial system and the broader economy.

One of the measures introduced was the prohibition of declaration of dividends by all commercial banks, the Development Bank of Seychelles and the Seychelles Credit Union. This directive was communicated during the second quarter of 2020 and is applicable to the financial years ended December 31, 2019 and December 31, 2020. The Directors confirm that they have complied with it.

30. COMMITMENTS AND CONTINGENCIES

	2020	2019
	SR' 000	SR' 000

(a) Loan and other commitments

	2020 SR' 000	2019 SR' 000
Loans and other facilities approved and not yet disbursed	**412,106**	547,449
Guarantees, bills of collection, letters of credit, and other obligations on account of customers	**593,291**	443,780
	1,005,397	991,229

(b) Capital commitments

	2020	2019
	SR' 000	SR' 000
Approved but not contracted for	**16,408**	4,295

(c) Legal claim contingency

The Bank does not have legal claim contingency as at December 31, 2020 (2019: Nil).

31. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, there were the following transactions between the Bank and its related parties:

	Interest from related parties	**Interest to related parties**	**Amount owed by related parties**	**Amount owed to related parties**
	SR' 000	**SR' 000**	**SR' 000**	**SR' 000**
December 31, 2020:				
Government of Seychelles	**6,078**	**-**	**115,019**	**1,274**
State owned or controlled enterprises	**22,349**	**3,811**	**557,710**	**1,423,560**
Minority shareholder of the Bank	**-**	**-**	**-**	**496**
Directors	**8**	**103**	**87**	**5,487**

31. **RELATED PARTY TRANSACTIONS (CONT'D)**

December 31, 2019:

Government of Seychelles	4,313	-	141,394	20
State owned or controlled enterprises	27,708	2,416	453,651	1,082,665
Minority shareholder of the Bank	-	1	-	496
Directors	13	169	148	6,406

(a) Transactions with related parties are made at normal market prices.

(b) Outstanding balances at the end of the reporting period are secured, interest rates are at arm's length and are guaranteed by the Government of Seychelles. For the year ended December 31, 2020, the Bank recorded an impairment of loans and advances comprising Government of Seychelles and State owned or controlled enterprises amounted to **SR 3.6m and SR 14.3m** respectively (2019: SR 1.1m and SR 6.4m). The amounts are estimated based on the Bank's ECL methodologies applicable to other entities.

(c) Key management personnel

	2020	2019
	SR' 000	SR' 000
(i) **Salaries and related costs**		
Salaries and other benefits (note 27(a))	**2,584**	2,464
Directors' remuneration	**378**	395
Pension costs	**267**	267
	3,229	3,126
(ii) **Amounts payables**		
Due to customers	**441**	247
(iii) **Transactions during the year**		
Net repayment of loans and advances	**-**	(167)
Net payments from/(to) customers	**194**	(1,332)
	194	(1,499)

32. FIVE YEAR FINANCIAL SUMMARY

		As restated			
	2020	2019	2018	2017	2016
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
Profit before tax	**268,716**	249,291	277,615	249,553	280,670
Tax expense	**(51,341)**	(85,111)	(132,943)	(79,773)	(85,882)
Profit for the year	**217,375**	164,180	144,672	169,780	194,788
Retained earnings brought forward	**220,427**	221,247	301,575	256,795	287,007
Profit available for distribution	**437,802**	385,427	446,247	426,575	481,795
Dividends paid	**-**	(165,000)	(225,000)	(125,000)	(225,000)
Retained earnings carried forward	**437,802**	220,427	221,247	301,575	256,795
EQUITY					
Share capital	**100,000**	100,000	100,000	100,000	100,000
Statutory reserve	**100,000**	100,000	100,000	100,000	100,000
Retained earnings	**437,802**	220,427	221,247	301,575	256,795
Reserve on Property Foreclosed	**-**	124,600	124,600	-	-
Fair value reserve	**295,220**	166,516	110,530	86,136	56,009
Other reserves/(deficit)	**5,919**	(2,717)	(3,193)	122	2,122
	938,941	708,826	653,184	587,833	514,926