MAUBANK LTD

Financial Statements
Year Ended 30 June 2016

MauBank Ltd

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MauBank Ltd

CORPORATE INFORMATION

DIRECTORS:

Non-Executive Directors	Appointed on	Resigned on
Ms Sumputh Vijaya Kumaree	09 March 2015	20 January 2016
Mr Kripa Youdishteer	13 March 2015	20 January 2016
Mr Gokhool Ashvin Jain	09 March 2015	20 January 2016
Mr Goburdhun Dineshing	23 June 2011	20 January 2016
Mr Codabux Muhammad Javed	13 March 2015	20 January 2016
Mr Goburdhun Goolabchund	13 February 2015	20 January 2016
Mr Moteea Giandev	29 December 2003	20 January 2016
Mr Nicolas Jean Marie Cyril	13 March 2015	-
Dr Paligadu Dharamraj	07 March 2015	-
Mr Lalloo Said	20 January 2016	-
Mr Putchay Vassoo Allymootoo	20 January 2016	-
Mr Gokhool Ashvin Jain	22 March 2016	-
Mr Nilamber Anoop Kumar	22 March 2016	-

MauBank Ltd

CORPORATE INFORMATION (Contd)

Executive Directors	**Appointed on**	**Resigned on**
Mr Sridhar Nagarajan	24 September 2015	-

KEY MANAGEMENT TEAM

	Position
Mr Sridhar Nagarajan (*As from 24 September 2015)*	Chief Executive Officer
Mr Yougeshsingh Toynoo (Asish) (*As from 03 October 2016)*	Chief Financial Officer
Mr Damodarsingh Mohadeb (Deepak) *(As from 03 February 2016)*	Financial Controller
Mr Mardaymootoo Pillay Chedumbrum (Nanda) *(As from 03 February 2016)*	Executive Head – Operations
Mr Yasdeo Rawoteea (Rajesh) (*As from 20 May 2016*)	Executive Head – Information & Technology Services
Mr Steven Howard Parish (*As from 03 February 2016*)	Executive Head – Human Resources
Mr Nirish Beeharry (*As from 03 February 2016)*	Executive Head – Consumer Banking
Mr Vishuene Vydelingum (*As from 01 July 2016*)	Executive Head – Corporate Banking and Treasury
Mrs Iqra Maudarbocus (*As from 03 February 2016*)	Executive Head – Legal & Compliance
Mr Ramesh Motee (*As from 03 February 2016*)	Chief Risk Officer
Mr Hurrydutt Rambojun (*As from 03 February 2016*)	Head of Internal Audit
Mrs Luximon-Mathur Jessma (*As from 03 February 2016*)	Compliance and Money Laundering Reporting Officer
Mr Soobroyen Dheebaven (*As from 03 February 2016*)	Manager - Compliance

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CORPORATE INFORMATION (Contd)

SECRETARY:

(From 30 June 2015 to 13 July 2015)	Mr Sanraj Luximon C/o MauBank Ltd 25 Bank Street Cybercity Ebene 72201 Republic of Mauritius
(From 17 July 2015 to 22 January 2016)	Mr Ganeshanlall Cheeneebash John Kennedy Avenue Vacoas Republic of Mauritius
(As from 25 January 2016)	Prime Partners Ltd 15th, Air Mauritius Centre 6, President John Kennedy Street Port Louis
(As from 27 October 2016)	Mrs Ashiti Prosand C/o MauBank Ltd 25 Bank Street Cybercity Ebene 72201 Republic of Mauritius
REGISTERED OFFICE:	MauBank Building 25 Bank Street Cybercity Ebene 72201 Republic of Mauritius

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CORPORATE INFORMATION (Contd)

LEGAL ADVISERS:	Me S. Cheetoo Attorney At Law Hennessy Tower Pope Hennessy Street Port Louis Republic of Mauritius
	Me Dheerendra Kumar Dabee, G.O.S.K, S.C Solicitor-General State Law Office Jules Koenig Street Port Louis Republic of Mauritius
	Me (Mrs) Anju K. Ghose Attorney At Law Suite 03, 6th Floor, Hennessy Tower Pope Hennessy Street Port Louis Republic of Mauritius
	Me Preetam Chuttoo Attorney At Law 2nd Floor, Astor Court Georges Guibert Street Port Louis Republic of Mauritius
	Me Ravin Chetty 5 St James Court St Denis Street Port Louis Republic of Mauritius
AUDITORS:	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street Cybercity Ebene 72201 Republic of Mauritius

MauBank Ltd

DIRECTORS' REPORT

The Board of Directors of MauBank Ltd (formerly known as Mauritius Post and Co-operative Bank Ltd), the "Bank", is pleased to present its thirteenth Annual Report together with the financial statements of the Bank and its subsidiary for the financial year ended 30 June 2016. The financial statements have been prepared in accordance with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, the International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. The Bank and its subsidiary are collectively referred to as the "Group".

TRANSFER OF UNDERTAKING

On 04 January 2016, MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank "MPCB") acquired the assets and liabilities of the National Commercial Bank Ltd (NCB) from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32 A of the Banking Act 2004. Subsequently, following the transfer, MPCB changed its name to MauBank Ltd ("MauBank").

GLOBAL ECONOMIC OUTLOOK

The world economy is increasingly at risk of stalling.

China's growth is estimated this year by 0.2% to 6.5% as the service sector compensated for a downturn in manufacturing. But the country's deceleration continues to hit trade partners around the world. Jitters about the fate of the world's second-largest economy have roiled global markets in the past year.

China's slowdown, along with the commodity-price downswing and the U.S. Federal Reserve's move to start raising interest rates, packed a triple-punch to most emerging and developing economies around the world. Investors pulled out their cash in droves, pushing down exchange rates and equity prices, and raising bond premiums. China's troubles also slashed trade and investment in many of those countries and spurred broader concerns about growth prospects in advanced economies.

Recessions in Russia and Brazil are proving to be deeper and longer than anticipated after political problems compounded the effects of a plunge in commodity prices. Dozens of other oil exporters - from Venezuela to Canada, Saudi Arabia to Nigeria - are also facing sharp slowdowns

Europe and Japan, meanwhile, can't seem to escape from low growth despite aggressive central-bank actions that have pushed rates into uncharted negative territory.

Greece's long-festering debt problems, a mounting refugee crisis and the U.K.'s Brexit from the European Union risk wreaking havoc on the Eurozone and beyond.

Although central banks are pressing the easy-money accelerator, other financial leaders have so far failed to deliver on promises to boost economic growth through coordinated measures.[1]

[1] Source: IMF World Economic Outlook

MauBank Ltd

DIRECTORS' REPORT (Contd)

REVIEW OF THE MAURITIAN ECONOMY

Gross Domestic Product (GDP) at current market prices is forecasted to grow by 3.9% in 2016, higher than the 3.5% growth observed in 2015. On the basis of information gathered on key sectors of the economy and the performance of the first quarter of 2016, Gross Value Added (GVA) at current basic prices is expected to grow by around 3.9% in 2016, higher than the 3.0% growth in 2015. Exclusive of sugar industry, the growth rate would be 3.9%. The main contributors to the 3.9% growth in GVA at basic prices would be: "Financial and insurance activities" (0.6 percentage point), "Accommodation and food service activities" (0.4 percentage point), "Information and communication", "Wholesale & retail trade; repair of motor vehicles and motorcycles" and "Professional, scientific and technical activities" each contributing 0.3 percentage point.

GDP at current market prices would reach Rs 436,848 million, 7.0% higher than the figure of Rs 408,308 million in 2015. GVA at current basic prices in 2016 is expected to reach around Rs 387,973 million compared to Rs 361,962 million in 2015, representing a nominal increase of 7.2%. Taxes on products (net of subsidies) is expected to increase by around 5.5% to reach Rs 48,875 million from Rs 46,346 million in 2015.

The main assumptions used for the forecast of 3.9% GVA growth in 2016 are as follows:

(i) **Agriculture, forestry and fishing:** to recover by 4.5%, after the contraction of -0.3% observed in 2015. Within the sector,

   a. **"**Sugarcane": a local sugar production of around 400,000 tonnes, resulting in a growth of 9.6% compared to -6.2% in 2015, and

   b. "Other Agriculture": to expand by 3.0% compared to 1.6% in 2015.

(ii) **Manufacturing:** to recover by around 1.3%, following the no growth recorded in 2015. Within the sector,

   a. "Sugar milling" " to grow by around 10.0%, after the negative growth of -8.9% in 2015. This expansion would be due to a local sugar production of 400,000 tonnes and the refining of 60,000 tonnes of imported raw sugar. In 2015, the local sugar production was 366,070 tonnes and 70,000 tonnes of raw sugar were imported for refining;

   b. "Food processing" to expand by a rate of 2.0% after a growth of 3.0% in 2015;

   c. "Textile manufacturing" to grow by 0.2%, as opposed to the -2.8% growth observed in 2015; and

   d. "Other manufacturing" is expected to rebound by 1.3% following the contraction of -0.2% registered in 2015.

   Activities of Export Oriented Enterprises (EOEs) are expected to decline by -0.3% after a contraction of -3.1% in 2015.

(iii) **Construction:** to recover by 1.6% after five consecutive years of contraction.

(iv) **Transportation and storage:** to grow by 3.7%, higher than the 3.4% growth in 2015.

(v) **Accommodation and food service activities:** to grow by around 6.9% based on a forecast of around 1,240,000 tourist arrivals in 2016 compared to 1,151,723 in 2015.

(vi) **Information and communication:** to grow by 7.0% in 2016, same as in 2015.

(vii) **Financial and insurance activities:** to grow at a higher rate of 5.4% in 2016 compared to the 5.3% growth in 2015.

(viii) **Professional, scientific and technical activities:** to grow by 6.0%, higher than the 5.1% growth in 2015.

(ix) **Public administration and defence; compulsory social security:** to expand by 3.7% compared to 0.8% in 2015.

(x) **Other sectors:** growth rates based on recent past trends.

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DIRECTORS' REPORT (Contd)

REVIEW OF THE MAURITIAN ECONOMY (Contd)

Consumption and Saving

Final consumption expenditure would grow by 2.9% in 2016, compared to 2.7% in 2015. Gross Domestic Saving (GDS) as a percentage of GDP at market prices for 2016 would be 11.2 compared to 10.4 in 2015.

Investment

(i) **Total investment would rebound by 6.4% in 2016** after several years of contraction. Exclusive of aircraft and marine vessels, investment would grow by 4.4% after a decline of -2.5% in 2015.

(ii) **Private sector investment is expected to grow by 3.3% in 2016,** after the negative growth of -7.3% in 2015. Exclusive of aircraft and marine vessels, the growth rate would still be 3.3% compared to -7.3% in 2015.

(iii) **Public sector investment would expand by 14.7% in 2016 compared to 0.9% in 2015.** Excluding aircraft and marine vessels, public sector investment is expected to grow by 7.2% in 2016 compared to 13.2% in 2015.

(iv) **Investment rate, defined as the ratio of investment to GDP at current market prices would increase to 17.9% in 2016,** from 17.5% in 2015. Exclusive of aircraft and marine vessels, the rate would be 17.5% same as in 2015.

(v) **Private investment rate would slightly decrease to 12.6% in 2016** from 12.7% in 2015 while **public investment rate would increase to 5.3% in 2016** from 4.8% in 2015. Exclusive of aircraft and marine vessels, private investment rate in 2016 would be 12.6% and that of public sector would be 4.9%.

(vi) **The share of the private sector in total investment is expected to decrease to 70.6% in 2016** from 72.8% in 2015 while that **of the public sector would increase to 29.4%** from 27.2%. Exclusive of aircraft and marine vessels, the share of private sector investment in 2016 would be 72.0% and that of the public sector 28.0%. [2]

[2] *Source: Statistics Mauritius*

BANKING SECTOR IN MAURITIUS

The banking sector remained profitable and the majority of banks maintained strong capital positions over the year ended December 2015. Growth in total banking assets mainly reflected further consolidation of the foreign assets portfolio held by both domestic-owned banks and subsidiaries of foreign-owned banks. Most banks maintained capital over and above the minimum statutory requirement of 10 per cent, with the overall capital adequacy ratio remaining at a comfortable level of 17.9 per cent as at end of December 2015. Common Equity Tier 1 capital ratio of banks stood at 15.5 per cent which underscores the strengthening of capital buffers in line with implementation of Basel III framework. The risk of loss from adverse movements in exchange rates was relatively low as banks' individual balance sheets exhibit fairly low currency mismatches and net exposure to foreign exchange risk. Concurrently, the performance of non-bank deposit-taking institutions indicates that the sector remained sound during 2015, with growth in assets and strengthening of capital adequacy ratios.

As at end of December 2015, the sector was supported by strong capital positions, despite a weakening of some financial soundness indicators, including rising non-performing loans ratios. Indebtedness of households has remained broadly constant in 2015 in terms of ratio to disposable income. Similarly, corporate indebtedness remained range-bound as a ratio to GDP. Although the financial system is assessed to be sound and stable in the face of potential vulnerabilities emanating from concentration portfolios, asset exposures and developments in the global business sector, continued vigilance is being exercised by the Bank.

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DIRECTORS' REPORT (Contd)

BANKING SECTOR IN MAURITIUS (Contd)

As at end-March 2016, the balance sheet of domestic-owned banks had registered a growth of 11.8 per cent whilst that of subsidiaries of foreign-owned banks contracted by 18.4 per cent, compared to growth of 18.4 per cent and 29.8 per cent as at end-March 2015. The balance sheet of branches of foreign-owned banks contracted by 23.4 per cent as at end-March 2016. The distribution of total bank assets accounted for by the various categories stood as follows: subsidiaries of foreign-owned banks (48.1 per cent), domestic-owned banks (47.5 per cent), and branches (4.4 per cent).

Of note, following the signature of a protocol for amending the Double Tax Avoidance Agreement (DTAA) between India and Mauritius on 10 May 2016, the Governor of the Bank of Mauritius reviewed the situation with the Chief Executive Officers of systemically important banks and noted that the revision would have mitigated impact on the domestic banking industry in the foreseeable future. An assessment of the banking sector's resilience to liquidity shocks arising from significant outflows of Global Business Companies' (GBC) deposits in case of an unfavourable DTAA re-negotiation was carried out by the IMF/World Bank's Financial Sector Assessment Programme in November 2015. The result revealed that the banking sector could withstand significant withdrawals. [3]

[3] *Source: Monetary Policy and Financial Stability Report Bank of Mauritius*

FINANCIAL RESULTS AND BUSINESS ACTIVITIES

As a result of the transfer of undertaking, the Bank's total assets increased from Rs 15.83 billion as at 30 June 2015 to Rs 28.48 billion as at 30 June 2016 whilst gross loans and advances to customers as at 30 June 2016 reached Rs 18.11 billion, representing an increase of 41.93% compared to Rs 12.76 billion at 30 June 2015. The Bank has also experienced an increase in deposit from Rs 15.33 billion to Rs 28.22 billion.

The Bank ended the year ended 30 June 2016 with a profit after tax of Rs 98 million against a loss after tax of Rs 1.74 billion for the 18 months period to 30 June 2015. Furthermore, total interest income for the year ended 30 June 2016 was Rs 1.26 billion against Rs 1.81 billion for the 18 months period to 30 June 2015 whilst interest expense totalled Rs 806 million for the year ended 30 June 2016 against Rs 1.08 billion for the 18 months period ended 30 June 2015.

Net interest income amounted to Rs 458 million for year ended 30 June 2016 compared to Rs 723 million for the previous financial period.

MauBank Ltd

DIRECTORS' REPORT (Contd)

CORPORATE GOVERNANCE

MauBank Ltd adheres to good corporate governance principles and procedures in its business strategy, operations and organisational culture.

The Board of Directors of the Bank delegates its powers to several Board Committees and Management Committees which operate in line with the best international good corporate governance practices.

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee
ii. Risk Management Committee
iii. Nomination and Remuneration Committee
iv. Conduct Review Committee
v. Board Credit Committee
vi. Corporate Governance Committee
vii. Strategy and Finance Committee

Moreover, MauBank Ltd ensures adherence to all its policies and procedures which are in line with the guidelines issued by the Bank of Mauritius (Central Bank or BOM). In addition to its Compliance Division, a separate Anti-Money Laundering Unit is in operation to safeguard the reputation and integrity of the Bank by preventing any money laundering offence.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2016, the major shareholding of the Bank was as follows:

MauBank Holdings Ltd	99.93 %
Other Shareholders	0.07 %

DIRECTORS' REMUNERATION

The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to Rs 9,378,689 for year ended 30 June 2016 compared to Rs 23,620,733 for the period ended 30 June 2015 and Rs 22,838,196 for the year ended 31 December 2013.

DIRECTORS' SERVICE CONTRACTS

The Bank has an employment contract with its executive director, namely Mr Sridhar Nagarajan who was appointed on 24 September 2015.

MauBank Ltd

DIRECTORS' REPORT (Contd)

DIRECTORS' SHARE INTERESTS

The directors have no interest in the share capital of the Bank, whether directly or indirectly.

AUDITORS

Deloitte acted as external auditors of the Group and the Bank for the year ended 30 June 2016 and its remuneration for audit services is inclusive of Value Added Tax as follows:

	The Group			The Bank		
	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**3,105,000**	**2,975,000**	-	**2,875,000**	**2,875,000**	2,415,000
Other services	#**2,990,000**	**-**	-	#**2,990,000**	**-**	316,250
TOTAL	**6,095,000**	**2,975,000**	-	**5,865,000**	**2,875,000**	2,731,250

Other services payable for the year ended 30 June 2016 to Deloitte relates to a special audit assignment being carried out as at 04 January 2016 on the opening assets and liabilities of MauBank Ltd and a review of IT systems of the Bank. Other services payable for the year ended 31 December 2013 represent mainly fees to the previous auditors, Grant Thornton, for review of the Bank's interim profits for capital adequacy purposes and also for reviewing the Bank's credit classification process.

The audit for the period/year ended 30 June 2015 and 31 December 2013 were conducted by another firm, Grant Thornton.

Includes Rs 575,000 paid to Deloitte for services rendered prior to the firm has been appointed as auditors.

PROSPECTS AHEAD

MauBank Ltd's operational activities span across four main pillars, namely SME, Retail, Corporate and Offshore Banking and has plans to expand its business in these areas.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which present fairly the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance.

MauBank Ltd

DIRECTORS' REPORT (Contd)

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (Contd)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

ACKNOWLEDGEMENTS

The Bank is grateful for the support given by the Government as ultimate shareholder, the Minister of Finance and Economic Development and the Financial Secretary. The Bank is also grateful to management and the employees for their support. The Bank wishes to convey its special thanks to its customers and depositors for their continued support and the relationship and trust will be further strengthened.

Mr .S Lalloo
Chairman – Independent Director
On behalf of Board of Directors

Dr D. Paligadu
Non Executive Director
On behalf of Board of Directors

Mr. S Nagarajan
Chief Executive Officer & Executive Director
On behalf of Board of Directors

Date: 21 DEC 2016

Ebene 72201, Republic of Mauritius

MauBank Ltd

CORPORATE GOVERNANCE REPORT

Following the transfer of undertakings of National Commercial Bank Ltd from MauBank Holdings Ltd to Mauritius Post and Cooperative Bank Ltd on the 4th January 2016, the latter changed its name to MauBank Ltd (to be thereafter referred as the 'Bank' or 'MauBank'). The main shareholder of MauBank is MauBank Holdings Ltd (99.93%) which is a wholly state owned company.

1. STATEMENT ON CORPORATE GOVERNANCE

For matters of good governance, the Bank is guided by the Bank of Mauritius Guideline on Corporate Governance, the Fit and Proper Person Criteria and also the Code of Corporate Governance enacted in the Financial Reporting Act 2004.

Corporate Governance involves a set of relationships between the Bank's management, board, shareholders and other stakeholders. Effective corporate governance practices are essential to achieve and maintain high level of public trust and confidence in the banking system.

The current Board of MauBank is fully committed to attaining and maintaining the highest standards of corporate governance. The Board was reconstituted in January 2016 and has since gradually implemented the required standards of Corporate Governance. It has all the powers for managing, directing and supervising the Management of the business and affairs of the Bank.

MauBank's Corporate Governance system consists of the Board of Directors, Board Committees, Management Forums, Management, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations.

The abovementioned system provides structures for the following:

- Formulation of strategic directions and plans;
- Setting up of corporate objectives and budgets;
- Establishing clear lines of responsibility and accountability;
- Delegation of authority to management to implement Board approved plans and strategies and to operate the Bank's business on a day-to-day basis;
- Sanctioning of banking facilities to related parties and large credit exposure to a customer/group;
- Monitoring of performance and compliance with laws, regulations, policies and procedures;
- Risk management framework;
- Internal control systems;
- Rewards and incentives;
- Succession planning for executives; and
- Good governance practices.

2. SHAREHOLDING

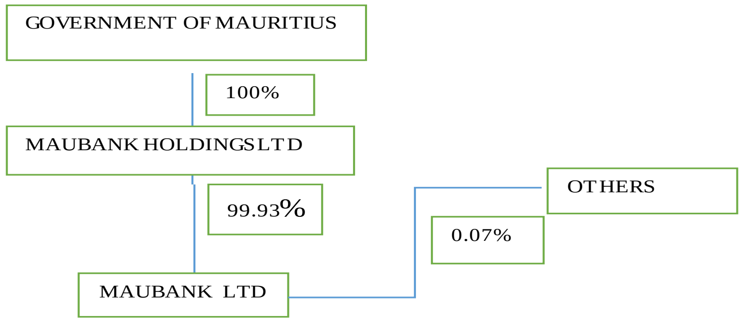
At 30 June 2016, the share capital of the Bank stood at Rs 3,270,858,232 represented by 3,401,813,502 ordinary shares. There are twelve (12) shareholders on the shares register with MauBank Holdings Ltd having 99.93% interest in the Bank, the remaining shares being held by 11 shareholders including public sector bodies and cooperative societies. MauBank Holdings Ltd is in turn 100% owned by the Government of Mauritius.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

2. SHAREHOLDING (Contd)

The holding structure of the Bank as at 30 June 2016 is shown below:



The shareholder holding more than 5% of the Bank are detailed in the Directors' Report. The shareholders share their feedback and concerns on the Bank's activities during the Annual Meetings. The last annual meeting was held on 30 October 2015.

The list of Directors of MauBank Holdings Ltd is as follows:
Mr. Goolabchund Goburdhun
Mr. Tamanah Appadu
Ms. Vijaya Kumaree Sumputh
Mr. Sridhar Nagarajan
Mr. Yip Wang Wing Youk Siane

The Chief Executive Officer of the Bank is the only common director in the holding company.

3. DIVIDEND POLICY

The Board has the discretion to consider and declare dividend payout based on capital availability per the Banking Act 2004 and Bank of Mauritius Capital Adequacy Guidelines.

4. BOARD OF DIRECTORS AND MANAGEMENT

4.1 BOARD OF DIRECTORS

4.1.1 Composition of the Board

Further to the transfer of undertaking, the Board was reconstituted in January 2016.

Details of the appointments and resignations for the Financial Year 2015 / 2016 are as follows:

	Appointment date	Cessation date
Mr. Goburdhun Goolabchund	13-Feb-15	20-Jan-16
Ms. Sumputh Vijaya Kumaree	9-Mar-15	20-Jan-16
Mr. Youdishteer Kripa	13-Mar-15	20-Jan-16
Mr. Gokhool Ashvin Jain	9-Mar-15	20-Jan-16
Mr. Goburdhun Dineshing	23-Jun-11	20-Jan-16
Mr. Codabux Muhammad Javed	13-Mar-15	20-Jan-16
Mr. Moteea Giandev	29-Dec-03	20-Jan-16

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.1 Composition of the Board (Contd)

Directors appointed FY 2015 - 2016	Date of Appointment
Mr. Nagarajan Sridhar (Executive Director)	24-Sep-15
Mr. Putchay Vassoo Allymootoo (Non Executive Director)	20-Jan-16
Mr. Lalloo Said (Independent Director)	20-Jan-16
Mr. Gokhool Ashvin Jain (Independent Director)	22-Mar-16
Mr. Nilamber Anoop Kumar (Non Executive Director)	22-Mar-16

Continuing Directors	Date of Appointment
Mr. Dharamraj Paligadu (Non-Executive Director)	07-Mar-15
Mr. Nicolas Jean Marie Cyril (Independent Director)	13-Mar-15

The Corporate Governance report will cover the governance structure and operating model of the Bank , in detail, which was reorganised following the reconstitution of the Board.

As at 30 June 2016, the Board was made up of six non-executive directors, including three independent directors and one executive director. The directors' profile is described in the "Administrative Information" Section.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.2 Responsibilities of the Board

The Board's responsibilities, among others, include:

- Function independently of management;
- Operate at a higher level than management;
- Exercise leadership, enterprise, intellectual honesty, integrity and judgment in directing the Bank so that it achieves sustainable prosperity;
- Ensure that policies, procedures and practices are in place to protect the Bank's assets and reputation;
- Consider the necessity and appropriateness of installing a mechanism by which breaches of the principles of corporate governance may be reported;
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- Appoint senior management and ensure that succession is professionally planned in good time; and
- Balance 'conformance' and 'performance'. Conformance is compliance with the various laws, regulations and codes governing companies. Ensuring performance requires the development of a commensurate enterprise culture within the organisation so that returns to shareholders are maximised while respecting the interests of other stakeholders.

Following the reconstitution of the Board, the Board Committees were also re organised in March 2016, to meet the prevailing regulatory requirements and good governance practices. The revised operating model of the Bank ensures segregation of duties and also that clear cut lines of responsibilities of the sub committees are laid down through the terms of reference of each Committee.

4.1.3 Committees of the Board

Board Committees such as Audit Committee, the Remuneration and Nomination Committee, the Conduct Review Committee, Risk Management Committee, Strategy and Finance Committee Corporate Governance Committee and the Board Credit Committee were reconstituted on 31 March 2016

The main objectives, responsibilities and the membership of the Board Committees, as at 30 June 2016, are set out below:

Audit Committee

The Audit Committee met seven times for the year ended 30 June 2016 and its principal function is to oversee the Bank's financial reporting process, monitor the internal control systems, review financial statements, provide support to the Board of Directors on compliance, audit and financial matters, oversee performance of external and internal auditors of the Bank, and review internal and external inspection reports.

The Audit Committee members, as at 30 June 2016, were as follows:

Mr. Ashvin Jain Gokhool *(Chairman)*	(As from 31 March 2016)
Mr. Said Lalloo	(As from 31 March 2016)
Mr. Jean Marie Cyril Nicolas	(As from 13 March 2015)

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.3 Committees of the Board (Contd)

Audit Committee (Contd)

Messrs. Youdishteer Kripa and Javed Codabux were members of the Bank's Audit Committee in 2015.

Conduct Review Committee ('CRC')

In April 2012, the Board had approved the merging of the Conduct Review and Risk Management Committee and the Corporate Governance Committee into the Board Conduct Review, Risk Management and Corporate Governance Committee. The membership of this Committee, prior the transfer of undertaking was as follows:

Ms Vijaya Kumaree Sumputh – Chairperson
Mr Cyril Nicolas
Dr Dharamraj Paligadu
Mr Sridhar Nagarajan
Mr Javed Codabux

In March 2016, the previous Board Conduct Review, Risk Management and Corporate Governance Committee was split into three different Committees, to ensure the proper implementation of the mandate and objectives of each Committee.

The CRC reviews transactions connected with related parties to ensure that they are carried out on terms and conditions that are at least as favourable as market terms and conditions and also ensures the Bank is directed and controlled under best corporate governance practices. Working under good corporate governance practices simply means that business is conducted under the following principles and guidance:

- Discipline
- Responsibility
- Accountability
- Fairness
- Transparency
- Independence

The CRC comprises of five members, out of which three are independent. Since the CRC has been set up as a separate Committee in March 2016, one meeting was held. During the period 2015/2016 and prior to March 2016, three Board Conduct Review, Risk Management and Corporate Governance Committee meetings were held.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.3 Committees of the Board (Contd)

Conduct Review Committee (Contd)

The Conduct Review Committee members, as at 30 June 2016 were as follows:

Mr Cyril Nicolas (Chairman)	(Member as from 23 June 2015 and Chairman as from 31 March 2016)
Dr Dharamraj Paligadu	(As from 07 March 2015
Mr Ashvin Gokhool	(As from 31 March 2016)
Mr Said Lalloo	(As from 31 March 2016)
Mr Sridhar Nagarajan	(As from 31 March 2016)

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a committee of the Board of Directors which has the responsibility of selecting competent and qualified personnel and making recommendations to the Board of Directors. The Committee aims to retain and attract qualified and experienced personnel for the smooth running of the organisation.

The roles of this Committee are to review corporate objectives and budgets, senior executives' performance, reward policy and approve productivity bonus policy to employees, approve salary revisions, service conditions and staff welfare policy, approve recruitment or promotion of top managers, review irregularities and serious offences, recommend recruitment and terms of contract of employment of the Chief Executive Officer and other Senior Officers, review and recommend nomination of suitable persons eligible as candidate for directorship, in accordance with Fit and Proper Person Policy and Corporate Governance.

The Nomination and Remuneration Committee comprises of four members of which one is independent, two are non executive and one is executive. During the last three months for the period ended 30 June 2016, three Committee meetings were held. The membership of the Nomination and Remuneration Committee members, as at 30 June 2016, was as follows:

Mr Said Lalloo *(Chairman)*	(As from 31 March 2016)
Mr Sridhar Nagarajan	(As from 31 March 2016)
Dr. Dharamraj Paligadu	(As from 31 March 2016)
Mr. Vassoo Putchay	(As from 31 March 2016)

Board Credit Committee

The Board Credit Committee reviews and approves credit proposals above Rs 40 million. This Committee is held as and when the need arises. The membership of this Committee, as at 30 June 2016, was as follows:

Dr Dharamraj Paligadu *(Chairman)*	(As from 31 March 2016)
Mr Sridhar Nagarajan	(As from 31 March 2016)
Mr Vassoo Putchay	(As from 31 March 2016)

Mr. Giandev Moteea, O.S.K and Ms. Vijaya Kumaree Sumputh were members of the Bank's Board Credit Committee in 2015.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.3 Committees of the Board (Contd)

Risk Management Committee

The main responsibilities of the Risk Management Committee is the identification and oversight of the principal risks at the Bank, including but not limited to credit, market, liquidity, operational, compliance and regulatory and reputational risks and the actions taken to mitigate them. It is also responsible to advise the Board on the Bank's overall current and future risk appetite, tolerance and strategy and oversee Senior Management's implementation of the risk appetite framework and reporting on the state of risk culture in the Bank to the Board.

The membership of this Committee as at 30 June 2016 was as follows:

Mr Anoop Nilamber	(Member as from 31 March 2016 and Chairman as from 28 June 2016)
Mr Said Lalloo	(As from 31 March 2016)
Mr Sridhar Nagarajan	(As from 31 March 2016)
Mr Cyril Nicolas	(As from 31 March 2016)
Mr Vassoo Putchay	(As from 31 March 2016)

Corporate Governance Committee

This Committee is responsible to determine, agree and develop the Bank's general policy on corporate governance in accordance with applicable Code of Corporate Governance and legislations. It should also ensure that the corporate governance report and disclosures to be published in the Bank's annual report is in compliance with provisions of the Code of Corporate Governance;

It shall consider any other corporate governance matters as directed by the Board and report to the Board accordingly.

The membership of this Committee as at 30 June 2016 was as follows:

Mr Vassoo Putchay	(As from 31 March 2016)
Mr Sridhar Nagarajan	(As from 31 March 2016)
Mr Anoop Nilamber	(As from 31 March 2016)

The Committee was set up in March 2016 and no meeting was held by 30 June 2016.

Strategy and Finance Committee

Over and above the requirement of the Guidelines on Corporate Governance and to further enhance its governance structures, the Bank has put in place since March 2016 a Strategy and Finance Committee. The main duties of this Committee shall be to advise on the overall short and long term strategy of the Bank and monitor the Bank's longer-term financial stability. It shall recommend to the Board the strategic and financial plans of the Bank and oversee and monitor implementation of the Bank's Strategic Plan and its associated financial plans.

Further responsibilities of the Strategy and Finance Committee include advising Management in relation to the Bank's capital structure and its underlying equity/debt funding strategy and monitoring the Bank's quarterly financial performance.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.3 Committees of the Board (Contd)

Strategy and Finance Committee (Contd)

The membership of this Committee as at 30 June 2016 was as follows:

Mr Said Lalloo (As from 31 March 2016)
Mr Sridhar Nagarajan (As from 31 March 2016)
Mr Ashvin Gokhool (As from 31 March 2016)
Dr Dharamraj Paligadu (As from 31 March 2016)

The Committee was set up in March 2016 and no meeting of this Committee has been held since its constitution.

4.1.4 Board and Committee Attendance

The following table gives the record of attendance at meetings of the Bank's Board and its Committees during the financial year ended 30 June 2016.

	Board	Audit Committee	Conduct Review, Risk Management and Corporate Governance Committee	Risk Management Committee	Conduct Review Committee	Board Credit Committee	Nomination and Remuneration Committee
Number of meetings held during FY 2015/16	25	7	3	1	1	19	3
Meetings Attended by:							
Mr Said Lalloo*	10	3		1	1		3
Mr. Ashvin Jain Gokhool*	18	7			1		
Mr. Cyril Nicolas*	20	2	3	1	1		1
Mr Sridhar Nagarajan*	18		1	1	1	19	3
Mr Anoop Kumar Nilamber*	7			1			
Dr. Dharamraj Paligadu*	24		2		1	17	3
Mr Vassoo Allymootoo Putchay*	9			1		14	2
Mr. Goolabchund Goburdhun	15						
Mr. Giandev Moteea, O.S.K	13					5	
Mr. Dineshsing Goburdhun	13						
Ms. Vijaya Kumaree Sumputh	13		3			2	
Mr. Youdishteer Kripa	13	5					
Mr. Javed Codabux	13	4	3				

Note: * Board members as at 30 June 2016. Their membership status (Independent, Non Executive or Executive) has been provided in "Administrative Information" Section where their profiles have been provided.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.5 Directors' Interests and Dealings in Shares

The directors have no interest in the share capital of the Bank, whether directly or indirectly. The shares of the Bank are unquoted and hence there were no dealings in shares by the directors of the Bank.

4.1.6 Directors' Remuneration

The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to Rs 9,378,689 for year ended 30 June 2016 compared to Rs 23,620,733 for the period ended 30 June 2015 and Rs 22,838,196 for the year ended 31 December 2013.

The Bank is of the opinion that the individual remuneration of its directors is confidential and sensitive, as such, this information will not be disclosed in the annual report. However, the Board is agreeable to disclosing this information should a shareholder query such remuneration at the Annual Meeting of shareholders.

4.1.7 Table of Events – Shareholders' diary

The important dates in the shareholders' diary were as follows:

Annual Meeting, which included the annual re-election of exisiting directors	30 October 2015
Board approval for dividend payment	Not applicable for the financial year ended 30 June 2016
Dividend payment date	Not applicable for the financial year ended 30 June 2016

4.2 SENIOR MANAGEMENT PROFILE

Refer to Administrative Information Section.

4.3 SHAREHOLDERS' AGREEMENT AFFECTING THE GOVERNANCE OF THE BANK BY THE BOARD

There is no shareholders' agreement. All directors are appointed by the shareholders and from time to time the Board of Directors may be called to fill in casual vacancy at the level of the Board to allow the Bank to be in line with guidelines issued by the Central Bank regarding the ratio of non-executive independent directors to total number of directors. These appointments are ratified by shareholders at the Annual Meeting.

4.4 THIRD PARTY MANAGEMENT AGREEMENT

No third party management agreement presently exists.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

5. RELATED PARTY TRANSACTIONS AND PRACTICES

The Guideline on Related Party Transactions has been reviewed by the Bank of Mauritius and is effective since 19 January 2009 and revised in June 2015. The guideline is made up of 5 sections:

- Board and Senior Management Responsibilities;
- Rules Governing Related Party Transactions;
- Monitoring of Related Party Transactions;
- Disclosure and Regulatory Reporting; and
- Transitional Provisions.

Related parties, whether body corporate or natural persons, fall into two main categories:

(a) those that are related to a financial institution because of ownership interest; and
(b) those that are related otherwise, such as directors and senior officers who may also have some ownership interest in the financial institution.

Related party transactions include:

(a) Credit, financial leasing, non-fund based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party to a related party;
(b) Placements made by the Bank with the related party;
(c) Conditional sales agreements;
(d) Consulting or professional services contracts with directors;
(e) Investment in equity of a related party;
(f) Deposits placed with the Bank by related parties; and
(g) Acquisition, sale or lease of assets.

The Guideline outlines 3 categories of credit exposures to related parties and prescribes the regulatory limits applicable.

In line with the Guideline on Related Party Transactions, the Board of directors of the Bank has established a revised policy on related party transactions. The Policy sets out prudent rules and internal limits.

Related party reporting to the Bank of Mauritius is done on a quarterly basis. Ongoing monitoring and reporting related party transactions are also carried out in the Credit Risk Forum and Board Conduct Review, Risk Management and Corporate Governance Committee.

Exposure of the Bank's top six related parties as at 30 June 2016 were Rs 254.20 M, Rs 155.79 M, Rs 115.22, Rs 111.87 M, Rs 59.86 M and Rs 29.29 M. These balances represented -15.76%, -9.66%, -7.14%, -6.94%, -3.71% and -1.82% respectively of the Bank's Tier 1 capital. The total top six related parties represented Rs 726.23 M or -45.03% of Tier 1 capital.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

5. RELATED PARTY TRANSACTIONS AND PRACTICES (Contd)

CREDIT EXPOSURES TO RELATED PARTIES	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	Rs'000	**Rs'000**	**Rs'000**
Total Related Party Exposures	**778,312**	**453,593**	261,882
Total Exposures	**18,106,231**	**12,757,565**	13,300,037
Percentage to total exposures	**4.30%**	**3.56%**	1.97 %

Refer to Note 39 to these financial statements for other details on related party transactions.

6. MATERIAL CLAUSES OF THE BANK'S CONSTITUTION

The Bank may issue different classes of shares, and fractions of shares, and without limiting the foregoing, shares may:
- be redeemable;
-confer preferential rights to distribution of capital and income;
- confer special, limited or conditional voting rights; or
- not confer voting rights.

Subject to any shareholders' agreement, no rights of pre-emption shall apply to issue of new shares.

Distributions – subject to the mandatory requirements of the Companies Act 2001, Banking Act 2004, the Bank shall not make any distribution to any shareholder unless that distribution has been approved by the shareholders by ordinary resolution.

Subject to the above and the solvency test, the Board may declare and authorise dividend payment at such time and such amount it thinks fit.

The minimum number of directors is five and maximum number is thirteen.

The Board has the power at any time and from time to time to appoint any person to be a director to fill a caual vacancy.

Other Material clauses of the Constitution include the appointment and remuneration of auditors and the holding of Shareholders' and Board meetings. Both are in line with the Banking Act 2004 and the Mauritius Companies Act 2001.

7. STATEMENT OF REMUNERATION PHILOSOPHY

The Bank has a Nomination and Remuneration Committee which is a committee of the Board, and it has the responsibility of approving the selection of competent and qualified personnel. The Committee aims to retain and attract qualified and experienced management and executives to meet the Bank's goals. The Bank also closely evaluates any practice by which remuneration is paid to both directors and executives. The remuneration packages are determined based on a number of factors including qualifications, skills, market conditions and responsibility shouldered.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

8. CORPORATE SOCIAL RESPONSIBILITY

MauBank Ltd also firmly believes that sustainable growth can only be achieved in partnership with the community in which it operates. In its CSR calendar for the year 2015/2016, MauBank Ltd upheld its objective to be a socially responsible bank and maintained its focus on poverty alleviation, promotion of good health, and provision of educational facilities to needy students. It continued its support to its regular CSR partners like the SOS Children's Village, the Blood Donors' Association and needy students of University Technology of Mauritius through the MauBank Scholarship Scheme, and also financed the implementation of a few 'outdoor gyms', which will be set up and administered by the Ministry of Health and Quality of Life. This is in line with the bank's objective to promote and cultivate the habit of maintaining good health through regular physical exercise, and to render the facility accessible to a majority of Mauritians who do not have ready access to indoor gyms. These outdoor gyms will be set up in various regions across the island to reach a maximum number of people of all ages and from all walks of life.

Furthermore, to live up to its CSR motto which is 'Banking with a Heart', MauBank also extended its financial support to some other local NGOs which are sparing no effort in fighting against social distresses affecting children, the elderly and even animals, such NGOs being Association of Disability of Service Providers, Association Oeuvre Hospitaliere Saint Jean de Dieu and Paws Mauritius. To serve the population in Rodrigues, MauBank Ltd's opened its first branch in Port Mathurin in June 2016 and in this spirit, the bank, for the first time, extended its CSR support to an NGO in Rodrigues, namely Trevor Huddleston Association for the Disabled, which assists disabled and needy children in Rodrigues.

9. SHARE OPTION PLAN

The Bank does not have any share option plan for its directors and employees.

10. RISK MANAGEMENT

The risk management of the Bank is detailed in Note 5 to these financial statements and in the "Management Discussion and Analysis" Section.

11. INTERNAL AUDIT

Internal audit provides the Board of Directors (Governing Body) and senior management with comprehensive assurance based on the highest level of independence and objectivity. The audit function is recognised as a valuable and strategic asset of the organisation.

This high level of independence is achieved by the Head of Internal Audit reporting directly to the Audit Committee and administratively to the Chief Executive Officer (CEO). Internal Audit has unrestricted access to the Bank's activities, properties, records, information and personnel.

Internal audit provides independent assurance on the effectiveness of governance, risk management and internal controls, including the manner in which the functions that own and manage risks and functions that oversees risks achieve their control objectives.

Internal audit identifies the audit universe, which include all business lines and operations. Based on risk assessment carried out, resources are allocated and an annual audit plan, with a schedule of execution, is drawn up and approved by the Audit Committee.

The plan is executed by the Head of Department, who is assisted by eight staffs, all of whom have the requisite experience in banking, finance, information and communication technology and audit. Progress reports on the execution of the plan are tabled in each Audit Committee meeting.

CORPORATE GOVERNANCE REPORT (Contd)

11. INTERNAL AUDIT (Contd)

After each assignment an audit report is issued to the Executive Head of the Business Unit and an executive summary to the members of the Audit Committee and the Chief Executive Officer. The report contains findings, risk associated with each of them and recommendations to correct deficiencies and add value to the Bank. The recommendations are agreed with business owners and actions plans are drawn with Senior Management before audit reports are issued. Each finding is rated according to the level of risk.

Each unit is graded based on the model for evaluating internal controls developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), used internationally, on the number of findings and severity of the risks.

All high risk units and the medium risk units were covered satisfactorily as part of annual plan 2015/2016.

All units, irrespective of their level of risk, are audited every year.

Mr. Hurrydutt Rambojun has been heading the Internal Audit Department since February 2016 and he is supported by a team of eight staff. He is a fellow member of the Association of Chartered Certified Accountants.

12 AUDITORS REMUNERATION

Deloitte acted as external auditors of the Group and the Bank for the year ended 30 June 2016 and its remuneration for audit services, inclusive of Value Added Tax, is as follows:

	The Group			The Bank		
	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**3,105,000**	**2,975,000**	-	**2,875,000**	**2,875,000**	2,415,000
Other services	#**2,990,000**	**-**	-	#**2,990,000**	**-**	316,250
TOTAL	**6,095,000**	**2,975,000**	-	**5,865,000**	**2,875,000**	2,731,250

Other services payable for the year ended 30 June 2016 to Deloitte relates to a special audit assignment being carried out as at 04 January 2016 on the opening assets and liabilities of MauBank Ltd, and a review of the IT systems of the Bank. Other services payable for the year ended 31 December 2013 represent mainly fees to the previous auditors, Grant Thornton, for review of the Bank's interim profits for capital adequacy purposes and also for reviewing the Bank's credit classification process.

The audit for the period/year ended 30 June 2015 and 31 December 2013 were conducted by another firm, Grant Thornton.

Includes Rs 575,000 paid to Deloitte for services rendered prior to the firm has been appointed as auditors.

MauBank Ltd

CORPORATE GOVERNANCE REPORT (Contd)

13 CODE OF ETHICS

The Bank is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. This commitment is based on the fundamental belief that business should be conducted honestly, fairly and legally. The Bank expects all its employees to adhere to the above commitment and shares high moral and ethical standards.

14 NON POLITICAL DONATIONS

Charitable donation made by the Bank during the year under review amounted to Rs 8,184,069 (Period ended 30 June 2015: Rs 5,481,759; Year ended 31 December 2013: Rs 4,126,841).

15 POLITICAL DONATIONS

No political donation was made by the Bank during the year under review (Period ended 30 June 2015: Rs Nil; Year ended 31 December 2013: Rs Nil).

16 HEALTH AND SAFETY

Health and Safety are of utmost importance to the management of the Bank and the latter is committed in providing a safe place of work for its employees as well as for its customers and visitors. The Health and Safety practices comply with existing legislative and regulatory frameworks including relevant provisions of the labour laws and The Occupational Safety and Health Act.

Mr Christophe Brette
On Behalf of Prime Partners Ltd
Secretary

Date: 21 DEC 2016

Port Louis, Republic of Mauritius

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ('PIE'): MauBank Ltd
Reporting Period: Year ended 30 June 2016

We, the undersigned being the Directors of MauBank Ltd, confirm to the best of our knowledge that the Bank has complied with all of its obligations and requirements under the Code of Corporate Governance, except for sections disclosed on Appendix I to this statement on page on page 28.

Mr S. Lalloo **Chairman - Independent Director** **On behalf of Board of Directors**	**Dr D. Paligadu** **Non Executive Director** **On behalf of Board of Directors**	**Mr S. Nagarajan** **Chief Executive Officer and** **Executive Director**

Date: 21 DEC 2016

MauBank Ltd

Appendix I to the statement of compliance

Non-compliance with the code of corporate governance

1. Responsibilities of the Board

Section 2.9

The Bank should have a suitable induction and evaluation programme in place which meets specific needs of the Bank and its directors. Both the induction training and evaluation exercise have been carried out in October and November 2016 respectively

2. Board composition

Section 2.2.3

All Boards should have a strong executive management presence with at least two executives as members.

This issue is under review. The CEO appointed on 24 September 2015 is also an executive director.

3. Details of remuneration paid to each director on an individual basis

Section 2.8.2

The Bank is of the opinion that the individual remuneration of its directors is confidential and sensitive, as such, this information will not be disclosed in the annual report. However, the Board is agreeable to disclosing this information should a shareholder query such remuneration at the Annual Meeting of shareholders.

4. Composition of the Audit Committee

Section 3.9.1 (b)

The Bank has only three independent directors including the Chairman of the Board and all three independent directors are members of the audit committee to meet requirements of the section 40 (1) of the Banking Act 2004. This issue is under review.

MauBank Ltd

Statement of management's responsibility for financial reporting

For the year ended 30 June 2016

The financial statements for the Bank's operations presented in this Annual Report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and Bank of Mauritius Guideline on Public Disclosure of Information have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through its sub committees such as the Audit Committee and the Conduct Review, Risk Management and Corporate Governance Committee, which comprise independent and non executive directors who are not officers or employees of the Bank, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits in coordination with the Bank's external auditors. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Bank, as it deems necessary.

The Bank's External Auditors, Deloitte, have full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Mr .S Lalloo **Chairman – Independent Director** **On behalf of Board of Directors**	**Dr D. Paligadu** **Non Executive Director** **On behalf of Board of Directors**	**Mr. S Nagarajan** **Chief Executive Officer &** **Executive Director** **On behalf of Board of Directors**

Date: 21 DEC 2016

Ebene 72201, Republic of Mauritius

MauBank Ltd

Report from the Secretary

I certify, to the best of my knowledge and belief, that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the year ended 30 June 2016.

Mr Christophe Brette
On Behalf of Prime Partners Ltd
Secretary

Date: 21 DEC 2016

Port Louis, Republic of Mauritius

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Deloitte.

7th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

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Independent auditors' report to the shareholders of MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank Ltd)

This report is made solely to the Bank's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in an auditors' 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 and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **MauBank Ltd** ("the Bank") and its subsidiary (together referred to as the "Group") set out on pages 34 to 145 which comprise the statement of financial position at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

7th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

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Independent auditor's report to the shareholders of (cont'd)
MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank Ltd)

Opinion

In our opinion, the financial statements on pages 34 to 145 give a true and fair view of the financial position of **the Group and the Bank** as at 30 June 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Prior year financial statements

The financial statements for the year ended 30 June 2015 were audited by another auditor, who expressed a qualified audit opinion in respect of non-compliance with Section 20 (2) of the Banking Act 2004 with respect to the capital adequacy ratio of not less than 10% on 30 September 2015.

Report on other legal and regulatory requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the Bank and its subsidiary other than in our capacities as auditors and arm's length dealings in the ordinary course of business;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Bank as far as appears from our examination of those records.

In accordance with the requirements of the Banking Act 2004, we report as follows:

- in our opinion, except for the non-compliance with Section 20 (2) of the Banking Act 2004 at 30 June 2016 with respect to the capital adequacy ratio of not less than 10% as more fully explained in Note 7 to the financial statements , 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 provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and
- the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the code.

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the code.

Deloitte

Deloitte
Chartered Accountants

21 DEC 2016

R. Srinivasa Sa

R. Srinivasa Sankar, FCA
Licensed by FRC

MauBank Ltd

Statements of financial position as at

		The Group		The Bank		
	Notes	30 June 2016	30 June 2015 (Restated)	30 June 2016	30 June 2015 (Restated)	31 December 2013 (Restated)
		Rs	Rs	Rs	Rs	Rs
ASSETS						
Cash and cash equivalents	8	**1,698,430,216**	1,348,161,042	**1,698,430,216**	1,348,161,042	424,467,310
Loans to and placements with banks	9	**51,854,597**	4,231,833	**51,854,597**	4,231,833	918,304
Trading assets	10	**3,586,299,612**	537,967,166	**3,586,299,612**	537,967,166	845,569,889
Investment securities	11	**2,289,211,089**	1,493,479,619	**2,289,211,089**	1,493,479,619	1,621,551,205
Loans and advances to customers	12	**15,878,082,285**	10,382,723,969	**16,132,282,752**	10,650,020,246	13,033,011,274
Property, plant and equipment	13(a)	**1,440,113,315**	485,272,862	**1,164,688,637**	218,305,911	254,608,211
Intangible assets	13(b)	**191,319,095**	125,832,589	**191,319,095**	125,832,589	79,063,632
Investment property	14	**69,350,000**	-	**69,350,000**	-	-
Investment in subsidiary	15	**-**	-	**100,000**	100,000	-
Deferred tax assets	36	**486,291,220**	-	**486,291,220**	-	-
Tax receivable	36(c)	**24,546,102**	-	**23,152,238**	-	-
Other assets	16	**2,765,791,542**	1,449,257,294	**2,791,054,015**	1,449,715,749	1,400,934,766
Total assets		**28,481,289,073**	15,826,926,374	**28,484,033,471**	15,827,814,155	17,660,124,591
LIABILITIES						
Deposits from customers	17	**28,213,435,943**	15,329,542,015	**28,217,283,658**	15,331,098,698	15,500,335,643
Other borrowed funds	18	**420,260,638**	15,458,383	**420,260,638**	15,458,383	433,083,923
Subordinated liabilities	19	**162,657,647**	162,636,986	**162,657,647**	162,636,986	424,584,431
Current tax liabilities	36(c)	**-**	38,716,444	**-**	38,716,444	41,782,343
Deferred tax liabilities	36	**-**	18,622,010	**-**	18,622,010	18,619,058
Other liabilities	20	**454,307,869**	100,085,234	**454,023,868**	99,736,292	87,101,939
Retirement benefits obligations	21	**63,516,816**	-	**63,516,816**	-	-
Total liabilities		**29,314,178,913**	15,665,061,072	**29,317,742,627**	15,666,268,813	16,505,507,337
SHAREHOLDERS' EQUITY						
Stated capital	22	**3,270,858,232**	1,136,962,400	**3,270,858,232**	1,136,962,400	383,962,400
Statutory reserve	23	**14,695,608**	-	**14,695,608**	-	115,782,554
(Accumulated losses) / retained earnings	24	**(4,219,132,884)**	(1,075,884,712)	**(4,219,952,200)**	(1,076,204,672)	554,183,096
Net owned funds		**(933,579,044)**	61,077,688	**(934,398,360)**	60,757,728	1,053,928,050
General banking reserve	25	**90,709,840**	90,709,840	**90,709,840**	90,709,840	90,709,840
Fair value reserve	11(c)	**-**	98,410	**-**	98,410	-
Revaluation reserve	26	**9,979,364**	9,979,364	**9,979,364**	9,979,364	9,979,364
Total equity attributable to equity holders of the parent		**(832,889,840)**	161,865,302	**(833,709,156)**	161,545,342	1,154,617,254
Total liabilities and equity		**28,481,289,073**	15,826,926,374	**28,484,033,471**	15,827,814,155	17,660,124,591

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of financial position as at (Contd)

		The Group		The Bank		
	Notes	30 June 2016	30 June 2015 (Restated)	30 June 2016	30 June 2015 (Restated)	31 December 2013 (Restated)
		Rs	Rs	Rs	Rs	Rs
CONTINGENT LIABILITIES AND COMMITMENTS						
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	27	**1,767,620,631**	1,697,239,213	**1,767,620,631**	1,697,239,213	1,457,763,204
Credit commitments	28	**317,098,551**	314,320,920	**317,098,551**	314,320,920	311,812,925

Approved by the Board of Directors on 21 DEC 2016 and signed on its behalf by:

Mr S. Lalloo
Chairman - Independent Director
On behalf of Board of Directors

Dr D. Paligadu
Non Executive Director
On behalf of Board of Directors

Mr S. Nagarajan
Chief Executive Officer and
Executive Director

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of profit or loss and other comprehensive income for the year/period ended

		The Group		The Bank		
	Notes	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 31 December 2013 (Restated)
		Rs	Rs	Rs	Rs	Rs
Interest income		**1,245,262,981**	1,788,318,120	**1,263,476,995**	1,805,926,217	1,181,918,162
Interest expense		**(805,662,891)**	(1,082,567,202)	**(805,662,891)**	(1,082,567,202)	(642,971,321)
Net interest income	29	**439,600,090**	705,750,918	**457,814,104**	723,359,015	538,946,841
Fee and commission income		**94,994,204**	144,911,918	**94,994,204**	144,911,918	101,381,313
Fee and commission expense		**(3,645,556)**	-	**(3,645,556)**	-	-
Net Fee and commission income	30	**91,348,648**	144,911,918	**91,348,648**	144,911,918	101,381,313
Net trading income	31	**53,333,933**	66,321,004	**53,333,933**	66,321,004	34,309,830
Other income	32	**21,532,306**	7,442,620	**21,532,306**	7,442,620	4,944,000
		74,866,239	73,763,624	**74,866,239**	73,763,624	39,253,830
Operating income		**605,814,977**	924,426,460	**624,028,991**	942,034,557	679,581,984
Net impairment loss on financial assets	33	**(174,516,063)**	(1,859,523,212)	**(174,516,063)**	(1,859,523,212)	(36,422,185)
Personnel expenses	34	**(299,026,137)**	(300,183,188)	**(299,026,137)**	(300,183,188)	(208,320,766)
Operating lease expenses	42	**(51,123,261)**	(60,253,456)	**(82,071,180)**	(83,404,717)	(39,772,216)
Depreciation and amortisation	13	**(154,851,484)**	(96,844,962)	**(143,715,757)**	(92,586,146)	(59,620,661)
Other expenses	35	**(251,747,694)**	(254,173,296)	**(250,820,225)**	(253,208,908)	(150,673,210)
(Loss)/profit before income tax		**(325,449,662)**	(1,646,551,654)	**(326,120,371)**	(1,646,871,614)	184,772,946
Income tax credit /(expense)	36(b)	**423,919,736**	(99,298,708)	**424,091,089**	(99,298,708)	(67,149,584)
Profit/(Loss) for the year/period attributable to equity holders of the parent	37	**98,470,074**	(1,745,850,362)	**97,970,718**	(1,746,170,322)	117,623,362
Earnings/(loss) per share	38	**0.05**	(304.52)	**0.05**	(304.58)	30.63

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of profit or loss and other comprehensive income for the year/period ended (Contd)

		The Group		The Bank		
	Notes	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
			(Restated)		(Restated)	(Restated)
		Rs	Rs	Rs	Rs	Rs
Profit/(loss) for the year/period		**98,470,074**	(1,745,850,362)	**97,970,718**	(1,746,170,322)	117,623,362
Other comprehensive (loss)/income:						
Items that will not be reclassified subsequently to profit or loss		**-**	-	**-**	-	-
Items that may be classified subsequently to profit or loss:						
Reversal of gain on fair value of available-for-sale financial assets	11	**(98,410)**	98,410	**(98,410)**	98,410	-
Actuarial loss for the year	21(iii)	**(13,066,137)**	-	**(13,066,137)**	-	-
Deferred tax on actuarial loss	36	**2,221,243**	-	**2,221,243**	-	-
Other comprehensive income for the year /period, net of tax		**(10,943,304)**	98,410	**(10,943,304)**	98,410	-
Total comprehensive income/(loss) for the year / period attributable to equity holders of the parent		**87,526,770**	(1,745,751,952)	**87,027,414**	(1,746,071,912)	**117,623,362**
Transfer to Statutory Reserve	23	**(14,695,608)**	-	**(14,695,608)**	-	(17,643,504)
Transfer to General Banking Reserve	25	**-**	-	**-**	-	-
Total Statutory and General Banking Reserves transferred during the year / period		**(14,695,608)**	-	**(14,695,608)**	-	(17,643,504)

Approved by the Board of Directors on .....21 DEC 2016.....and signed on its behalf by:

Mr .S Lalloo
Chairman – Independent Director
On behalf of Board of Directors

Dr D. Paligadu
Non Executive Director
On behalf of Board of Directors

Mr. S Nagarajan
Chief Executive Officer &
Executive Director
On behalf of Board of Directors

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of changes in equity for the year/period ended

The Group	Stated capital	Statutory Reserve	(Accumulated losses)/Retained earnings	General Banking Reserve	Fair value reserve	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 01 July 2015	**1,136,962,400**	**-**	**(1,075,884,712)**	**90,709,840**	**98,410**	**9,979,364**	**161,865,302**
Issue of ordinary shares (Note 22)	**2,133,895,832**	**-**	**-**	**-**	**-**	**-**	**2,133,895,832**
Adjustment on transfer of undertaking (Note 45)			**(3,216,177,744)**				**(3,216,177,744)**
Profit for the year	**-**	**-**	**98,470,074**	**-**	**-**	**-**	**98,470,074**
Transfer to statutory reserves	**-**	**14,695,608**	**(14,695,608)**	**-**	**-**	**-**	**-**
Reversal of gain on fair value of available-for-sale financial assets	**-**	**-**	**-**	**-**	**(98,410)**	**-**	**(98,410)**
Actuarial loss for the year	**-**	**-**	**(13,066,137)**	**-**	**-**	**-**	**(13,066,137)**
Deferred tax on actuarial loss	**-**	**-**	**2,221,243**	**-**	**-**	**-**	**2,221,243**
At 30 June 2016	**3,270,858,232**	**14,695,608**	**(4,219,132,884)**	**90,709,840**	**-**	**9,979,364**	**832,889,840**

The notes on pages 44 to 145 form an integral part of these financial statements.

Statements of changes in equity for the year/period ended (Contd)

The Group	Stated capital Rs	Statutory Reserve Rs	(Accumulated losses)/Retained earnings Rs	General Banking Reserve Rs	Fair value reserve Rs	Revaluation Reserve Rs	Total equity attributable to equity holders of the parent Rs
At 01 January 2014	383,962,400	115,782,554	554,183,096	90,709,840	-	9,979,364	1,154,617,254
Issue of ordinary shares (Note 22)	753,000,000	-	-	-	-	-	753,000,000
Loss for the period	-	-	(1,745,850,362)	-	-	-	(1,745,850,362)
Gain on fair value of available-for-sale financial assets	-	-	-	-	98,410	-	98,410
Balances before absorption of accumulated losses	1,136,962,400	115,782,554	(1,191,667,266)	90,709,840	98,410	9,979,364	161,865,302
Released (to)/from (Note 23)	-	(115,782,554)	115,782,554	-	-	-	-
At 30 June 2015	1,136,962,400	-	(1,075,884,712)	90,709,840	98,410	9,979,364	161,865,302

The notes on pages 44 to 145 form an integral part of these financial statements

MauBank Ltd

Statements of changes in equity for the year/period ended (Contd)

The Bank	Stated capital Rs	Statutory Reserve Rs	(Accumulated losses)/ Retained earnings Rs	General Banking Reserve Rs	Fair value reserve Rs	Revaluation Reserve Rs	Total Rs
At 01 July 2015	**1,136,962,400**	**-**	**(1,076,204,672)**	**90,709,840**	**98,410**	**9,979,364**	**161,545,342**
Issue of ordinary shares (Note 22)	**2,133,895,832**	**-**	**-**	**-**	**-**	**-**	**2,133,895,832**
Adjustment on transfer of undertaking (Note 45)	**-**	**-**	**(3,216,177,744)**	**-**	**-**	-	**(3,216,177,744)**
Profit for the year	**-**	**-**	**97,970,718**	**-**	**-**	-	**97,970,718**
Transfer to statutory reserves	**-**	**14,695,608**	**(14,695,608)**	**-**	**-**	-	**-**
Reversal of Gain on fair value of available-for-sale financial assets	**-**	**-**	**-**	**-**	**(98,410)**	-	**(98,410)**
Actuarial loss for the year	**-**	**-**	**(13,066,137)**	**-**	**-**	-	**(13,066,137)**
Deferred tax on actuarial loss	**-**	**-**	**2,221,243**	**-**	**-**	**-**	**2,221,243**
At 30 June 2016	**3,270,858,232**	**14,695,608**	**(4,219,952,200)**	**90,709,840**	**-**	**9,979,364**	**(833,709,156)**

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of changes in equity for the year/period ended (Contd)

The Bank	Stated capital Rs	Statutory Reserve Rs	(Accumulated losses)/ Retained earnings Rs	General Banking Reserve Rs	Fair value reserve Rs	Revaluation Reserve Rs	Total Rs
At 01 January 2014	383,962,400	115,782,554	554,183,096	90,709,840	-	9,979,364	1,154,617,254
Issue of ordinary shares (Note 22)	753,000,000	-	-	-	-	-	753,000,000
Loss for the period	-	-	(1,746,170,322)	-	-		(1,746,170,322)
Gain on fair value of available-for-sale financial assets	-	-	-	-	98,410	-	98,410
Balances before absorption of accumulated losses	1,136,962,400	115,782,554	(1,191,987,226)	90,709,840	98,410	9,979,364	161,545,342
Released (to)/from (Note 23)	-	(115,782,554)	115,782,554	-	-	-	-
At 30 June 2015	1,136,962,400	-	(1,076,204,672)	90,709,840	98,410	9,979,364	161,545,342

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of changes in equity for the year/period ended (Contd)

The Bank	Stated capital Rs	Statutory Reserve Rs	(Accumulated losses)/ Retained earnings Rs	General Banking Reserve Rs	Fair value reserve Rs	Revaluation Reserve Rs	Total Rs
At 01 January 2013	383,962,400	98,139,050	454,203,238	90,709,840	-	9,979,364	1,036,993,892
Profit for the year	-	-	117,623,362	-	-	-	117,623,362
Other comprehensive income	-	-	-	-	-	-	-
Transfers for the year	-	17,643,504	(17,643,504)	-	-	-	-
At 31 December 2013	383,962,400	115,782,554	554,183,096	90,709,840	-	9,979,364	1,154,617,254

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Statements of cash flows for the year/period ended

	Notes	The Group Year ended 30 June 2016 Rs	The Group Period from 01 January 2014 to 30 June 2015 (Restated) Rs	The Bank Year ended 30 June 2016 Rs	The Bank Period from 01 January 2014 to 30 June 2015 (Restated) Rs	The Bank Year ended 31 December 2013 (Restated) Rs
Cash from operating activities						
(Loss) / Profit before income tax		**(325,449,662)**	(1,646,551,654)	**(326,120,371)**	(1,646,871,614)	184,772,946
Adjustments for:						
Impairment losses on loans and advances	33	**174,516,063**	1,859,523,212	**174,516,063**	1,859,523,212	36,422,185
Depreciation	13a	**118,004,905**	59,471,218	**106,869,178**	55,212,402	38,080,688
Amortisation	13b	**36,846,579**	37,373,744	**36,846,579**	37,373,744	21,539,973
(Profit)/loss on disposal of property, plant and equipment	32/35	**(553,314)**	129,864	**(553,314)**	129,864	-
Retirement benefit obligations		**4,447,231**	-	**4,447,231**	-	-
		7,811,802	309,946,384	**(3,994,634)**	305,367,608	280,815,792
Changes in operating assets and liabilities						
(Increase)/decrease in trading assets		**(2,758,614,900)**	307,602,723	**(2,758,614,900)**	307,602,723	(162,222,437)
Decrease/(increase) in loans and advances to customers		**1,424,044,584**	790,764,093	**1,437,140,395**	523,467,816	(1,658,571,553)
(Decrease)/increase in deposits from customers		**(1,361,218,160)**	(170,793,628)	**(1,358,927,128)**	(169,236,945)	2,704,446,874
Decrease/ (increase) in other assets		**29,851,114**	(48,322,528)	**5,047,097**	(48,780,982)	(387,469,106)
(Decrease)/increase in other liabilities		**(195,576,149)**	12,983,295	**(195,511,210)**	12,634,352	(11,016,785)
Cash generated from operations		**(2,853,701,709)**	1,202,180,339	**(2,874,860,380)**	931,054,572	765,982,785
Tax paid	36c	**(56,817,878)**	(96,081,002)	**(55,252,661)**	(96,081,002)	(52,085,813)
Contribution to CSR activities	36c	**(6,616,021)**	(6,280,653)	**(6,616,021)**	(6,280,653)	(2,717,526)
Net cash (used in) / from operating activities		**(2,917,135,608)**	1,099,818,684	**(2,936,729,062)**	828,692,917	711,179,446
Cash from investing activities						
Securities		**129,025,899**	128,169,996	**129,025,899**	128,169,996	(478,852,681)
Placements with correspondent banks		**(47,622,764)**	(3,313,529)	**(47,622,764)**	(3,313,529)	93,921,127
Acquisition of investment in subsidiary		**-**	-	**-**	(100,000)	-
Acquisition of property, plant and equipment	13a	**(75,440,254)**	(291,131,494)	**(55,846,800)**	(19,905,727)	(34,745,209)
Acquisition of intangibles	13b	**(60,202,570)**	(84,142,701)	**(60,202,570)**	(84,142,701)	(6,009,200)
Proceeds from disposal of property, plant and equipment		**2,821,739**	865,761	**2,821,739**	865,761	-
Net cash from/(used in) investing activities		**(51,417,950)**	(249,551,967)	**(31,824,496)**	21,573,800	(425,685,963)
Cash from financing activities						
Decrease in other borrowed funds		**(92,180,210)**	(417,625,540)	**(92,180,210)**	(417,625,540)	(135,355,053)
Proceeds from issue of shares		**1,600,000,000**	500,000,000	**1,600,000,000**	500,000,000	-
Increase/(decrease) in subordinated liabilities		**20,661**	(8,947,445)	**20,661**	(8,947,445)	8,591,001
Net cash from/(used in) financing activities		**1,507,840,451**	73,427,015	**1,507,840,451**	73,427,015	(126,764,052)
Net (decrease)/increase in cash and cash equivalents		**(1,460,713,107)**	923,693,732	**(1,460,713,107)**	923,693,732	158,729,431
Cash and cash equivalents, at start of the year/period		**1,348,161,042**	424,467,310	**1,348,161,042**	424,467,310	265,737,879
Cash acquired on transfer of undertaking	45	**1,810,982,281**	-	**1,810,982,281**	-	-
Cash and cash equivalents, at end of the year/period	8	**1,698,430,216**	1,348,161,042	**1,698,430,216**	1,348,161,042	424,467,310

The notes on pages 44 to 145 form an integral part of these financial statements.

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank Ltd "MPCB") or the "Bank" has on the 04 January 2016, acquired the assets and liabilities of the National Commercial Bank Ltd (NCB) from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32 A of the Banking Act 2004. Subsequently following the transfer, MPCB changed its name to MauBank Ltd ("MauBank"). Its registered office is 25 Bank Street, Cybercity, Ebene, Republic of Mauritius.

The Bank and its subsidiary, MauBank Investment Ltd (formerly known as "MPCB Investment Ltd"), are together referred as the "Group".

The Bank is engaged in the provision of commercial banking services.

The principal activity of MauBank Investment Ltd is to act as land promoter and property developer.

The financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Group.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 In the current year, there has been no new and revised IFRSs, issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the Bank's operations and are effective for the accounting period beginning on or after 01 July 2015.

2.2 Standards and Interpretations in issue but not yet effective

IAS 1	Presentation of financial statements - Amendments resulting from the disclosure initiative (effective 1 January 2016)
IAS 7	Statement of Cash Flows - Amendments as a result of the Disclosure initiative (effective 1 January 2017)
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortization (effective 1 January 2016)
IAS 16	Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective 1 January 2016)

Notes to the financial statements

For the year ended 30 June 2016

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Contd)

2.2 Standards and Interpretations in issue but not yet effective (Contd)

IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (applies when IFRS 9 is applied) (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 15	Revenue from Contracts with Customers - Original issue (effective 1 January 2018)
IFRS 16	Leases – Original Issue (effective 1 January 2019)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Basis of consolidation

The financial statements include the results of the Bank and of its subsidiary. The results of the subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements incorporate the financial statements of the Bank and its subsidiary. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's shareholding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.2 Basis of consolidation (Contd)

When the Group loses control of a subsidiary, the profit or loss on disposal is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.3 Business combinations (Contd)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.4 Cash and cash equivalents

Cash and cash equivalents consist cash in hand, balances with banks in Mauritius and abroad, unrestricted balances with the Central Bank and short term loans and placements with banks maturing within 90 days from date of origination.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are measured as described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than: (a) those that the Group intends to sell immediately or in the short term, which are classified as held for trading; or (b) those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest rate method. The Group's cash and cash equivalents, loans to and placements with banks, loans and advances and other assets fall into this category of financial assets. Interest on loans and advances is included in the statement of profit or loss and other comprehensive income and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the credit facility and recognised in the statement of profit or loss and other comprehensive income as 'net impairment loss on financial assets'.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Treasury bills are classified as financial assets at fair value through profit or loss. They are initially measured at fair value. Subsequently, they are remeasured to fair value with the unrealised gains and losses on revaluation included in the statement of profit or loss and other comprehensive income under other income/expenses. Interest accrued on securities classified as financial assets at fair value through profit or loss is accounted for in the statement of profit or loss and other comprehensive income as interest income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. If the Group was to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale. Held-to-maturity investments comprise government stocks, treasury notes, treasury bills, placements with overseas banks and other investments. They are measured at amortised cost, less any impairment losses. Accrued interest income on held-to-maturity investments is accounted for in the statement of profit or loss and other comprehensive income as interest income.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include treasury bills.

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for interest income and impairment losses which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income within "interest income".

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include deposits from customers, subordinated liabilities, other borrowed funds and other liabilities.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Classification and subsequent measurement of financial liabilities (Contd)

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within interest expense.

3.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.7 Provision for impairment losses

(i) Loans and advances are stated net of provisions for impairment losses. An allowance for credit losses is established if there is objective evidence that the Group will be unable to collect all amounts due according to the original contractual terms of the loan agreement.

(ii) Provisions for impairment losses are made up of specific allowance and portfolio allowance.

(a) Specific allowances are made on impaired advances and are calculated as the shortfall between the carrying amounts of the advances and their recoverable amounts. The recoverable amount is the present value of expected future cash flows discounted at the prevailing effective interest rate of the advance. Loans and advances that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are set to normal status only after they have been properly serviced for a period of three consecutive months.

(b) A portfolio allowance for credit impairment is maintained on the aggregate amount of all loans and advances to allow for potential losses not specifically identified. The portfolio allowance is estimated based upon historical patterns of losses in each component of the portfolio of loans and advances as well as on current economic and other relevant conditions. The Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition prescribes that the portfolio allowance should be no less than 1 per cent of the aggregate amount of loans and advances excluding loans granted to or guaranteed by the Government of Mauritius and excluding loans to the extent that they are supported by collateral of liquid assets held by the Group.

In addition, as per the requirements of the Guideline on Additional Macroprudential Measures for the Banking Sector issued by the Bank of Mauritius in October 2013 and with effect from 01 July 2014, the Group has also provided for an additional allowance of 0.5 per cent on all its loans and advances classified under the housing sector and 1.0 per cent under construction, tourism and personal sectors.

The charge for portfolio allowance is recognised in the statement of profit or loss and other comprehensive income.

MauBank Ltds

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.7 Provision for impairment losses (Contd)

(iii) General provision: a general provision is designed to cover potential losses that are not captured in the provisions for individually assessed loans and 'portfolio' loans and is treated under equity as a General Banking Reserve. Such reserve is not distributable.

(iv) All impaired loans are reviewed and analysed at each reporting date. A provision for impairment is reversed only when the credit quality has improved such that there is reasonable assurance of timely collection of principal and interest in accordance with the original contractual terms of the loan agreement.

(v) A write off is made when all or part of a loan is deemed uncollectible. Write-offs are charged against provisions and subsequent recoveries, in part or in full of amounts previously written-off, are credited to "Bad debts recovered" in the statement of profit or loss and other comprehensive income.

(vi) In compliance with the Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition, when a borrower misses a contractual instalment on interest or principal, his loan is designated for an assessment of the degree of impairment and this assessment must be completed within 60 days of the first indication of impairment.

(vii) **Agricultural credits**

Payments of principal and interest on agricultural credits are aligned with the timing of the harvest. Instalments on loans and advances are payable so as to coincide with proceeds received, which are receivable after the end of the harvest season. Agricultural credits are treated as impaired only if payment is not received three months after the end of the harvest season.

(viii) **Renegotiated loans**

Loans and advances that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are set to normal status only after they have been properly serviced for a period of three consecutive months.

3.8 Property, plant and equipment

Freehold land and buildings

Freehold land and buildings are shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Market value is fair value based on appraisals prepared by external professional valuers if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the assets is transferred to accumulated losses.

3. Summary of significant accounting policies (Contd)

3.8 Property, plant and equipment (Contd)

Freehold land and buildings (Contd)

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation for freehold buildings is recognised on a straight-line basis to write down the revalued amount less estimated residual values. Depreciation is calculated at the rate of 2% p.a.

Computer equipment, furniture and fittings, office equipment and motor vehicles

Computer equipment, furniture and fittings, office equipment and motor vehicles are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Equipment which is acquired and not yet installed at the reporting date is treated as capital work in progress.

Depreciation is recognised on a straight-line basis over the estimated useful lives at the following rates:

Computer and office equipment	10% - 25%
Furniture and fittings	20%
Motor vehicles	20%

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

Material residual value estimates and estimates of useful life are updated as required. Repairs and maintenance costs are expensed as incurred.

Gains or losses arising on the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income within "other income" or "other expenses".

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.9 Intangibles

Computer software is stated at cost less accumulated amortisation. Computer software is amortised on a straight line basis over its estimated useful life of 4 to 10 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.10 Investment property

Investment properties are properties held to earn rental and/or for capital appreciation, and are accounted for using the fair value model.

Property rented to the Bank by the subsidiary is not classified as investment property in these financial statements as it includes both the lessor and the lessee. Such property is included within property, plant and equipment and is measured in accordance with Note 3.8 above.

In addition, in compliance with the recommendations of the Bank of Mauritius, the Group classifies its other investment property within property, plant and equipment and is measured in accordance with Note 3.8 above.

Rental income and operating expenses from investment properties are reported within “Other income” and “Other expenses” respectively.

3. Summary of significant accounting policies (Contd)

3.11 Investment in subsidiary

A subsidiary is an entity over which the Bank has control. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss and other comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of profit or loss and other comprehensive income.

3.12 Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income for all interest bearing instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

3.13 Fees and commissions

Fees and commissions are recognised on accrual basis, when the service has been provided, unless collectability is in doubt.

3.14 Foreign currency

(a) **Functional and presentation currency**

The financial statements are presented in Mauritian Rupees ("MUR" or "Rs"), which is also the Group's functional and presentation currency.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.14 Foreign currency (Contd)

(b) **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.15 Income taxes

Tax expense recognised in the statements of profit or loss and other comprehensive income comprises the sum of current tax, deferred tax, Corporate Social Responsibility Fund ("CSRF"), Special Levy and One-off charge not recognised in other comprehensive income or directly in equity.

(a) **Current tax**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(b) **Deferred taxation**

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

3. Summary of significant accounting policies (Contd)

3.15 Income taxes (Contd)

(b) **Deferred taxation (Contd)**

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the consolidated statement of profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(c) **Corporate Social Responsibility Fund ("CSRF")**

The Group is subject to CSRF and the contribution is at a rate of 2% on the chargeable income of the preceeding financial year.

(d) **Special Levy**

As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy is calculated at 10% on chargeable income. No levy is paid in a year where the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceeding year.

3.16 Retirement and other post retirement benefits

(a) **Defined contribution plan**

The Group contributes to a defined contribution plan for its employees, whereby it pays contributions to a privately administered pension insurance plan. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and are included in administrative expenses.

(b) **Defined benefit plan**

The Bank operate two Defined Benefit Schemes, which are fully funded. The assets of the funds are held independent and administered by the Swan Life Ltd and Aon Hewitt Ltd. Pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statements of profit or loss and other comprehensive income under the heading "other comprehensive income". Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

The Bank carries out an Actuarial Valuation every year.

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.16 Retirement and other post retirement benefits (Contd)

(b) **Defined benefit plan (Contd)**

Remeasurement recognised in other comprehensive income is accumulated under the heading of employee benefit reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

For employees who are not covered by a pension plan, the net present value of retirement gratuity payable under the Employment Rights Act is calculated and provided for, where material. The obligation arising under this item is not funded.

(c) **State plan**

Contributions to the National Pension Scheme are expensed to the consolidated statement of profit or loss and other comprehensive income in the period in which they fall due.

3.17 Provisions and contingent liabilities

Provisions are recognised when the Group 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. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at the reporting date are reviewed in detail and provision is made where necessary after seeking legal advices.

Contingent liabilities are disclosed in these financial statements for possible obligations that arise from past events whose existence will be confirmed by uncertain future events not wholly within the control of the Group.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.18 Leases

(a) **The Group as a lessor**

Finance leases

Under finance leases, amount due from lessees are recorded under loans and advances as net investment in the statement of financial position. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. Rental income is recognised on a straight line basis over the lease term.

(b) **The Group as a lessee**

Rental payable under operating leases is charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the term of the relevant lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.19 Segment reporting

The Group's business is organised under two segments, namely Segment A and Segment B. Segment B relates to the banking business that gives rise to "foreign sourced income". All other banking businesses are classified under Segment A. The management reporting systems and policies determine the revenues and expenses directly attributable to each segment. Common charges/expenses are allocated on the basis of income ratio. For the year ended 31 December 2013, period from 01 January 2014 to 30 June 2015 and year ended 30 June 2016, information on Segment B was not significant in relation to the entire business of the Group and was consequently not disclosed (Note 43).

3.20 Repossessed property

In certain circumstances, property is repossessed following the foreclosure of loans that are in default. Repossessed properties are measured at carrying amount and reported within "Other assets". Realised loss/gain on disposal of repossessed property is taken to the statement of profit or loss and other comprehensive income. No depreciation is charged on repossessed property.

3.21 Acceptances

Acceptances comprise the commitment of the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are accounted for as off-balance sheet items and are disclosed as contingent liabilities.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.22 Guarantees

In the normal course of business, the Group issues various forms of guarantees to support its customers. These guarantees are kept off-balance sheet unless a provision is needed to cover probable losses. These guarantees are disclosed as contingent liabilities.

3.23 Off-balance sheet arrangements

In the normal course of business, the Group enters into arrangements that, under IFRS, are not recognised on the statement of the financial position and do not affect the statement of profit or loss and other comprehensive income. These types of arrangements are kept off balance sheet as long as the Group does not incur an obligation from them or become entitled to an asset itself. As soon as an obligation is incurred, it is recognised on the statement of financial position, with the resulting loss recorded in the statement of profit or loss and other comprehensive income.

3.24 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.25 Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses/retained earnings include all current and prior periods results as disclosed in the statement of profit or loss and other comprehensive income.

Fair value reserve comprise gain on fair value of available-for-sale financial assets.

Revaluation reserves comprise the unrealised gains arising out of the revaluation of property, plant and equipment.

Other reserves represent statutory and non-statutory reserves.

3.26 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

The Group considers related parties as key management personnel, directors, shareholders and its subsidiary's undertaking.

Notes to the financial statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (Contd)

3.27 Comparatives

Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year. The financial statements cover a period of twelve months from 01 July 2015 to 30 June 2016, whilst the comparative figures are for eighteen months from 01 January 2014 to 30 June 2015. Hence, they are not directly comparable.

4. Use of estimates and judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

(i) Held-to-maturity investments

In accordance with guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, the Group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Group is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

(ii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of future taxable income against which the deductible temporary differences can be utilised.

(iii) Going concern assumption

The directors have assessed the going concern of the Bank and believe that the Bank is still a going concern as its ultimate shareholder, that is the Government of Mauritius, is coming forward with a major restructuring plan under which, among others, funds will be available to allow the Bank to operate smoothly and within the statutory requirements.

Also refer to note 40.

4. Use of estimates and judgements in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty

(i) Specific allowance for credit impairment

The calculation of specific allowance for credit impairment requires management to estimate the recoverable amount of each impaired asset, being the present value of expected cash flows, including amount recoverable from guarantees and collaterals, discounted at the prevailing effective interest rate of the loans. Where loans are secured against immoveable property, the value of such collateral is based on the opinion of independent and qualified appraisers.

(ii) Portfolio allowance for credit impairment

The portfolio allowance for credit impairment is estimated based upon historical patterns of losses in each component of the portfolio of loans and advances as well as management estimate of the impact of current economic and other relevant conditions on the recoverability of the loans and advances portfolio.

(iii) Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciated assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(iv) Impairment of investment in subsidiary

The determination of impairment of investment in subsidiary requires significant judgement. In making this judgement, the Bank evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 6).

(vi) 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 Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

5. Financial instrument risk

Risk management objectives and policies

The Group's and the Bank's financial assets and liabilities by category are summarised in the note below.

	The Group		The Bank		
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**	**31 December 2013**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**
Financial assets					
Financial assets at fair value through profit or loss:					
Trading assets	**3,586,299,612**	537,967,166	**3,586,299,612**	537,967,166	845,569,889
Held-to-maturity investments:					
Government securities	**2,286,868,865**	389,246,711	**2,286,868,865**	389,246,711	1,621,551,205
Available-for-sale financial assets					
Treasury bills	**-**	1,104,232,908	**-**	1,104,232,908	-
Other securities	**2,342,224**	-	**2,342,224**	-	-
	2,342,224	1,104,232,908	**2,342,224**	1,104,232,908	-
Loans and receivables:					
Cash and cash equivalents	**1,698,430,216**	1,348,161,042	**1,698,430,216**	1,348,161,042	424,467,310
Loans to and placements with banks	**51,854,597**	4,231,833	**51,854,597**	4,231,833	918,304
Loans and advances to customers	**15,878,082,285**	10,382,723,969	**16,132,282,752**	10,650,020,246	13,033,011,274
Other assets	**340,286,543**	129,765,008	**370,873,563**	137,311,391	149,962,726
	17,968,653,641	11,864,881,852	**18,253,441,128**	12,139,724,512	13,608,359,614
Total financial assets	**23,844,164,342**	13,896,328,637	**24,128,951,829**	14,171,171,297	16,075,480,708
Financial liabilities					
Financial liabilities measured at amortised cost:					
Deposits from customers	**28,213,435,943**	15,329,542,015	**28,217,283,658**	15,331,098,698	15,500,335,643
Other borrowed funds	**420,260,638**	15,458,383	**420,260,638**	15,458,383	433,083,923
Subordinated liabilities	**162,657,647**	162,636,986	**162,657,647**	162,636,986	424,584,431
Other liabilities	**453,248,198**	99,745,893	**452,964,198**	99,396,950	86,756,657
Total financial liabilities	**29,249,602,426**	15,607,383,277	**29,253,166,141**	15,608,591,017	16,444,760,654

The Group's and the Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's and the Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's and the Bank's financial performance.

Notes to the financial statements

For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board Conduct Review, Risk Management and Corporate Governance Committee under policies approved by the Board of Directors. The Risk Management Forum identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk.

5.1 Credit risk analysis

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and guarantees.

5.1.1 Credit risk measurement

Credit risk is the possibility of losses associated with changes in the credit profile of borrowers or counterparties. These losses, associated with changes in portfolio value, could arise due to default or due to deterioration in credit quality.

- Default risk : obligor fails to service debt obligations
- Recovery risk : recovery post default is uncertain
- Spread risk : credit quality of obligor changes leading to a fall in the value of the loan
- Concentration risk : over exposure to an individual obligor, group or industry
- Correlation risk : concentration based on common risk factors between different borrowers, industries or sectors which may lead to simultaneous default.

The Group's revised credit policy deals with credit concentration limits, exposure limits, diversification strategy, and the Group's risk based pricing of loans and advances based on its credit risk appetite and the size of its capital.

Notes to the financial statements

For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Credit risk analysis (Contd)

5.1.1 Credit risk measurement (Contd)

In line with the Bank of Mauritius guidelines on credit risk, the Group has adopted the standardised measurement of credit risk. In this regard, the tasks under the credit risk unit are as under, amongst others:

- Segmentation of the credit portfolio (in terms of risk but not size);
- Model Requirements (for risk assessments);
- Data requirements;
- Credit risk reporting requirements for regulatory/control and decision-making purposes at various levels;
- Policy requirements for credit risk (credit process & practices, monitoring & portfolio management etc.); and
- Align risk strategy & business strategy.

5.1.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) **Collateral**

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Fixed charges over land and buildings; and
- Floating charges over business assets such as premises, inventories and accounts receivable.

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Credit risk analysis (Contd)

5.1.2 Risk limit control and mitigation policies (Contd)

(b) **Credit-related commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group 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 loan.

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 Group 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, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

5.1.3 Impairment and provisioning policies

In line with the Bank of Mauritius Guideline on Credit Impairment and Income Recognition, the Group has its Credit Impairment and Income Recognition Policy, where the impairment and provisioning policies are defined. The Group assesses at each reporting date whether there is objective evidence that loans and advances are impaired. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the borrower;
- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (eg equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collectively assessed impairment allowances are provided for:

(i) Portfolios of homogenous assets that are individually below materiality thresholds; and

(ii) Losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Credit risk analysis (Contd)

5.1.4 Maximum exposure to credit risk before collateral held

Credit risk exposures relating to on-balance sheet assets are as follows:

	Maximum exposure				
	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
		Rs	Rs	Rs	Rs
Cash and cash equivalents	**1,346,593,629**	1,116,968,420	**1,346,593,629**	1,116,968,420	215,103,027
Trading assets	**3,586,299,612**	537,967,166	**3,586,299,612**	537,967,166	845,569,889
Investment securities	**2,289,211,089**	1,493,479,619	**2,289,211,089**	1,493,479,619	1,621,551,205
Loans to and placements with banks	**51,854,597**	4,231,833	**51,854,597**	4,231,833	918,304
Loans and advances to customers	**15,878,082,285**	10,382,723,969	**16,132,282,752**	10,650,020,246	13,033,011,274
Other assets*	**340,286,543**	39,607,383	**370,873,563**	47,153,765	61,418,096
	23,492,327,755	13,574,978,390	**23,777,115,242**	13,849,821,049	15,777,571,795

**Other assets include amount due from the subsidiary, balances due in clearing and receivables.*

Credit risk exposures relating to off-balance sheet items are as follows:

	Maximum exposure				
	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
	Rs	Rs	Rs	Rs	Rs
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**1,767,620,631**	1,697,239,213	**1,767,620,631**	1,697,239,213	1,457,763,204
Credit commitments	**317,098,551**	314,320,920	**317,098,551**	314,320,920	311,812,925

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2016, 30 June 2015 and 31 December 2013, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loans and advances portfolio as:

- 93.30% of the loans and advances portfolio is backed by collaterals;
- 57.91% of the loans and advances portfolio is considered to be neither past due nor impaired; and
- of the Rs 7,621 million loans and advances assessed on an individual basis, Rs 4,668 million is considered impaired.

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Credit risk analysis (Contd)

5.1.5 Loans and advances

Loans and advances are summarised as follows:

	The Group		The Bank		
	30 June 2016	30 June 2015 (Restated)	30 June 2016	30 June 2015 (Restated)	31 December 2013 (Restated)
	Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**10,230,990,229**	8,122,957,312	**10,485,190,696**	8,390,253,589	10,265,614,735
Past due but not impaired	**2,953,056,511**	808,316,587	**2,953,056,511**	808,316,587	1,621,284,700
Individually impaired	**4,667,983,922**	3,558,994,581	**4,667,983,922**	3,558,994,581	1,413,137,555
Gross amount	**17,852,030,662**	12,490,268,480	**18,106,231,129**	12,757,564,757	13,300,036,990
Less allowance for credit impairment	**(1,973,948,377)**	(2,107,544,511)	**(1,973,948,377)**	(2,107,544,511)	(267,025,716)
Net amount	**15,878,082,285**	10,382,723,969	**16,132,282,752**	10,650,020,246	13,033,011,274

At 30 June 2016, the total impairment provision for loans and advances was Rs 1,973,948,377 (2015: Rs 2,107,544,511 and 2013:Rs 267,025,716) of which Rs 1,773,577,417 (2015:Rs 1,922,892,791 and 2013: Rs 143,752,472) represented the specific provision on impaired loans and the remaining amount of Rs 200,370,960 (2015:Rs 114,651,720 and 2013: Rs 123,273,244) represented the portfolio provision. Further information on the allowance for credit impairment on loans and advances are provided in Note 12.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired is assessed by reference to the internal rating system adopted by the Group.

(a) Loans and advances past due but not impaired

The gross amount of loans and advances that were past due but not impaired was as follows:

	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank	31 December 2013 The Bank
	Rs	Rs	Rs
Past due up to 90 days	**2,724,346,990**	759,226,564	1,621,284,700
Past due 91-180 days	**119,413,826**	49,090,023	-
Past due more than 180 days	**109,295,695**	-	-
	2,953,056,511	808,316,587	1,621,284,700

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Credit risk analysis (Contd)

5.1.5 Loans and advances (Contd)

(b) ***Loans and advances individually impaired***

The gross amount of individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held along with the fair value of related collaterals held by the Group and the Bank as security is as follows:

The Group and the Bank	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Individually impaired loans	**4,667,983,922**	3,688,274,418	1,454,403,841
Fair value of collaterals	**6,350,226,702**	4,054,921,084	13,868,202,063

(c) ***Loans and advances renegotiated***

The Group and the Bank

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status only if the account is properly serviced for a period of three months. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired totalled Rs 363,807,269 (30 June 2015: Rs 261,759,595 and 31 December 2013: Rs 89,967,697) for the period under review.

5.1.6 Repossessed collaterals

During the year under review, the Group and the Bank obtained assets by taking possession of collaterals held as security and the carrying amount of repossessed collaterals is as follows:

Nature of assets	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Land	**11,225,000**	1,350,000	4,195,000
	11,225,000	1,350,000	4,195,000

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed assets are classified in the statement of financial position within other assets.

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Credit risk analysis (Contd)

5.1.7 Concentration of loans and advances with credit risk exposure

The following table breaks down the Group's and the Bank's main credit exposure for loans and advances at their gross amounts, as categorised by the industry sectors.

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
		(Restated)		(Restated)	(Restated)
	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	**456,010,032**	263,340,652	**456,010,032**	263,340,652	1,039,337,766
Manufacturing	**1,285,326,979**	903,874,460	**1,285,326,979**	903,874,460	953,455,394
Tourism	**1,849,655,427**	777,117,109	**1,849,655,427**	777,117,109	1,148,657,339
Transport	**538,795,960**	388,153,069	**538,795,960**	388,153,069	396,030,055
Construction	**7,356,009,669**	5,419,447,387	**7,610,210,136**	5,686,743,664	5,199,337,664
Financial and Business Services	**189,282,765**	144,785,069	**189,282,765**	144,785,069	181,702,426
Traders	**2,564,335,752**	2,337,449,300	**2,564,335,752**	2,337,449,300	2,104,927,653
New Economy	**64,231,830**	10,704,447	**64,231,830**	10,704,447	22,434,112
Personal	**1,588,033,084**	785,460,896	**1,588,033,084**	785,460,896	814,648,411
Education	**276,964,063**	280,592,370	**276,964,063**	280,592,370	225,034,217
Professional	**163,430,666**	97,512,728	**163,430,666**	97,512,728	116,218,320
Others	**1,519,954,435**	1,081,830,993	**1,519,954,435**	1,081,830,993	1,098,253,633
	17,852,030,662	12,490,268,480	**18,106,231,129**	12,757,564,757	13,300,036,990

5.1.8 Country risk management

Cross-border exposures subject banks to country risk, that is the possibility that sovereign borrowers of a particular country may be unable or unwilling, and borrowers unable to fulfill their foreign obligations for reasons beyond the usual credit risk which arises in relation to all lending.

In April 2010, the Bank of Mauritius issued its first guideline on Country Risk Management. In the same year, the Bank put in place its policy on Country Risk Management policy which is a comprehensive document approved by the Board of Directors and which contains the risk appetite of the Group together with a set of techniques on the measurement and monitoring of the Group's country risk exposures.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this context, MauBank Ltd monitors its country risk exposures at the level of the Asset and Liability Management Committee on a monthly basis.

At 30 June 2016, 60.30% of the risk weighted exposures were in AA+ countries, 30.62% were in AA countries and the remaining 9.08% spread between AA- to BBB-. The highest exposures were in North America represented by 61.46%, 34.61% were found in Europe and the remaining were spread between Africa and East Asia/India/Middle East, 2.21% and 1.72% respectively.

5. **Financial instrument risk (Contd)**

Risk management objectives and policies (Contd)

5.2 Market risk analysis

Market risk is the risk of loss resulting from adverse movements in the value of financial instruments. It encompasses exposure to interest rates, foreign exchange rates, equity prices and commodity prices. Sound market risk management practices include the measurement and monitoring of market risk as well as the communication and enforcement of risk limits throughout the Group's trading businesses.

Market risk is monitored consistently and reported to the Group's Asset and Liability Committee (ALCO). Movements of major currencies, trends and forecasts are analysed in the ALCO. Matching of Group's Assets and Liabilities is closely monitored by using gap analysis. Limits and authorisation/approval levels are set in the Bank's Liquidity, Interest Rate and Foreign Exchange Risk Policy. Procedures are strictly followed and adhered to.

5.2.1 Foreign currency sensitivity

Foreign exchange risk is the risk that the Group's earnings and economic value will be adversely affected with the movements in the foreign exchange rate. The Group is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales.

The Group monitors its foreign exchange risk exposure based on limits set in the Group's Foreign Exchange Risk Policy. Authorisation limits are clearly indicated in this policy. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. ALCO is the main forum in which foreign exchange and treasury matters are discussed and analysed.

The Subsidiary is not exposed to any foreign currency risk since it did not have any financial assets or financial liabilities denominated in foreign currencies as at 30 June 2016.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies. The following table summarises the Group's exposure to the foreign exchange rate risk at 30 June 2016, 30 June 2015 and 31 December 2013.

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

At 30 June 2016 (The Group)	**MUR** **Rs'000**	**EURO** **Rs'000 equivalent**	**USD** **Rs'000 equivalent**	**GBP** **Rs'000 equivalent**	**OTHER** **Rs'000 equivalent**	**TOTAL** **Rs'000 equivalent**
Assets						
Cash and cash equivalents	1,322,252	84,636	218,205	57,446	15,891	1,698,430
Loans to and placements with banks	35,636	-	-	-	16,219	51,855
Trading assets	3,586,300	-	-	-	-	3,586,300
Investment securities	2,288,491	-	720	-	-	2,289,211
Loans and advances to customers	16,184,120	875,376	601,018	191,516	-	17,852,030
Other assets	154,730	57,924	90,384	37,249	-	340,287
Total assets	23,571,529	1,017,936	910,327	286,211	32,110	25,818,113
Less allowance for credit impairment	(1,973,948)	-	-	-	-	(1,973,948)
	21,597,581	**1,017,936**	**910,327**	**286,211**	**32,110**	**23,844,165**
Liabilities						
Deposits from customers	26,208,550	687,270	1,096,671	194,061	26,884	28,213,436
Other borrowed funds	17,971	347,350	6,733	48,207	-	420,261
Other liabilities	392,281	6,341	12,627	41,902	97	453,248
Subordinated liabilities	162,658	-	-	-	-	162,658
Total liabilities	**26,781,460**	**1,040,961**	**1,116,031**	**284,170**	**26,981**	**29,249,603**
Net on-balance sheet position	**(5,183,879)**	**(23,025)**	**(205,704)**	**2,041**	**5,129**	**(5,405,438)**
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,767,621
Credit commitments						317,098
Total off-balance sheet amount						**2,084,719**

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

At 30 June 2015 (The Group)	MUR Rs'000	EURO Rs'000 equivalent	USD Rs'000 equivalent	GBP Rs'000 equivalent	OTHER Rs'000 equivalent	TOTAL Rs'000 equivalent
Assets						
Cash and cash equivalents	840,163	148,091	333,076	16,487	10,344	1,348,161
Loans to and placements with banks	-	-	-	-	4,232	4,232
Trading assets	537,967	-	-	-	-	537,967
Investment securities	1,493,480	-	-	-	-	1,493,480
Loans and advances to customers	11,687,653	455,981	214,330	132,239	66	12,490,269
Other assets	129,765	-	-	-	-	129,765
Total assets	14,689,028	604,072	547,406	148,726	14,642	16,003,874
Less allowance for credit impairment	(2,107,545)	-	-	-	-	(2,107,545)
	12,581,483	**604,072**	**547,406**	**148,726**	**14,642**	**13,896,329**
Liabilities						
Deposits from customers	14,221,037	341,047	609,197	149,589	8,672	15,329,542
Other borrowed funds	-	4,441	11,017	-	-	15,458
Other liabilities	93,263	1,963	3,333	1,120	68	99,747
Subordinated liabilities	162,637	-	-	-	-	162,637
Total liabilities	**14,476,937**	**347,451**	**623,547**	**150,709**	**8,740**	**15,607,384**
Net on-balance sheet position	**(1,895,454)**	**256,621**	**(76,141)**	**(1,983)**	**5,902**	**(1,711,055)**
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,697,239
Credit commitments						314,321
Total off-balance sheet amount						**2,011,560**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

At 30 June 2016 (The Bank)	MUR Rs'000	EURO Rs'000 equivalent	USD Rs'000 equivalent	GBP Rs'000 equivalent	OTHER Rs'000 equivalent	TOTAL Rs'000 equivalent
Assets						
Cash and cash equivalents	1,322,252	84,636	218,205	57,446	15,891	1,698,430
Loans to and placements with banks	35,636	-	-	-	16,219	51,855
Trading assets	3,586,300	-	-	-	-	3,586,300
Investment securities	2,288,491	-	720	-	-	2,289,211
Loans and advances to customers	16,438,321	875,376	601,018	191,516	-	18,106,231
Other assets	185,316	57,924	90,384	37,249	-	370,873
Total assets	23,856,316	1,017,936	910,327	286,211	32,110	26,102,900
Less allowance for credit impairment	(1,973,948)	-	-	-	-	(1,973,948)
	21,882,368	**1,017,936**	**910,327**	**286,211**	**32,110**	**24,128,952**
Liabilities						
Deposits from customers	26,212,397	687,270	1,096,671	194,061	26,885	28,217,284
Other borrowed funds	17,971	347,350	6,733	48,207	-	420,261
Other liabilities	391,998	6,341	12,627	41,902	96	452,964
Subordinated liabilities	162,658	-	-	-	-	162,658
Total liabilities	**26,785,024**	**1,040,961**	**1,116,031**	**284,170**	**26,981**	**29,253,167**
Net on-balance sheet position	**(4,902,656)**	**(23,025)**	**(205,704)**	**2,041**	**5,129**	**(5,124,215)**
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,767,621
Credit commitments						317,098
Total off-balance sheet amount						**2,084,719**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

At 30 June 2015 (The Bank)	MUR Rs'000	EURO Rs'000 equivalent	USD Rs'000 equivalent	GBP Rs'000 equivalent	OTHER Rs'000 equivalent	TOTAL Rs'000 equivalent
Assets						
Cash and cash equivalents	840,163	148,091	333,076	16,487	10,344	1,348,161
Loans to and placements with banks	-	-	-	-	4,232	4,232
Trading assets	537,967					537,967
Investment securities	1,493,480					1,493,480
Loans and advances to customers	11,954,949	455,981	214,330	132,239	66	12,757,565
Other assets	137,311		-	-		137,311
Total assets	14,963,870	604,072	547,406	148,726	14,642	16,278,716
Less allowance for credit impairment	(2,107,545)	-	-	-	-	(2,107,545)
	12,856,325	**604,072**	**547,406**	**148,726**	**14,642**	**14,171,171**
Liabilities						
Deposits from customers	14,222,594	341,047	609,197	149,589	8,672	15,331,099
Other borrowed funds	-	4,441	11,017	-	-	15,458
Other liabilities	92,913	1,963	3,333	1,120	68	99,397
Subordinated liabilities	162,637					162,637
Total liabilities	**14,478,144**	**347,451**	**623,547**	**150,709**	**8,740**	**15,608,591**
Net on-balance sheet position	**(1,621,819)**	**256,621**	**(76,141)**	**(1,983)**	**5,902**	**(1,437,420)**
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,697,239
Credit commitments						314,321
Total off-balance sheet amount						**2,011,560**

MauBank Ltd

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

At 31 December 2013 (The Bank)	MUR Rs'000	EURO Rs'000 equivalent	USD Rs'000 equivalent	GBP Rs'000 equivalent	OTHER Rs'000 equivalent	TOTAL Rs'000 equivalent
Assets						
Cash and cash equivalents	190,189	64,300	55,743	65,063	49,172	424,467
Trading assets	845,570	-	-	-	-	845,570
Government securities, placements and other investments	1,622,470	-	-	-	-	1,622,470
Loans and advances to customers	12,428,999	573,906	268,498	28,490	143	13,300,036
Other assets	149,863	-	-	100	-	149,963
Total assets	15,237,091	638,206	324,241	93,653	49,315	16,342,506
Less allowance for credit impairment	(267,025)	-	-	-	-	(267,025)
	14,970,066	**638,206**	**324,241**	**93,653**	**49,315**	**16,075,481**
Liabilities						
Deposits from customers	14,427,715	505,705	389,918	161,248	15,750	15,500,336
Other borrowed funds	404,117	9,366	19,601	-	-	433,084
Other liabilities	80,536	2,390	2,637	1,087	107	86,757
Subordinated liabilities	155,198	269,386	-	-	-	424,584
Total liabilities	**15,067,566**	**786,847**	**412,156**	**162,335**	**15,857**	**16,444,761**
Net on-balance sheet position	**(97,500)**	**(148,641)**	**(87,915)**	**(68,682)**	**33,458**	**(369,280)**
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,457,763
Credit commitments						311,813
Total off-balance sheet amount						**1,769,576**

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

The Group and the Bank performs a sensitivity analysis to estimate the potential foreign exchange impact arising from movements in an ordinary market environment. The percentage change was based on the exchange rates prevailing between the start and the end of the year.

The sensitivity of profit and equity in regards to the Group's and the Bank's financial instruments is subject to changes in the USD/MUR, EURO/MUR, GBP/MUR, AUD/MUR, CAD/MUR, DKK/MUR, HKD/MUR, INR/MUR, JPY/MUR, NZD/MUR, NOK/MUR, SGD/MUR, ZAR/MUR, SEK/MUR, CHF/MUR, , SAR/MUR, UAE/MUR and CNY/MUR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates for the year ended 30 June 2016:

	30 June 2016	**30 June 2015**	**31 December 2013**
The Group and the Bank	**% change**	**% change**	**% change**
United States Dollar	**2.00%**	14.00%	1.43%
EURO	**1.00%**	5.00%	3.47%
Great Britain Pound	**-13.00%**	10.00%	0.21%
Australian Dollar	**-1.00%**	0.00%	19.96%
Canadian Dollar	**-1.00%**	0.00%	9.59%
Danish Krone	**2.00%**	5.00%	3.37%
Hong Kong Dollar	**2.00%**	14.00%	1.55%
Indian Rupee	**-3.00%**	12.00%	16.49%
Japanese Yen	**22.00%**	1.00%	22.26%
New Zealand Dollar	**7.00%**	4.00%	2.70%
Norwegian Krone	**-4.00%**	10.00%	10.91%
Singapore Dollar	**2.00%**	9.00%	5.09%
South African Rand	**-17.00%**	1.00%	23.42%
Swedish Krona	**0.00%**	8.00%	0.00%
Swiss Franc	**-2.00%**	11.00%	2.20%
Saudi Arabian Riyal	**2.00%**	14.00%	1.42%
United Arab Emirates Dirham	**2.00%**	14.00%	1.41%
Chinese Yuan	**-4.00%**	12.00%	0.00%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Bank's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened/weakened by the above percentages, then this would have had the following impact on loss and equity for the year ended 30 June 2016.

MauBank Ltd

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.1 Foreign currency sensitivity (Contd)

The Group and the Bank	30 June 2016 Impact on loss for the year and on equity		30 June 2015 Impact on loss for the period and on equity		31 December 2013 Impact on profit for the year and on equity	
	Strenghtened	Weakened	Strenghtened	Weakened	Strenghthend	Weakened
	Rs	Rs	Rs	Rs	Rs	Rs
United States Dollar	554,962	(554,962)	1,640,044	(1,640,044)	64,553	(64,553)
EURO	8,593	(8,593)	109,691	(109,691)	27,754	(27,754)
Great Britain Pound	25,034	(25,034)	74,381	(74,381)	285	(285)
Australian Dollar	124	(124)	-	-	50,712	(50,712)
Canadian Dollar	658	(658)	-	-	10,010	(10,010)
Danish Krone	-	-	-	-	175	(175)
Hong Kong Dollar	6,668	(6,668)	12,133	(12,133)	16,183	(16,183)
Indian Rupee	6,334	(6,334)	33,389	(33,389)	4,560	(4,560)
Japanese Yen	800,797	(800,797)	719,094	(719,094)	17,214	(17,214)
New Zealand Dollar	20,268	(20,268)	3,226	(3,226)	31,582	(31,582)
Singapore Dollar	20,686	(20,686)	14,956	(14,956)	46,705	(46,705)
South African Rand	400	400	538	(538)	14,819	(14,819)
Swiss Franc	10,619	(10,619)	39,227	(39,227)	29,500	(29,500)
Saudi Arabian Riyal	1,578	(1,578)	186	(186)	6,745	(6,745)
United Arab Emirates Dirham	2,966	(2,966)	1,278	(1,278)	152	(152)
Chinese Yuan	8,011	(8,011)	6,244	(6,244)	-	-
Total	**1,467,698**	**(1,467,698)**	**2,654,387**	**(2,654,387)**	**320,949**	**(320,949)**

5.2.2 Interest rate sensitivity

Interest rate risk results from mismatches between asset and liability positions which are subject to unfavourable movements in interest rates with potentially adverse impact on margins, net interest income and economic value of a group's assets, liabilities and shareholders' value. Interest rate risk may be measured using methods which include sensitivity analysis and simulation modelling. The Group has its Interest Rate Risk Policy in which risks limits are laid down. Scenario analysis is worked out based on possible changes in interest rates and their impact on net interest income and margin is analysed and discussed in Group's Asset and Liability Management Committee.

Notes to the financial statements

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2016:

At 30 June 2016 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	-	-	-	-	-	-	1,698,430	1,698,430
Loans to and placements with bank	-	2,000	-	7,502	42,353	-	-	-	51,855
Trading assets	-	1,170,725	1,086,483	328,960	1,000,132	-	-	-	3,586,300
Investment securities	-	-	115,994	-	-	1,302,046	868,829	2,342	2,289,211
Loans and advances to customers	17,398,334	153,199	59,451	2,486	22,421	29,759	186,380	-	17,852,030
Other assets	-	-	-	-	-	-	-	340,287	340,287
Total Assets	17,398,334	1,325,924	1,261,928	338,948	1,064,906	1,331,805	1,055,209	2,041,059	25,818,113
Less allowance for credit impairment	-	-	-	-	-	-	-	(1,973,948)	(1,973,948)
Total assets	**17,398,334**	**1,325,924**	**1,261,928**	**338,948**	**1,064,906**	**1,331,805**	**1,055,209**	**67,111**	**23,844,165**

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

At 30 June 2016 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	19,725,817	239,934	1,228,055	1,584,883	2,791,291	1,446,001	1,197,455	-	28,213,436
Other borrowed funds	-	48,601	3,905	471	13,966	140,028	213,290	-	420,261
Subordinated liabilities	-	7,510	-	-	5,148	150,000	-	-	162,658
Other liabilities	-	-	-	-	-	-	-	453,248	453,248
Total liabilities	**19,725,817**	**296,045**	**1,231,960**	**1,585,354**	**2,810,405**	**1,736,029**	**1,410,745**	**453,248**	**29,249,603**
Net on-balance sheet interest sensitivity gap	**(2,327,483)**	**1,029,879**	**29,968**	**(1,246,406)**	**(1,745,499)**	**(404,224)**	**(355,536)**	**(386,137)**	**(5,405,438)**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

At 30 June 2015 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	-	-	-	-	-	-	1,348,161	1,348,161
Loans to and placements with bank	-	-	-	4,232	-	-	-	-	4,232
Trading assets	-	99,969	193,849	-	244,149	-	-	-	537,967
Investment securities	-	299,871	299,542	504,820	192,894	-	196,353	-	1,493,480
Loans and advances to customers	10,982,778	947,545	10,623	24,680	7,686	77,109	399,298	40,551	12,490,270
Other assets	-	-	-	-	-	-	-	129,765	129,765
Total Assets	10,982,778	1,347,385	504,014	533,732	444,729	77,109	595,651	1,518,477	16,003,875
Less allowance for credit impairment	-	-	-	-	-	-	-	(2,107,545)	(2,107,545)
Total assets	**10,982,778**	**1,347,385**	**504,014**	**533,732**	**444,729**	**77,109**	**595,651**	**(589,068)**	**13,896,330**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

At 30 June 2015 (The Group)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	10,353,967	220,266	499,263	775,910	1,377,473	958,553	558,002	586,108	15,329,542
Other borrowed funds	-	-	-	15,458	-	-	-	-	15,458
Subordinated liabilities	-	-	-	-	-	162,637	-	-	162,637
Other liabilities								99,746	99,746
Total liabilities	**10,353,967**	**220,266**	**499,263**	**791,368**	**1,377,473**	**1,121,190**	**558,002**	**685,854**	**15,607,383**
Net on-balance sheet interest sensitivity gap	**628,811**	**1,127,119**	**4,751**	**(257,636)**	**(932,744)**	**(1,044,081)**	**37,649**	**(1,274,922)**	**(1,711,053)**

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

The table below summarises the Bank's exposure to interest rate risk as at 30 June 2016

At 30 June 2016 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	-	-	-	-	-	-	1,698,430	1,698,430
Loans to and placements with bank	-	2,000	-	7,502	42,353	-	-	-	51,855
Trading assets	-	1,170,725	1,086,483	328,960	1,000,132	-	-	-	3,586,300
Investment securities	-	-	115,994	-	-	1,302,046	868,829	2,342	2,289,211
Loans and advances to customers	17,398,334	153,199	59,451	2,486	22,421	29,759	440,581	-	18,106,231
Other assets	-	-	-	-	-	-	-	370,873	370,873
Total Assets	17,398,334	1,325,924	1,261,928	338,948	1,064,906	1,331,805	1,309,410	2,071,645	26,102,900
Less allowance for credit impairment	-	-	-	-	-	-	-	(1,973,948)	(1,973,948)
Total assets	**17,398,334**	**1,325,924**	**1,261,928**	**338,948**	**1,064,906**	**1,331,805**	**1,309,410**	**97,697**	**24,128,952**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

At 30 June 2016 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	19,725,817	241,476	1,228,439	1,585,844	2,792,252	1,446,001	1,197,455	-	28,217,284
Other borrowed funds	-	48,601	3,905	471	13,966	140,028	213,290	-	420,261
Subordinated liabilities	-	7,510	-	-	5,148	150,000	-	-	162,658
Other liabilities	-	-	-	-	-	-	-	452,964	452,964
Total liabilities	**19,725,817**	**297,587**	**1,232,344**	**1,586,315**	**2,811,366**	**1,736,029**	**1,410,745**	**452,964**	**29,253,167**
Net on-balance sheet interest sensitivity gap	**(2,327,483)**	**1,028,337**	**29,584**	**(1,247,367)**	**(1,746,460)**	**(404,224)**	**(101,335)**	**(355,267)**	**(5,124,215)**

Notes to the financial statements

For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

The table below summarises the Bank's exposure to interest rate risk as at 30 June: 2015:

At 30 June 2015 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	-	-	-	-	-	-	1,348,161	1,348,161
Loans to and placements with bank	-	-	-	4,232	-	-	-	-	4,232
Trading assets	-	99,969	193,849	-	244,149	-	-	-	537,967
Investment securities	-	299,871	299,542	504,820	192,894	-	196,353	-	1,493,480
Loans and advances to customers	11,249,965	947,545	10,623	24,680	7,686	77,109	399,298	40,659	12,757,565
Other assets								137,311	137,311
Total Assets	11,249,965	1,347,385	504,014	533,732	444,729	77,109	595,651	1,526,131	16,278,716
Less allowance for credit impairment	-	-	-	-	-	-	-	(2,107,545)	(2,107,545)
Total assets	**11,249,965**	**1,347,385**	**504,014**	**533,732**	**444,729**	**77,109**	**595,651**	**(581,414)**	**14,171,171**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate risk sensitivity (Contd)

The table below summarises the Bank's exposure to interest rate risk as at 30 June: 2015 (Contd):

At 30 June 2015 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	10,353,967	220,266	499,263	775,910	1,377,473	958,553	558,002	587,665	15,331,099
Other borrowed funds	-	-	-	15,458	-	-	-	-	15,458
Subordinated liabilities	-	-	-	-	-	162,637	-	-	162,637
Other liabilities	-	-	-	-	-	-	-	99,397	99,397
Total liabilities	**10,353,967**	**220,266**	**499,263**	**791,368**	**1,377,473**	**1,121,190**	**558,002**	**687,062**	**15,608,591**
Net on-balance sheet interest sensitivity gap	**895,998**	**1,127,119**	**4,751**	**(257,636)**	**(932,744)**	**(1,044,081)**	**37,649**	**(1,268,476)**	**(1,437,420)**

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate risk sensitivity (Contd)

The table below summarises the Bank's exposure to interest rate risk as at 31 December 2013 (Contd):

At 31 December 2013 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	-	118,060	28,668	-	-	-	-	277,739	424,467
Trading assets	-	139,681	249,242	69,210	387,437	-	-	-	845,570
Government securities, placements and other investments	-	152,694	383,863	355,562	534,830	-	195,521	-	1,622,470
Loans and advances to customers	9,991,968	2,122,584	31,251	423,104	12,026	59,988	659,115	-	13,300,036
Other assets	-	-	-	-	-	-	-	149,963	149,963
Total Assets	9,991,968	2,533,019	693,024	847,876	934,293	59,988	854,636	427,702	16,342,506
Less allowance for credit impairment	-	-	-	-	-	-	-	(267,025)	(267,025)
Total assets	**9,991,968**	**2,533,019**	**693,024**	**847,876**	**934,293**	**59,988**	**854,636**	**160,677**	**16,075,481**

At 31 December 2013 (The Bank)	Floating	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1– 3 years	Over 3 years	Non–interest sensitive	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities									
Deposits from customers	10,396,014	694,469	659,140	297,561	1,574,994	978,959	232,257	666,942	15,500,336
Other borrowed funds	-	-	-	404,117	4,523	9,366	15,078	-	433,084
Subordinated liabilities	-	-	-	-	-	-	424,584	-	424,584
Other liabilities	-	-	-	-	-	-	-	86,757	86,757
Total liabilities	**10,396,014**	**694,469**	**659,140**	**701,678**	**1,579,517**	**988,325**	**671,919**	**753,699**	**16,444,761**
Net on-balance sheet interest sensitivity gap	**(404,046)**	**1,838,550**	**33,884**	**146,198**	**(645,224)**	**(928,337)**	**182,717**	**(593,022)**	**(369,280)**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of 2%. A 2% basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rate.

The calculations are based on the financial instruments held at the reporting date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in profit and equity at 30 June 2016 given an increase or a decrease of 2% in interest rates.

	Profit and equity				
	The Group		The Bank		
	Year ended 30 June 2016 Rs'000	Period ended 30 June 2015 Rs'000	Year ended 30 June 2016 Rs'000	Period ended 30 June 2015 Rs'000	Year ended 31 December 2013 Rs'000
Increase	**104,755**	30,581	**104,755**	35,925	28,793

A decrease of 2% in the interest rates would have the corresponding negative impact.

Average interest by major **currencies** for monetary financial instruments is:

The Group and the Bank	EURO %	USD %	GBP %	MUR %
At 30 June 2016				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Held-to-maturity	N/A	N/A	N/A	6.00
- Held for trading	N/A	N/A	N/A	2.30
Loans and advances to customers	4.40	5.09	5.13	9.18
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	1.67	1.67	1.62	4.27
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	1.94
Subordinated debt	N/A	N/A	N/A	10.00
Borrowings from Central Bank	0.82	1.90	N/A	N/A

Notes to the financial statements

For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

The Group and the Bank	EURO %	USD %	GBP %	MUR %
At 30 June 2015				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Held-to-maturity	N/A	N/A	N/A	6.99
- Held for trading	N/A	N/A	N/A	1.64
Loans and advances to customers	6.10	4.40	5.19	9.18
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	1.62	1.59	1.40	4.27
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	1.94
Subordinated debt	N/A	N/A	N/A	10.00
Borrowings from Central Bank	1.06	1.45	N/A	2.93

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Market risk analysis (Contd)

5.2.2 Interest rate sensitivity (Contd)

The Bank	EURO %	USD %	GBP %	MUR %
At 31 December 2013				
Assets				
Cash and balances with Central Bank	N/A	N/A	N/A	N/A
Balances with banks in Mauritius	N/A	N/A	N/A	N/A
Balances with banks abroad	N/A	N/A	N/A	N/A
Investment securities:				
- Held-to-maturity	N/A	N/A	N/A	3.24
- Held for trading	N/A	N/A	N/A	3.12
Loans and advances to customers	3.24	3.84	5.51	9.51
Other investments	N/A	N/A	N/A	N/A
Liabilities				
Deposits	1.45	1.88	1.22	5.02
Balances with banks in Mauritius and other financial institutions	N/A	N/A	N/A	2.29
Subordinated debt	2.50	N/A	N/A	10.00
Borrowings from Central Bank	1.36	1.35	N/A	3.05

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis

Liquidity risk is defined within the Group's policy framework as 'the risk that, at any time, the Group does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Group is undertaken under the guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The liquidity policy of the Group is to ensure that it:

- can meet its financial obligations as they fall due in the normal course of business; and
- maintains an adequate stock of highly liquid assets to enable it to meet unexpected funding needs at short notice.

The Group's liquidity policy requires establishment and maintenance of three lines of defence:

- Cashflow management where the Group creates a continuously maturing stream of assets and liabilities;
- Maintenance of a liquid assets portfolio; and
- Maintenance of a diversified liability base.

The Treasury Unit manages the day-to-day cash flow management and the overall liquidity is under the close supervision of the Group's Asset and Liability Committee.

The following table analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2016 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	1,398,416	300,014	-	-	-	-	-	-	1,698,430
Loans to and placements with banks	-	-	2,000	7,502	42,353	-	-	-	51,855
Trading assets	249,956	920,770	1,086,483	328,960	1,000,131	-	-	-	3,586,300
Investment securities	-	-	115,994	-	-	1,302,046	868,829	2,342	2,289,211
Loans and advances to customers	196,426	4,085,109	1,608,275	459,869	418,151	1,558,799	9,525,401	-	17,852,030
Other assets	-	-	-	-	-	-	-	340,287	340,287
	1,844,798	5,305,893	2,812,752	796,331	1,460,635	2,860,845	10,394,230	342,629	25,818,113
Less allowance for credit losses	-	-	-	-	-	-	-	(1,973,948)	(1,973,948)
Total assets	**1,844,798**	**5,305,893**	**2,812,752**	**796,331**	**1,460,635**	**2,860,845**	**10,394,230**	**(1,631,319)**	**23,844,165**
Liabilities									
Deposits from customers	2,241,161	2,751,156	3,227,577	5,444,560	6,697,532	4,108,161	3,743,289	-	28,213,436
Other borrowed funds	-	48,602	3,905	471	13,966	140,028	213,289	-	420,261
Other liabilities	-	-	-	-	-	-	-	453,248	453,248
Subordinated liabilities	-	7,510	-	-	5,148	150,000	-	-	162,658
Total liabilities	**2,241,161**	**2,807,268**	**3,231,482**	**5,445,031**	**6,716,646**	**4,398,189**	**3,956,578**	**453,248**	**29,249,603**
Net on-balance sheet liquidity gap	**(396,363)**	**2,498,625**	**(418,730)**	**(4,648,700)**	**(5,256,011)**	**(1,537,344)**	**6,437,652**	**(2,084,567)**	**(5,405,438)**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2015 (The Group)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	1,348,161	-	-	-	-	-	-	-	1,348,161
Loans to and placements with banks	-	-	-	4,232	-	-	-	-	4,232
Trading assets	-	537,967	-	-	-	-	-	-	537,967
Investment securities	105,000	1,104,233	-	-	-	192,894	91,353	-	1,493,480
Loans and advances to customers	159,146	884,118	797,712	807,037	745,184	1,860,658	3,815,435	3,420,980	12,490,270
Other assets	-	-	-	-	-	-	-	129,765	129,765
	1,612,307	2,526,318	797,712	811,269	745,184	2,053,552	3,906,788	3,550,745	16,003,875
Less allowance for credit losses	-	-	-	-	-	-	-	(2,107,545)	(2,107,545)
Total assets	**1,612,307**	**2,526,318**	**797,712**	**811,269**	**745,184**	**2,053,552**	**3,906,788**	**1,443,200**	**13,896,330**
Liabilities									
Deposits from customers	87,195	590,564	1,093,215	1,991,731	2,628,573	3,821,285	5,116,979	-	15,329,542
Other borrowed funds	-	-	-	-	-	15,458	-	-	15,458
Other liabilities	-	-	-	-	-	-	-	99,746	99,746
Subordinated liabilities	-	-	-	-	-	-	162,637	-	162,637
Total liabilities	**87,195**	**590,564**	**1,093,215**	**1,991,731**	**2,628,573**	**3,836,743**	**5,279,616**	**99,746**	**15,607,383**
Net on-balance sheet liquidity gap	**1,525,112**	**1,935,754**	**(295,503)**	**(1,180,462)**	**(1,883,389)**	**(1,783,191)**	**(1,372,828)**	**1,343,454**	**(1,711,053)**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2016 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	1,398,416	300,014	-	-	-	-	-	-	1,698,430
Loans to and placements with banks	-	-	2,000	7,502	42,353	-	-	-	51,855
Trading assets	249,956	920,770	1,086,483	328,960	1,000,131	-	-	-	3,586,300
Investment securities	-	-	115,994	-	-	1,302,046	868,829	2,342	2,289,211
Loans and advances to customers	196,427	4,085,109	1,608,275	459,869	418,151	1,558,799	9,779,601	-	18,106,231
Other assets	-	-	-	-	-	-	-	370,873	370,873
	1,844,799	5,305,893	2,812,752	796,331	1,460,635	2,860,845	10,648,430	373,215	26,102,900
Less allowance for credit losses	-	-	-	-	-	-	-	(1,973,948)	(1,973,948)
Total assets	**1,844,799**	**5,305,893**	**2,812,752**	**796,331**	**1,460,635**	**2,860,845**	**10,648,430**	**(1,600,733)**	**24,128,952**
Liabilities									
Deposits from customers	2,241,546	2,752,310	3,227,962	5,445,522	6,698,494	4,108,161	3,743,289	-	28,217,284
Other borrowed funds	-	48,602	3,905	471	13,966	140,028	213,289	-	420,261
Other liabilities	-	-	-	-	-	-	-	452,964	452,964
Subordinated liabilities	-	7,510	-	-	5,148	150,000	-	-	162,658
Total liabilities	**2,241,546**	**2,808,422**	**3,231,867**	**5,445,993**	**6,717,608**	**4,398,189**	**3,956,578**	**452,964**	**29,253,167**
Net on-balance sheet liquidity gap	**(396,747)**	**2,497,471**	**(419,115)**	**(4,649,662)**	**(5,256,973)**	**(1,537,344)**	**6,691,852**	**(2,053,697)**	**(5,124,215)**

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2015 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	1,348,161	-	-	-	-	-	-	-	1,348,161
Loans to and placements with banks	-	-	-	4,232	-	-	-	-	4,232
Trading assets	-	537,967	-	-	-	-	-	-	537,967
Investment securities	105,000	1,104,233	-	-	-	192,894	91,353	-	1,493,480
Loans and advances to customers	159,146	884,118	797,712	807,037	745,184	1,860,658	3,815,435	3,688,275	12,757,565
Other assets	-	-	-	-	-	-	-	137,311	137,311
	1,612,307	2,526,318	797,712	811,269	745,184	2,053,552	3,906,788	3,825,586	16,278,716
Less allowance for credit losses	-	-	-	-	-	-	-	(2,107,545)	(2,107,545)
Total assets	**1,612,307**	**2,526,318**	**797,712**	**811,269**	**745,184**	**2,053,552**	**3,906,788**	**1,718,041**	**14,171,171**
Liabilities									
Deposits from customers	87,225	591,249	1,093,636	1,992,152	2,628,573	3,821,285	5,116,979	-	15,331,099
Other borrowed funds	-	-	-	-	-	15,458	-	-	15,458
Other liabilities	-	-	-	-	-	-	-	99,397	99,397
Subordinated liabilities	-	-	-	-	-	-	162,637		162,637
Total liabilities	**87,225**	**591,249**	**1,093,636**	**1,992,152**	**2,628,573**	**3,836,743**	**5,279,616**	**99,397**	**15,608,591**
Net on-balance sheet liquidity gap	**1,525,082**	**1,935,069**	**(295,924)**	**(1,180,883)**	**(1,883,389)**	**(1,783,191)**	**(1,372,828)**	**1,618,644**	**(1,437,420)**

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For the year ended 30 June 2016

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 31 December 2013 (The Bank)	Sight	Up to 1 month	2 – 3 months	4 – 6 months	7 – 12 months	1 – 3 years	Over 3 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets									
Cash and cash equivalents	395,799	28,668	-	-	-	-	-	-	424,467
Trading assets	-	845,570	-	-	-	-	-	-	845,570
Government securities, placements and other investments	81,000	152,694	383,863	355,562	534,830	-	114,521	-	1,622,470
Loans and advances to customers	53,949	588,215	938,529	1,503,852	1,460,057	2,265,286	5,029,903	1,460,245	13,300,036
Other assets	53,768	-	-	-	-	-	-	96,195	149,963
	584,516	1,615,147	1,322,392	1,859,414	1,994,887	2,265,286	5,144,424	1,556,440	16,342,506
Less allowance for credit losses	-	-	-	-	-	-	-	(267,025)	(267,025)
Total assets	**584,516**	**1,615,147**	**1,322,392**	**1,859,414**	**1,994,887**	**2,265,286**	**5,144,424**	**1,289,415**	**16,075,481**
Liabilities									
Deposits from customers	109,547	1,044,811	1,554,068	1,248,283	2,496,452	3,413,754	5,633,421	-	15,500,336
Other borrowed funds	-	-	-	404,117	4,523	9,366	15,078	-	433,084
Other liabilities	-	-	-	-	-	-	-	86,757	86,757
Subordinated liabilities	-	-	-	-	-	-	424,584	-	424,584
Total liabilities	**109,547**	**1,044,811**	**1,554,068**	**1,652,400**	**2,500,975**	**3,423,120**	**6,073,083**	**86,757**	**16,444,761**
Net on-balance sheet liquidity gap	**474,969**	**570,336**	**(231,676)**	**207,014**	**(506,088)**	**(1,157,834)**	**(928,659)**	**1,202,658**	**(369,280)**

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2016, 30 June 2015 and 31 December 2013, off-balance sheet financial facilities have contractual maturity dates not exceeding three years.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

The Group and the Bank

30 June 2016	Note	Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
Assets					
Trading assets	(ii)	**-**	**3,586,299,612**	**-**	**3,586,299,612**
Available-for-sale financial assets	(ii) and 11(b)	**-**	**-**	**2,342,224**	**2,342,224**
Fair value		**-**	**3,586,299,612**	**2,342,224**	**3,588,641,836**

30 June 2015	Note	Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
Assets					
Trading assets	(ii)	-	537,967,166	-	537,967,166
Available-for-sale financial assets	(ii) and 11(b)		1,104,232,908	-	1,104,232,908
Fair value		-	1,642,200,074	-	1,642,200,074

31 December 2013	Note	Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
Assets					
Trading assets	(ii)	-	845,569,889	-	845,569,889
Available-for-sale financial assets	(ii)	-	-	-	-
Fair value		-	845,569,889	-	845,569,889

Notes to the financial statements

For the year ended 30 June 2016

6. Fair value measurement (Contd)

6.1 Fair value measurement of financial instruments (Contd)

There has been no transfer between Levels 1 and 2 in the reporting period and the two preceding years.

(i) Measurement of fair value of financial instruments

The methods used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(ii) Trading assets and available-for-sale financial assets

The fair values of the Group's investments in treasury bills and treasury notes have been determined by reference to the mark to market prices at the reporting date.

Apart from the above financial assets, the other financial instruments are measured as described in the accounting policies associated to them.

6.2 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months), the carrying amount is assumed to approximate fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements.

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For the year ended 30 June 2016

6. Fair value measurement (Contd)

6.2 Fair value of financial assets and liabilities not carried at fair value (Contd)

The table does not include the fair values of non-financial assets and non-financial liabilities (Note 6.3 below). The financial assets and financial liabilities are measured at level 3 on the fair value hierarchy.

	30 June 2016			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Held-to-maturity:				
Government securities	**2,286,868,865**	**2,286,868,865**	**2,286,868,865**	**2,286,868,865**
Loans and receivables:				
Cash and cash equivalents	**1,698,430,216**	**1,698,430,216**	**1,698,430,216**	**1,698,430,216**
Loans to and placement with banks	**51,854,597**	**51,854,597**	**51,854,597**	**51,854,597**
Loans and advances to customers	**15,878,082,285**	**16,005,325,984**	**16,132,282,752**	**16,259,526,451**
Other assets	**340,286,543**	**3,178,622,715**	**370,873,563**	**3,209,209,735**
	17,968,653,641	**20,934,233,512**	**18,253,441,128**	**21,219,020,999**
Total financial assets	**20,255,522,506**	**23,221,102,377**	**20,540,309,993**	**23,505,889,864**
Financial liabilities				
Financial liabilities measured at amortised				
Deposits from customers	**28,213,435,943**	**28,256,766,649**	**28,217,283,658**	**28,260,614,364**
Other borrowed funds	**420,260,638**	**420,260,638**	**420,260,638**	**420,260,638**
Subordinated liabilities	**162,657,647**	**162,657,647**	**162,657,647**	**162,657,647**
Other liabilities	**453,248,198**	**453,248,198**	**452,964,198**	**452,964,198**
Total liabilities	**29,249,602,426**	**29,292,933,132**	**29,253,166,141**	**29,296,496,847**

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For the year ended 30 June 2016

6. Fair value measurement (Contd)

6.2 Fair value of financial assets and liabilities not carried at fair value (Contd)

	30 June 2015			
	The Group		The Bank	
	Carrying value	Total fair value	Carrying value	Total fair value
	Rs	Rs	Rs	Rs
Financial assets				
Held-to-maturity:				
Government securities	389,246,711	389,246,711	389,246,711	389,246,711
Loans and receivables:				
Cash and cash equivalents	1,348,161,042	1,348,161,042	1,348,161,042	1,348,161,042
Loans to and placement with banks	4,231,833	4,231,833	4,231,833	4,231,833
Loans and advances to customers	10,382,723,969	10,496,871,377	10,650,020,246	10,764,167,654
Other assets	129,765,008	129,765,008	137,311,391	137,311,391
	11,864,881,852	11,979,029,260	12,139,724,512	12,253,871,920
Total financial assets	12,254,128,563	12,368,275,971	12,528,971,223	12,643,118,631
Financial liabilities				
Financial liabilities measured at amortised cost:				
Deposits from customers	15,329,542,015	14,127,123,080	15,331,098,698	14,128,679,763
Other borrowed funds	15,458,383	15,458,383	15,458,383	15,458,383
Subordinated liabilities	162,636,986	162,636,986	162,636,986	162,636,986
Other liabilities	99,745,893	99,745,893	99,396,950	99,396,950
Total liabilities	15,607,383,277	14,404,964,342	15,608,591,017	14,406,172,082

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6. Fair value measurement (Contd)

6.2 Fair value of financial assets and liabilities not carried at fair value (Contd)

	31 December 2013	
	The Bank	
	Carrying value	Total fair value
	Rs	Rs
Financial assets		
Held-to-maturity:		
Government securities	1,621,551,205	1,621,551,205
Loans and receivables:		
Cash and cash equivalents	424,467,310	424,467,310
Loans to and placement with banks	918,304	918,304
Loans and advances to customers	13,033,011,274	12,992,389,725
Other assets	149,962,726	149,962,726
	13,608,359,614	13,567,738,065
Total financial assets	15,229,910,819	15,189,289,270
Financial liabilities		
Financial liabilities measured at amortised cost:		
Deposits from customers	15,500,335,643	15,535,384,903
Other borrowed funds	433,083,923	433,083,923
Subordinated liabilities	424,584,431	424,584,431
Other liabilities	86,756,657	86,756,657
Total liabilities	16,444,760,654	16,479,809,914

6.3 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value at 30 June 2016:

30 June 2016	Level 1	Level 2	Level 3	Total
The Group	Rs	Rs	Rs	Rs
Property, plant and equipment:				
Land and buildings	-	-	1,143,073,005	1,143,073,005

6. Fair value measurement (Contd)

6.3 Fair value measurement of non-financial assets (Contd)

30 June 2016 The Bank	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment:				
Land and buildings	-	-	**892,115,772**	**892,115,772**

30 June 2015 The Group	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment:				
Land and buildings	-	-	373,646,912	373,646,912

30 June 2015 The Bank	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment:				
Land and buildings	-	-	128,915,651	128,915,651

31 December 2013 The Bank	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment:				
Land and buildings	-	-	130,399,822	130,399,822

The fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date. Further information is set out below.

Freehold land and buildings (Level 3)

Freehold land and buildings are revalued as indicated in note 3.8. The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings

The appraisal are carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

The significant unobservable input is the adjustment for factors specific to the land and buildings in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

7. Capital management policies and procedures

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital and other requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

For the Bank, capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central Bank, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

Previously, the Central Bank requires each bank to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%. The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and
- Tier 2 capital: qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

Now with the implementation of Basel III since 01 July 2014, the Bank has to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%, a Common Equity Tier 1 (CET1) CAR of at least 6% and a Tier 1 CAR of at least 7.50%.

The Bank's regulatory capital is divided into the following two tiers:

- Tier 1 capital (going-concern capital): comprises of (i) Common Equity Tier 1 and (ii) Additional Tier 1 Capital

(i) The Bank's Common Equity Tier 1 (CET1) capital consists of the following:

(a) stated capital;
(b) statutory reserve;
(c) fair value reserve; and
(d) accumulated losses.

(ii) The Bank has no Additional Tier 1 (AT1) capital as at 30 June 2016.

- Tier 2 capital (gone-concern capital): qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

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For the year ended 30 June 2016

7. Capital management policies and procedures (Contd)

The following table summarises the composition of regulatory capital and the ratios of the Bank for the year/ period ended 31 December 2013, 30 June 2015 and 30 June 2016 respectively. During the year ended 31 December 2013, the Bank complied with all of the externally imposed capital requirements to which it is subject. However, the Bank had a Capital Adequacy Ratio of less than 10% as at 30 June 2015 and 30 June 2016. As highlighted in note 40, subsequent to the year end, the Bank has issued additional capital of Rs 3.4 Billion which was fully subscribed and paid by Maubank Holdings Ltd, thereby improving the capital adequacy ratio to 11.35%.

	The Bank 30 June 2016 Rs'000
Tier 1 Capital	
Common Equity Tier 1 Capital: instruments and reserves	
Paid up share capital	3,270,858
Accumulated losses	(4,219,952)
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	14,696
Common equity Tier 1 Capital before regulatory adjustments	(934,398)
Common equity Tier 1 Capital: regulatory adjustments	(678,281)
Total regulatory adjustments to Common equity Tier 1 Capital	(1,612,679)
Additional Tier 1 Capital: instrument	-
Additional Tier 1 Capital: regulatory adjustments	-
Additional Tier 1 capital:	-
Tier 1 Capital	(1,612,679)
Tier 2 Capital	
Tier 2 Capital: instruments and provisions	
Instruments issued by the Bank that meet the criteria for inclusion in Tier 2 Capital	30,000
Provisions and loan loss reserves	209,713
Surplus arising from revaluation of land and buildings owned by the Bank	4,491
Tier 2 Capital before regulatory adjustments	244,204
Tier 2 Capital: regulatory adjustments	(671)
Tier 2 Capital	243,533
Total Regulatory Capital (Rs)	(1,369,146)
Risk Weighted Assets (Rs)	17,900,631
Common Equity Tier 1 Capital Adequacy Ratio (%)	(9.01)
Tier 1 Capital Adequacy Ratio (%)	(9.01)
Capital Adequacy Ratio (%)	(7.65)

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For the year ended 30 June 2016

7. Capital management policies and procedures (Contd)

	The Bank	
	30 June 2015 (Restated) Rs'000	31 December 2013 Rs'000
Tier 1 Capital		
Paid up capital	1,136,962	383,962
Statutory Reserve	-	115,783
Other disclosed free reserves	(1,076,106)	554,183
Total qualifying Tier 1 Capital	60,856	1,053,928
Tier 2 Capital		
Revaluation Reserve	4,491	4,491
Provision and loan loss reserves	128,179	171,033
Subordinated liabilities	60,000	304,979
Total qualifying Tier 2 Capital	192,670	480,503
Total regulatory capital (Rs)	253,526	1,534,431
Risk Weighted Assets (Rs)	11,589,814	13,682,607
Capital Adequacy Ratio (%)	2.19	11.21

8. Cash and cash equivalents

	The Group		The Bank		
	30 June 2016 Rs	30 June 2015 Rs	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Cash in hand	**331,682,032**	202,463,052	**331,682,032**	202,463,052	126,913,425
Foreign currency notes and coins	**20,154,555**	28,729,570	**20,154,555**	28,729,570	82,450,858
Balances with banks in Mauritius and abroad	**366,713,329**	470,679,188	**366,713,329**	470,679,188	118,059,556
Unrestricted balances with the Central Bank (Note (a))	**679,866,259**	646,289,232	**679,866,259**	646,289,232	68,374,819
Loans to and placements with banks (Note (b))	**300,014,041**	-	**300,014,041**	-	28,668,652
	1,698,430,216	1,348,161,042	**1,698,430,216**	1,348,161,042	424,467,310

(a) Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement ("CRR").

(b) Loans to and placements with banks are balances with original maturity periods up to three months.

Notes to the financial statements

For the year ended 30 June 2016

9. Loans to and placements with banks

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Placements with overseas banks	**51,854,597**	4,231,833	918,304
Remaining term to maturity			
- Within 3 months	**1,999,705**	-	918,304
- Over 3 and up to 6 months	**7,502,475**	4,231,833	-
- Over 6 months	**42,352,417**	-	-
	51,854,597	4,231,833	918,304

10. Trading assets

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Held-for-trading securities:			
Treasury bills	**3,586,299,612**	537,967,166	845,569,889

11. Investments securities

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Held-to-maturity investments (Note (a) below)	**2,286,868,865**	389,246,711	1,621,551,205
Available-for-sale financial assets (Note (b) below)	**2,342,224**	1,104,232,908	-
	2,289,211,089	1,493,479,619	1,621,551,205

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Notes to the financial statements

For the year ended 30 June 2016

11. Investments securities (Contd)

		30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank	31 December 2013 The Bank
		Rs	Rs	Rs
(a)	**Held-to-maturity investments**			
	Treasury bills	**-**	-	1,426,030,143
	Government stocks	**731,184,320**	196,352,838	195,521,062
	Treasury Notes	**1,555,684,545**	192,893,873	-
		2,286,868,865	389,246,711	1,621,551,205

	The Group and the Bank	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank	31 December 2013 The Bank
		Rs	Rs	Rs
(b)	**Available-for-sale financial assets**			
	Treasury bills	**-**	1,104,232,908	-
	Other securities	**2,342,224**	-	-
		2,342,224	1,104,232,908	-

		30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank	31 December 2013 The Bank
		Rs	Rs	Rs
(c)	**Fair value reserve**			
	Balance at start of year/period	**98,410**	-	-
	Gain on fair value of available-for-sale financial assets and at end of year/period	**-**	98,410	-
	Reversal of gain on fair value of available-for-sale financial assets	**(98,410)**	-	-
	Balance at year/period end	**-**	**98,410**	**-**

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For the year ended 30 June 2016

12. Loans and advances to customers

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
		(Restated)		(Restated)	(Restated)
	Rs	Rs	Rs	Rs	Rs
Retail customers					
Credit cards	111,530,239	65,685,961	111,530,239	65,685,961	59,111,480
Mortgages	3,741,725,604	2,444,767,936	3,741,725,604	2,444,767,936	2,438,914,351
Other retail loans	1,625,258,630	795,058,877	1,625,258,630	795,058,877	846,635,673
Corporate customers	11,241,928,526	8,602,046,321	11,496,128,993	8,869,342,598	9,397,162,001
Entities outside Mauritius	224,451,744	48,693,518	224,451,744	48,693,518	52,563,588
Other	907,135,919	534,015,867	907,135,919	534,015,867	505,649,897
	17,852,030,662	12,490,268,480	**18,106,231,129**	12,757,564,757	13,300,036,990
Less allowance for credit impairment	**(1,973,948,377)**	(2,107,544,511)	**(1,973,948,377)**	(2,107,544,511)	(267,025,716)
Net	**15,878,082,285**	10,382,723,969	**16,132,282,752**	10,650,020,246	13,033,011,274

(a) Remaining term to maturity

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
		(Restated)		(Restated)	(Restated)
	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**5,200,313,257**	3,442,355,265	**5,200,313,257**	3,442,355,265	2,698,957,758
- Over 3 and up to 6 months	**459,868,612**	438,209,635	**459,868,612**	438,209,635	1,116,316,679
- Over 6 and up to 12 months	**418,150,760**	513,653,640	**418,150,760**	513,653,640	471,414,581
- Over 1 and up to 3 years	**1,558,798,928**	672,375,255	**1,558,798,928**	672,375,255	1,053,059,080
- Over 3 and up to 5 years	**2,138,792,888**	1,619,991,834	**2,138,792,888**	6,070,979,128	1,503,990,869
- Over 5 years	**8,076,106,217**	5,803,682,851	**8,330,306,684**	1,619,991,834	6,456,298,023
	17,852,030,662	12,490,268,480	**18,106,231,129**	12,757,564,757	13,300,036,990

Notes to the financial statements

For the year ended 30 June 2016

12. Loans and advances to customers (Contd)

(b) Net investment in finance leases

The amount of net investment in finance leases included in loans and advances to customers is as follows:

The Group and the Bank	Up to 1 year	Over 1 up to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs
2016				
Gross investment in finance leases	**625,476,081**	**787,878,240**	**62,838,890**	**1,476,193,211**
Less unearned finance income	**(85,680,407)**	**(89,779,320)**	**(2,901,987)**	**(178,361,714)**
Net investment in finance leases	**539,795,674**	**698,098,920**	**59,936,903**	**1,297,831,497**
2015				
Gross investment in finance leases	37,950,085	75,381,298	8,977,656	122,309,039
Less unearned finance income	(4,533,292)	(18,115,471)	(1,944,339)	(24,593,102)
Net investment in finance leases	33,416,793	57,265,827	7,033,317	97,715,937
2013				
Gross investment in finance leases	38,969,381	79,126,994	7,439,307	125,535,682
Less unearned finance income	(5,608,350)	(16,497,607)	(2,045,749)	(24,151,706)
Net investment in finance leases	33,361,031	62,629,387	5,393,558	101,383,976

A finance lease contract is prepared for these facilities which give the lessees the option to purchase the assets for a residual value at the conclusion of the lease arrangements. Finance leases are secured mainly by charges on the leased assets and/or corporate/personal guarantees. The lease period ranges from 1-15 years.

(c) Credit concentration of risk by industry sectors

Total credit facilities, including guarantees, acceptances and other similar commitments extended by the Group to any one customer or group of closely-related customers for amounts aggregating more than 15% of its capital base, classified by industry sectors.

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Name of sector					
Agriculture and Fishing	**558,243**	404,593	**558,243**	404,593	301,738
Manufacturing	**508,626**	663,066	**508,626**	663,066	534,168
Of which EPZ	***184,463***	*92,003*	***184,463***	*92,003*	-
Tourism	**768,136**	651,964	**768,136**	651,964	683,373
Construction	**1,217,484**	3,291,659	**1,471,784**	3,558,847	1,169,748
Financial and Business Services	**125,000**	112,459	**125,000**	112,459	-
Traders	**197,289**	1,855,815	**197,289**	1,855,815	896,349
Professional	**81,073**	32,475	**81,073**	32,475	62,878
Education	**-**	16,489	**-**	16,489	-
Others (Infrastructure, public non-financial, Personal, transport & Other Customers)	**525,552**	1,249,538	**525,552**	1,249,538	940,901
	3,981,403	8,278,058	**4,235,703**	8,545,246	4,589,155

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12. Loans and advances to customers (Contd)

(d) Allowance for credit impairment

	Specific allowances for impairment Rs	Portfolio allowance and general provision for impairment Rs	Total Rs
The Bank			
Balance at 01 January 2013	144,642,439	106,576,549	251,218,988
Provision for credit impairment for the year (Note (d) (i) and (ii) below)	(889,967)	16,696,695	15,806,728
Balance at 31 December 2013 (Restated)	143,752,472	123,273,244	267,025,716
The Group and the Bank			
Provision for credit impairment for the year (Note (d) (i) and (ii) below)	1,849,140,319	(8,621,524)	1,840,518,795
Balance at 30 June 2015 (Restated)	1,992,892,791	114,651,720	2,107,544,511
Provision for credit impairment from transfer of undertaking	433,310,455	81,801,189	515,111,644
Provision for credit impairment for the year (Note (d) (i) and (ii) below)	168,168,814	3,918,051	172,086,865
Loans written off	(820,794,643)	-	(820,794,643)
Balance at 30 June 2016	**1,773,577,417**	**200,370,960**	**1,973,948,377**

(i) Portfolio provision

The Bank has made portfolio provision as per table below after offsetting collateral of liquid assets in the portfolio

Sector	30 June 2016 %	30 June 2015 %	31 December 2013 %
Construction Housing	**1.505**	1.505	1.005
Commercial, Residential & Land parcelling	**2.005**	1.505	1.005
Tourism	**2.005**	1.505	1.005
Personal	**2.005**	1.505	1.005
Others	**1.005**	1.005	1.005

(ii) Specific allowances for impairment

When principal and interest are overdue by 90 days, loans are classified as non-performing. Allowances are provided for non-performing loans to reflect their net estimated recoverable amount.

Specific allowances are calculated using the carrying amount gross of interest receivable net of recoverable amount.

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12. Loans and advances to customers (Contd)

(d) Allowance for credit impairment (Contd)

(iii) Allowance for credit impairment by industry sectors

The Group	Gross amount of loans	Non-Performing loans	Specific allowances for credit impairment	Portfolio allowances for credit impairment	Total allowances for credit impairment 30 June 2016	Total allowances for credit impairment 30 June 2015	Total allowances for credit impairment 31 December 2013
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	**456,010,032**	**179,962,411**	**75,576,342**	**2,832,699**	**78,409,041**	76,139,105	7,156,506
Manufacturing	**1,285,326,979**	**167,512,058**	**21,305,110**	**11,175,083**	**32,480,193**	126,451,184	11,888,853
Tourism	**1,849,655,427**	**210,965,807**	**46,054,821**	**25,494,581**	**71,549,402**	22,078,382	7,114,664
Transport	**538,795,960**	**80,000,470**	**9,790,371**	**4,535,712**	**14,326,083**	12,439,778	9,461,224
Construction	**7,356,009,669**	**2,012,904,454**	**783,425,426**	**97,149,500**	**880,574,926**	551,965,993	85,844,225
Financial and Business Services	**189,282,765**	**118,203,254**	**39,259,225**	**709,049**	**39,968,274**	31,285,834	19,403,396
Traders	**2,564,335,752**	**1,266,457,622**	**688,066,121**	**13,223,237**	**701,289,358**	1,006,972,776	39,685,642
Information Technology	**64,231,830**	**26,474,366**	**2,430,529**	**377,216**	**2,807,745**	25,860	9,513
Personal	**1,588,033,084**	**309,859,734**	**99,994,240**	**21,599,190**	**121,593,430**	48,554,681	55,091,219
Education	**276,964,063**	**25,482,762**	**2,518,596**	**2,569,109**	**5,087,705**	4,875,377	4,643,328
Professional	**163,430,666**	**37,483,617**	**4,017,126**	**1,206,310**	**5,223,436**	2,871,783	2,374,104
Others	**1,519,954,435**	**232,677,367**	**1,139,510**	**19,499,274**	**20,638,784**	223,883,758	24,353,042
	17,852,030,662	**4,667,983,922**	**1,773,577,417**	**200,370,960**	**1,973,948,377**	2,107,544,511	267,025,716

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12. Loans and advances to customers (Contd)

(d) Allowance for credit impairment (Contd)

(iii) Allowance for credit impairment by industry sectors

The Bank	Gross amount of loans	Non-Performing loans	Specific allowances for credit impairment	Portfolio allowances for credit impairment	Total allowances for credit impairment 30 June 2016	Total allowances for credit impairment 30 June 2015	Total allowances for credit impairment 31 December 2013
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	**456,010,032**	**179,962,411**	**75,576,342**	**2,832,699**	**78,409,041**	76,139,105	7,156,506
Manufacturing	**1,285,326,979**	**167,512,058**	**21,305,110**	**11,175,083**	**32,480,193**	126,451,184	11,888,853
Tourism	**1,849,655,427**	**210,965,807**	**46,054,821**	**25,494,581**	**71,549,402**	22,078,382	7,114,664
Transport	**538,795,960**	**80,000,470**	**9,790,371**	**4,535,712**	**14,326,083**	12,439,778	9,461,224
Construction	**7,610,210,136**	**2,012,904,454**	**783,425,426**	**97,149,500**	**880,574,926**	551,965,993	85,844,225
Financial and Business Services	**189,282,765**	**118,203,254**	**39,259,225**	**709,049**	**39,968,274**	31,285,834	19,403,396
Traders	**2,564,335,752**	**1,266,457,622**	**688,066,121**	**13,223,237**	**701,289,358**	1,006,972,776	39,685,642
Information Technology	**64,231,830**	**26,474,366**	**2,430,529**	**377,216**	**2,807,745**	25,860	9,513
Personal	**1,588,033,084**	**309,859,734**	**99,994,240**	**21,599,190**	**121,593,430**	48,554,681	55,091,219
Education	**276,964,063**	**25,482,762**	**2,518,596**	**2,569,109**	**5,087,705**	4,875,377	4,643,328
Professional	**163,430,666**	**37,483,617**	**4,017,126**	**1,206,310**	**5,223,436**	2,871,783	2,374,104
Others	**1,519,954,435**	**232,677,367**	**1,139,510**	**19,499,274**	**20,638,784**	223,883,758	24,353,042
	18,106,231,129	**4,667,983,922**	**1,773,577,417**	**200,370,960**	**1,973,948,377**	2,107,544,511	267,025,716

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13(a). Property, plant and equipment

The Group	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 July 2015	380,134,741	268,097,534	102,348,681	4,707,009	755,287,965
On transfer of undertaking (Note 45)	802,807,117	194,696,948	341,982,851	19,311,650	1,358,798,566
Additions during the year	11,324,160	37,551,800	21,916,897	4,647,397	75,440,254
Disposal adjustment	-	-	-	(9,513,234)	(9,513,234)
At 30 June 2016	**1,194,266,018**	**500,346,282**	**466,248,429**	**19,152,822**	**2,180,013,551**
Depreciation					
At 01 July 2015	6,487,829	180,926,263	80,673,536	1,927,475	270,015,103
On transfer of undertaking (Note 45)	32,466,300	159,294,868	155,450,032	11,913,849	359,125,049
Charge for the year	12,238,884	50,810,027	52,754,222	2,201,772	118,004,905
Disposal adjustment	-	-	-	(7,244,821)	(7,244,821)
At 30 June 2016	**51,193,013**	**391,031,158**	**288,877,790**	**8,798,275**	**739,900,236**
Carrying amount					
At 30 June 2016	**1,143,073,005**	**109,315,124**	**177,370,639**	**10,354,547**	**1,440,113,315**

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13(a). Property, plant and equipment (Contd)

The Group	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 January 2014	132,931,447	231,986,636	96,889,338	6,331,550	468,138,971
Additions during the period	247,203,294	36,110,898	5,459,343	2,357,959	291,131,494
Disposal adjustment	-	-	-	(3,982,500)	(3,982,500)
At 30 June 2015	**380,134,741**	**268,097,534**	**102,348,681**	**4,707,009**	**755,287,965**
Depreciation					
At 01 January 2014	2,531,625	143,009,087	64,742,600	3,247,448	213,530,760
Charge for the period	3,956,204	37,917,176	15,930,936	1,666,902	59,471,218
Disposal adjustment	-	-	-	(2,986,875)	(2,986,875)
At 30 June 2015	**6,487,829**	**180,926,263**	**80,673,536**	**1,927,475**	**270,015,103**
Carrying amount					
At 30 June 2015	**373,646,912**	**87,171,271**	**21,675,145**	**2,779,534**	**485,272,862**

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

13(a). Property, plant and equipment (Contd)

The Bank	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 July 2015	132,931,447	251,577,573	97,204,128	2,349,050	484,062,198
On transfer of undertaking	802,807,117	194,696,948	341,982,851	19,311,650	1,358,798,566
Additions during the year	-	35,986,478	15,212,925	4,647,397	55,846,800
Disposals adjustment	-	-	-	(9,513,234)	(9,513,234)
At 30 June 2016	**935,738,564**	**482,260,999**	**454,399,904**	**16,794,863**	**1,889,194,330**
Depreciation					
At 01 July 2015	4,015,796	179,816,840	80,161,863	1,761,788	265,756,287
On transfer of undertaking	32,466,300	159,294,868	155,450,032	11,913,849	359,125,049
Charge for the year	7,140,696	46,649,759	50,876,951	2,201,772	106,869,178
Disposal adjustment	-	-	-	(7,244,821)	(7,244,821)
At 30 June 2016	**43,622,792**	**385,761,467**	**286,488,846**	**8,632,588**	**724,505,693**
Carrying amount					
At 30 June 2016	**892,115,772**	**96,499,532**	**167,911,058**	**8,162,275**	**1,164,688,637**

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For the year ended 30 June 2016

13(a). Property, plant and equipment (Contd)

The Bank	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 January 2014	132,931,447	231,986,636	96,889,338	6,331,550	468,138,971
Additions during the period	-	19,590,937	314,790	-	19,905,727
Disposals adjustment	-	-	-	(3,982,500)	(3,982,500)
At 30 June 2015	**132,931,447**	**251,577,573**	**97,204,128**	**2,349,050**	**484,062,198**
Depreciation					
At 01 January 2014	2,531,625	143,009,087	64,742,600	3,247,448	213,530,760
Charge for the period	1,484,171	36,807,753	15,419,263	1,501,215	55,212,402
Disposal adjustment	-	-	-	(2,986,875)	(2,986,875)
At 30 June 2015	**4,015,796**	**179,816,840**	**80,161,863**	**1,761,788**	**265,756,287**
Carrying amount					
At 30 June 2015	**128,915,651**	**71,760,733**	**17,042,265**	**587,262**	**218,305,911**

Notes to the financial statements

For the year ended 30 June 2016

13(a). Property, plant and equipment (Contd)

The Bank	Freehold land and buildings Rs	Computer and office equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost/Valuation					
At 01 January 2013	132,931,447	210,318,434	83,812,331	6,331,550	433,393,762
Additions during the year	-	21,668,202	13,077,007	-	34,745,209
At 31 December 2013	**132,931,447**	**231,986,636**	**96,889,338**	**6,331,550**	**468,138,971**
Depreciation					
At 01 January 2013	1,542,179	118,127,069	53,799,686	1,981,138	175,450,072
Charge for the year	989,446	24,882,018	10,942,914	1,266,310	38,080,688
At 31 December 2013	**2,531,625**	**143,009,087**	**64,742,600**	**3,247,448**	**213,530,760**
Carrying amount					
At 31 December 2013	**130,399,822**	**88,977,549**	**32,146,738**	**3,084,102**	**254,608,211**

The Bank's freehold land and buildings were revalued by Mr. P.G Bruno Dumazel, Property Development Consultant on 20 September 2011. During the financial period 2012, the Bank had reclassified its investment property to property, plant and equipment. These valuations were based on market conditions prevailing at that time. If these freehold land and buildings were stated on the historical cost basis, the net book values would be as follows:

	2016 Rs	2015 Rs	2013 Rs
Cost	**84,261,053**	**84,261,053**	**84,261,053**
Accumulated depreciation	**(4,894,049)**	**(3,208,828)**	**(1,523,607)**
At 30 June	**79,367,004**	**81,052,225**	**82,737,446**

MauBank Ltd

Notes to the financial statements

For the year ended 30 June 2016

13(b) Intangible assets

The Group	Computer software Rs	Total Rs
Cost		
At 01 January 2014	206,280,393	206,280,393
Additions during the period	84,142,701	84,142,701
At 30 June 2015	**290,423,094**	**290,423,094**
On transfer of undertaking (Note 45)	209,597,187	209,597,187
Additions during the year	60,202,570	60,202,570
At 30 June 2016	**560,222,851**	**560,222,851**
Amortisation		
At 01 January 2014	127,216,761	127,216,761
Charge for the period	37,373,744	37,373,744
At 30 June 2015	**164,590,505**	**164,590,505**
On transfer of undertaking (Note 45)	167,466,672	167,466,672
Charge for the year	36,846,579	36,846,579
At 30 June 2016	**368,903,756**	**368,903,756**
Carrying amount		
At 30 June 2016	**191,319,095**	**191,319,095**
At 30 June 2015	**125,832,589**	**125,832,589**

The Bank	Computer software Rs	Total Rs
Cost		
At 01 January 2013	200,271,193	200,271,193
Additions during the year	6,009,200	6,009,200
At 31 December 2013	**206,280,393**	**206,280,393**
Additions during the period	84,142,701	84,142,701
At 30 June 2015	**290,423,094**	**290,423,094**
On transfer of undertaking (Note 45)	209,597,187	209,597,187
Additions during the year	60,202,570	60,202,570
At 30 June 2016	**560,222,851**	**560,222,851**
Amortisation		
At 01 January 2013	105,676,788	105,676,788
Charge for the year	21,539,973	21,539,973
At 31 December 2013	**127,216,761**	**127,216,761**
Charge for the period	37,373,744	37,373,744
At 30 June 2015	**164,590,505**	**164,590,505**
On transfer of undertaking (Note 45)	167,466,672	167,466,672
Charge for the year	36,846,579	36,846,579
At 30 June 2016	**368,903,756**	**368,903,756**
Carrying amount		
At 30 June 2016	**191,319,095**	**191,319,096**
At 30 June 2015	**125,832,589**	**125,832,589**
At 31 December 2013	**79,063,632**	**79,063,632**

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For the year ended 30 June 2016

14. Investment property

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Balance at start of year / period	-	-	-
On transfer of undertaking (Note 45)	**69,350,000**		
Balance at end of year / period	**69,350,000**	-	-

No rental income was received and no operating expenses were incurred during the year under review towards the investment property (Period ended 30 June 2015 and year ended 31 December 2013: Rs Nil).

15. Investment in subsidiary

15.1 Unquoted and at cost

	30 June 2016 The Bank Rs	30 June 2015 The Bank Rs	31 December 2013 The Bank Rs
Balance at end of year /period	**100,000**	100,000	-

15.2 Details of the subsidiary are as follows:

Name of subsidiary	Principal activity	Type of shares	% holding	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	**100,000**	100,000	-

15.3 The subsidiary was incorporated in the Republic of Mauritius on 17 March 2014 as a private company with liability limited by shares.

15.4 The Bank has 100% holding in MauBank Investment Ltd and the proportion of the voting rights in this subsidiary undertakings held directly by the Bank does not differ from the proportion of ordinary shares held.

15.5 The cost of the investment is considered to be a reflection of its fair value.

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Notes to the financial statements

For the year ended 30 June 2016

16. Other assets

	The Group		The Bank		
	30 June 2016 Rs	30 June 2015 Rs	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Mandatory balances with Central Bank (Note (i) below)	**2,358,391,984**	1,273,146,620	**2,358,391,984**	1,273,146,620	1,162,123,974
Due from the subsidiary (Note (ii) below)	**-**	-	**25,369,629**	12,173,201	-
Balances due in clearing	**226,892,691**	23,814,090	**226,892,691**	23,814,090	53,767,824
Capital work in progress	**-**	6,731,497	**-**	-	2,472,960
Project costs	**19,932,013**	-	**19,932,013**	-	69,973,206
Prepayments	**43,627,367**	30,766,504	**38,302,820**	30,410,074	14,472,455
Receivables	**48,183,467**	15,793,293	**53,400,858**	11,166,474	7,650,272
Repossessed properties	**65,210,385**	90,157,625	**65,210,385**	90,157,625	88,544,630
Others	**3,553,635**	8,847,665	**3,553,635**	8,847,665	1,929,445
	2,765,791,542	1,449,257,294	**2,791,054,015**	1,449,715,749	1,400,934,766

(i) At 30 June 2016, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to Rs 2,358,391,984 (2015: Rs 1,273,146,620 and 2013: Rs 1,162,123,974). These funds are not available for daily business.

(ii) The amount due from the subsidiary is interest free, unsecured and repayable on demand.

(iii) The receivables above include an amount of Rs 700,344,387 in respect of hire purchase portfolio taken over from ex National Commercial Bank Ltd on which provision for impairment has been fully provided. The receivables are interest free with no specific repayment date.

17. Deposits from customers

Retail, corporate and government

		The Group		The Bank		
		30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
			Rs		Rs	Rs
(a)	Demand	**2,256,289,600**	604,403,226	**2,260,137,315**	605,959,909	666,941,811
	Savings	**10,195,664,099**	5,025,306,001	**10,195,664,099**	5,025,306,001	4,890,123,555
	Time deposits	**15,761,482,244**	9,699,832,788	**15,761,482,244**	9,699,832,788	9,943,270,277
		28,213,435,943	15,329,542,015	**28,217,283,658**	15,331,098,698	15,500,335,643
(b)	Time deposits with remaining to term to maturity:					
	- Within 3 months	**3,001,810,035**	1,202,555,508	**3,001,810,035**	1,202,555,508	2,130,837,295
	- Over 3 and up to 6 months	**2,796,194,703**	1,601,349,363	**2,796,194,703**	1,601,349,363	865,648,885
	- Over 6 and up to 12 months	**3,924,689,749**	1,968,178,560	**3,924,689,749**	1,968,178,560	2,300,691,913
	- Over 1 and up to 3 years	**3,771,184,511**	3,069,314,763	**3,771,184,511**	3,069,314,763	3,120,346,555
	- Over 3 and up to 5 years	**2,202,418,254**	1,854,591,990	**2,202,418,254**	1,854,591,990	1,470,455,264
	- Over 5 years	**65,184,992**	3,842,604	**65,184,992**	3,842,604	55,290,365
		15,761,482,244	9,699,832,788	**15,761,482,244**	9,699,832,788	9,943,270,277

Notes to the financial statements

For the year ended 30 June 2016

18. Other borrowed funds

	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank	31 December 2013 The Bank
	Rs	Rs	Rs
Borrowings from the Central Bank	**354,082,932**	15,458,383	433,083,923
Borrowings from banks in Mauritius	**48,207,000**	-	-
Borrowings from non-bank financial institution	**17,970,706**	-	-
	420,260,638	15,458,383	433,083,923

19. Subordinated liabilities

	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank	31 December 2013 The Bank
	Rs	Rs	Rs
Subordinated liabilities	**162,657,647**	162,636,986	424,584,431
Remaining term to maturity			
- Within 5 years	**162,657,647**	162,636,986	424,584,431
	162,657,647	162,636,986	424,584,431

During the period ended 30 June 2015, the Bank converted the subordinated liabilities due to the Government of Mauritius into equity capital to the tune of Rs 253,000,000.

20. Other liabilities

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
		Rs	Rs	Rs	Rs
Cheques in clearance	**53,083,541**	28,865,105	**53,083,541**	28,865,105	33,654,043
Other payables and accruals	**401,224,328**	71,220,129	**400,940,327**	70,871,187	53,447,896
	454,307,869	100,085,234	**454,023,868**	99,736,292	87,101,939

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21. Retirement benefits Obligations

Pension plan

The pension plan is a final salary defined benefit plan for senior employees and is wholly funded by the Bank. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the plan are held independently and administered by a private insurance company.

(i) Amounts recognised in the statements of financial position:

The Group and the Bank	30 June 2016 Rs
Present value of funded obligations	**(113,980,692)**
Fair value of plan assets	**50,463,876**
Liabilities in the statement of financial position	**(63,516,816)**

(ii) Amounts recognised in the statements of profit or loss and other comprehensive income:

The Group and the Bank	30 June 2016 Rs
Current service cost	**2,793,092**
Interest cost	**3,342,841**
Expected return on plan assets	**(1,688,702)**
Total included in pension and other costs	**4,447,231**
Actual return on plan assets	**1,855,958**

(iii) Movements in the liability recognised in the statements of financial position:

The Group and the Bank	30 June 2016 Rs
On transfer of undertaking (Note 45)	**(46,003,448)**
Total expenses as above	**(4,447,231)**
Actuarial losses recognised in other comprehensive income following adoption of revised IAS 19	**(13,066,137)**
At end	**(63,516,816)**

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For the year ended 30 June 2016

21. Retirement benefits Obligations (Contd)

Pension plan (continued)

(iv) Movements in defined benefit obligations:

The Group and the Bank	30 June 2016 Rs
On transfer of undertaking	**(94,704,366)**
Current service cost	**(2,793,092)**
Interest cost	**(3,342,841)**
Actuarial losses	**(13,233,393)**
Benefits paid	**93,000**
At end	**(113,980,692)**

(v) Movements in the fair value of plan assets:

The Group and the Bank	30 June 2016 Rs
On transfer of undertaking	**48,700,918**
Expected return on plan assets	**1,688,702**
Actuarial gain	**167,256**
Benefits paid	**(93,000)**
At end	**50,463,876**

(vi) Expected return on assets

The assets of the plan are invested in the deposit administration fund of Swan Life and Aon Hewitt. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategy of the fund.

As the fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

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For the year ended 30 June 2016

21. Retirement benefits Obligations (Contd)

Pension plan (continued)

(vi) Expected return on assets (continued)

The assets in the plan and the expected rate of return were:

The Group and the Bank	30 June 2016 Rs
Fair value value of plan assets	**50,463,876**
Present value of plan liability	**(113,980,692)**
Surplus/(deficit)	**(63,516,816)**
Net liability for retirement obligation recognised in the statement of financial position	**63,516,816**

Expected contribution for next year

MauBank Ltd is expected to contribute **Rs 11,186,000** to the pension scheme for the year ending 30 June 2017.

(vii) The principal actuarial assumptions used for accounting purposes were:

Pension plan

The Group and the Bank	30 June 2016 %
Discount rate	**6.50 – 7.00**
Expected salary escalation	**5.00 – 5.50**
Average retirement age	**60 years**

The employee benefit obligations have been based on reports from Swan Life and AON Hewitt dated 17 July 2016 and 12 September 2016 respectively.

Notes to the financial statements

For the year ended 30 June 2016

21. Retirement benefits Obligations (Contd)

Pension plan (continued)

(viii) Sensitivity analysis

The Group and the Bank	30 June 2016 Rs
Decrease in defined benefit obligation due to 1% increase in discount rate – Swan Life	5,314,015
Decrease in defined benefit obligation due to 1% increase in discount rate – AON Hewitt	8,277,000
Increase in defined benefit obligation due to 1% decrease in discount rate – AON Hewitt	10,718,000
Increase in defined benefit obligation due to 1% increase in future long-term salalry assumption – Swan Life	6,385,798

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

Notes to the financial statements

For the year ended 30 June 2016

22. Stated capital

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Issued, subscribed and paid up			
At start and of year/period	**1,136,962,400**	383,962,400	383,962,400
Issued on transfer of undertaking (Note 45)	**533,895,832**	-	-
Issued during the year for cash (Note (i) below)	**1,600,000,000**	753,000,000	-
At end of year / period	**3,270,858,232**	1,136,962,400	383,962,400

(i) During the year under review, the Government of Mauritius ("GOM"), through MauBank Holdings Ltd, injected Rs 1,600M in the form of new equity capital. Consequently, MauBank Holdings Ltd has become the main shareholder of the Bank with a holding of 99.93%. The Bank issued equity capital of Rs 533,895,832 to MauBank Holdings Ltd upon transfer of undertaking of National Commercial Bank Ltd to the Bank.

	30 June 2016 The Group and the Bank Number	30 June 2015 The Group and the Bank Number	31 December 2013 The Bank Number
Issued, subscribed and paid up			
Number of shares at par value			
Number of shares of par value Rs 100 each	**3,839,624**	3,839,624	3,839,624
Number of shares of no par value			
At start of year / period	**753,000,000**	-	-
Number of shares of no par value issued during the year/ period	**2,644,973,878**	753,000,000	-
	3,397,973,878	753,000,000	-
Total number of shares in issue	**3,401,813,502**	756,839,624	3,839,624

Both the Rs 100 par value and the no par value shares carry the same rights.

Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution;
- an equal share in dividends authorised by the Board; and
- an equal share in the distribution of the surplus assets of the Bank.

MauBank Ltd

Notes to the financial statements

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23. Statutory Reserve

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a Statutory Reserve Account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable.

The Group and the Bank	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Balance at start of year/period	-	115,782,554	98,139,050
Absorption of accumulated losses	-	(115,782,554)	-
Transfer from profit or loss for the year	14,695,608	-	17,643,504
Balance at end of year/period	14,695,608	-	115,782,554

There has been a transfer during the year under review as the Bank has made a profit for the year. The balance at start of the last period has been used, in priority, to absorb the accumulated losses.

24. (Accumulated losses)/retained earnings

	The Group		The Bank		
	30 June 2016 Rs	30 June 2015 Rs	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Balance at start of year / period	(1,075,884,712)	554,183,096	(1,076,204,672)	554,183,096	454,203,238
Adjustment on transfer of undertaking	(3,216,177,744)	-	(3,216,177,744)	-	-
	(4,292,062,456)	554,183,096	(4,292,382,416)	554,183,096	454,203,238
Profit/(loss) for the year / period	98,470,074	(1,745,850,362)	97,970,718	(1,746,170,322)	117,623,362
Actuarial loss for the year	(13,066,137)	-	(13,066,137)	-	-
Deferred tax on actuarial loss	2,221,243	-	2,221,243	-	-
Transfer to statutory reserves for the year /period	(14,695,608)	-	(14,695,608)	-	(17,643,504)
Net income/(loss) available to shareholders	72,929,572	(1,745,850,362)	72,430,216	(1,746,170,322)	99,979,858
Balance before absorption of losses	(4,219,132,884)	(1,191,667,266)	(4,219,952,200)	(1,191,987,226)	554,183,096
Absorbed by statutory reserve (Note 23)	-	115,782,554	-	115,782,554	-
Balance at end of year / period	(4,219,132,884)	(1,075,884,712)	(4,219,952,200)	(1,076,204,672)	554,183,096

25. General Banking Reserve

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Balance at start and end of year / period	90,709,840	90,709,840	90,709,840

The General Banking Reserve is designed to cover potential losses that are not captured under specific and general provisions. Transfers from retained earnings are made whenever necessary. This reserve is not distributable.

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26. Revaluation Reserve

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Balance at start and end of year / period	**9,979,364**	9,979,364	9,979,364

27. Contingent liabilities

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Acceptances on account of customers	**48,336,991**	5,041,773	31,455,233
Guarantees on account of customers	**1,412,976,327**	1,291,097,119	1,011,058,780
Letters of credit and other obligations on account of customers	**56,350,631**	7,841,376	153,203,080
Outward bills for collection	**145,624,792**	61,756,492	88,444,551
Other contingent items	**104,331,890**	331,502,453	173,601,560
	1,767,620,631	1,697,239,213	1,457,763,204

Refer Note 44 for contingent liabilities relating to legal matters.

28. Credit commitments

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and th Bank Rs	31 December 2013 The Bank Rs
Loans and other facilities			
Undrawn credit facilities	**317,098,551**	314,320,920	311,812,925

29. Net interest income

	The Group		The Bank		
	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 31 December 2013 (Restated)
	Rs	Rs	Rs	Rs	Rs
Interest income					
Loans and advances to customers	**1,054,596,866**	1,666,258,108	**1,072,810,880**	1,683,866,205	1,106,808,991
Interest income on impaired loans and advances previously recognised now adjusted (Note 46)	-	(88,013,551)	**-**	(88,013,551)	(41,266,286)
Investment Securities:					
- Treasury bills	**59,531,051**	123,078,073	**59,531,051**	123,078,073	53,361,342
- Government stocks	**44,050,400**	24,999,688	**44,050,400**	24,999,688	18,990,003
- Treasury notes	**48,050,989**	251,873	**48,050,989**	251,873	-
Placements with overseas banks and deposit-taking institution	**759,885**	1,385,561	**759,885**	1,385,561	3,021,801
Others:					
Trade finance	**38,273,790**	60,358,368	**38,273,790**	60,358,368	41,002,311
Total interest income	**1,245,262,981**	1,788,318,120	**1,263,476,995**	1,805,926,217	1,181,918,162
Interest expense					
Deposits from customers	**788,084,589**	1,040,712,993	**788,084,589**	1,040,712,993	611,292,701
Subordinated liabilities	**15,020,660**	32,201,832	**15,020,660**	32,201,832	21,682,275
Other borrowed funds	**673,658**	2,020,637	**673,658**	2,020,637	1,159,340
Others	**1,883,984**	7,631,740	**1,883,984**	7,631,740	8,837,005
Total interest expense	**805,662,891**	1,082,567,202	**805,662,891**	1,082,567,202	642,971,321
Net interest income	**439,600,090**	705,750,918	**457,814,104**	723,359,015	538,946,841

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30. Net fee and commission income

	Year ended 30 June 2016 The Group and the Bank Rs	Period from 01 January 2014 to 30 June 2015 The Group and the Bank Rs	Year ended 31 December 2013 The Bank Rs
Fee and commission income			
Commission on guarantees	**10,854,684**	30,314,572	11,946,132
Commission on insurances and pensions	**11,275,636**	16,564,556	10,687,903
Commission on loans and advances to customers	**22,280,028**	28,159,034	26,059,746
Commission on savings	**16,245,963**	23,338,481	19,353,464
Commission on trade finance	**16,284,547**	23,501,329	19,209,647
Others	**18,053,346**	23,033,946	14,124,421
Total fee and commission income	**94,994,204**	144,911,918	101,381,313
Fee and commission expense			
Hire purchase service charge	**1,211,033**	-	-
Others	**2,434,523**	-	-
Total fee and commission expense	**3,645,556**	-	-
Net fee and commission income	**91,348,648**	144,911,918	101,381,313

31. Net trading income

	Year ended 30 June 2016 The Group and the Bank Rs	Period from 01 January 2014 to 30 June 2015 The Group and the Bank Rs	Year ended 31 December 2013 The Bank Rs
Foreign exchange transactions	**53,333,933**	66,321,004	34,309,830

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For the year ended 30 June 2016

32. Other income

	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	The Group and the Bank	The Group and the Bank	The Bank
	Rs	Rs	Rs
Profit on revaluation of investment securities	**4,329,624**	26,620	-
Rental income	**10,469,576**	7,416,000	4,944,000
Profit on disposal of property, plant and equipment	**553,314**	-	-
Profit on disposal of non banking and other assets	**6,179,792**	-	-
	21,532,306	7,442,620	4,944,000

33. Net impairment loss on financial assets

	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	The Group and the Bank	The Group and the Bank (Restated)	The Bank (Restated)
	Rs	Rs	Rs
Specific allowance for impairment (Note 12 (d))	**168,168,814**	1,849,140,319	(889,967)
Portfolio allowance and general provision for impairment (Note 12 (d))	**3,918,051**	(8,621,524)	16,696,695
Bad debts written off for which no provision were made	**2,429,198**	19,004,417	20,615,457
	174,516,063	1,859,523,212	36,422,185

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34. Personnel expenses

	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	The Group and the Bank	The Group and the Bank	The Group and the Bank
	Rs	Rs	Rs
Wages and salaries	**231,058,670**	239,059,469	164,838,998
Compulsory social security obligations	**9,729,635**	10,014,997	6,467,263
Defined contribution and benefit plan	**16,590,603**	12,353,361	7,885,500
Other personnel expenses	**41,647,229**	38,755,361	29,129,005
	299,026,137	300,183,188	208,320,766

35. Other expenses

	The Group		The Bank		
	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**21,032,264**	20,185,900	**21,032,264**	20,177,749	11,118,494
Travel expenses	**2,858,565**	2,388,190	**2,858,565**	2,388,190	1,911,793
Office operating expenses	**50,856,308**	54,791,169	**50,856,308**	54,791,169	32,872,440
Stationeries	**10,568,704**	6,968,841	**10,568,704**	6,966,611	4,786,164
General administration expenses	**15,044,403**	14,234,463	**15,041,684**	14,228,765	9,302,249
Professional fees	**21,754,290**	22,716,316	**21,003,113**	22,291,316	9,449,304
Insurances	**7,024,795**	4,990,397	**6,851,221**	4,546,550	2,877,061
Repairs and maintenance	**77,092,698**	83,232,825	**77,092,698**	83,153,364	53,003,586
Utilities	**44,326,666**	42,271,655	**44,326,666**	42,271,655	24,107,296
Others	**1,189,001**	2,393,540	**1,189,002**	2,393,539	1,244,823
	251,747,694	254,173,296	**250,820,225**	253,208,908	150,673,210

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36. Income tax expense

(a) Income tax

The applicable tax rate in Mauritius is 17% for year ended 30 June 2016 (2015 and 2013: 17%). As at 30 June 2016, the Group had no income tax liability (2015: Rs 38,716,444 (restated) and 2013: Rs 41,782,343), but instead had an income tax asset of Rs 24,546,102 at that date.

The Group is subject to the Advanced Payment Scheme (APS) and the Corporate Social Responsibility Fund (CSR Fund).

The Bank is subject to a Special Levy. As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy is calculated at 10% on chargeable income. No levy is paid in a year where the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceeding year.

Under the APS, the Bank is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on the chargeable income of the preceeding financial year.

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36. Income tax expense (Contd)

(a) Income tax (Contd)

(b) Statement of profit or loss and other comprehensive income

	The Group		The Bank		
	Year ended 30 June 2016	**Period from 01 January 2014 to 30 June 2015**	**Year ended 30 June 2016**	**Period from 01 January 2014 to 30 June 2015**	**Year ended 31 December 2013**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**
Income tax on adjusted profit for the year/period	**171,353**	59,187,626	**-**	59,187,626	38,180,441
Special Levy	**-**	31,140,394	**-**	31,140,394	25,453,627
Movement in deferred taxation	**(424,091,089)**	2,952	**(424,091,089)**	2,952	(633,098)
CSR contribution	**-**	8,967,736	**-**	8,967,736	4,148,614
Tax (credit)/expense	**(423,919,736)**	99,298,708	**(424,091,089)**	99,298,708	67,149,584

(c) Statement of financial position

	The Group		The Bank		
	30 June 2016	30 June 2015	**30 June 2016**	**30 June 2015**	**31 December 2013**
	Rs	Rs	**Rs**	**Rs**	**Rs**
Balance at start of year/period	**38,716,444**	41,782,343	**38,716,444**	41,782,343	29,050,200
Income tax on adjusted profit for the period/year	**171,353**	59,187,626	**-**	59,187,626	38,180,441
Special Levy	**-**	31,140,394	**-**	31,140,394	25,453,627
CSR contribution	**-**	8,967,736	**-**	8,967,736	4,148,614
CSR paid during the year/period	**(6,616,021)**	(6,280,653)	**(6,616,021)**	(6,280,653)	(2,717,526)
Tax paid during the period/year	**(55,005,461)**	(95,710,202)	**(55,005,461)**	(95,710,202)	(52,085,813)
Tax deducted at source	**(1,812,417)**	(370,800)	**(247,200)**	(370,800)	(247,200)
Balance at end of period/year	**(24,546,102)**	38,716,444	**(23,152,238)**	38,716,444	41,782,343
Presented as follows:					
Current tax assets	**(24,546,102)**	-	**(23,512,238)**	-	-
Current tax liabilities	**-**	38,716,444	**-**	38,716,444	41,782,343
	(24,546,102)	38,716,444	**(23,512,238)**	38,716,444	41,782,343

36. Income tax expense (Contd)

(d) Deferred tax (assets)/liabilities

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
	Rs	Rs	Rs	Rs	Rs
Balance at start of year/period	**18,622,010**	18,619,058	**18,622,010**	18,619,058	19,252,156
Movement during the year/period					
- (Credited)/Charged to statements of profit or loss	**(424,091,089)**	2,952	**(424,091,089)**	2,952	(633,098)
- Credited to statements of changes in equity	**(78,600,898)**	-	**(78,600,898)**	-	-
- Credited to other comprehensive income	**(2,221,243)**	-	**(2,221,243)**	-	-
	(504,913,230)	2,952	**(504,913,230)**	2,952	(633,098)
Balance at end of year/period	**(486,291,220)**	18,622,010	**(486,291,220)**	18,622,010	18,619,058

The analysis of deferred tax (assets)/ liabilities is as follows:

	The Group		The Bank		
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	31 December 2013
	Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**31,454,743**	18,622,010	**31,454,743**	18,622,010	18,619,058
Provision for credit impairment	**(335,571,224)**	-	**(335,571,224)**	-	-
Retirement benefit obligations	**(10,797,859)**	-	**(10,797,859)**	-	-
Tax loss carried forward	**(171,376,880)**	-	**(171,376,880)**	-	-
Balance at end of year/period	**(486,291,220)**	18,622,010	**(486,291,220)**	18,622,010	18,619,058

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36. Income tax expense (Contd)

(e) Income tax reconciliation

The tax charge on the Group's and the Bank's loss/profit differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	The Group		The Bank		
	Year ended 30 June 2016	**Period from 01 January 2014 to 30 June 2015**	**Year ended 30 June 2016**	**Period from 01 January 2014 to 30 June 2015**	**Year ended 31 December 2013**
	Rs	Rs	**Rs**	**Rs**	**Rs**
(Loss)/profit before income tax	**(325,449,662)**	(1,646,551,654)	**(326,120,371)**	(1,646,871,614)	184,772,946
Tax at 17%	**(55,326,443)**	(279,913,781)	**(55,440,463)**	(279,968,174)	31,411,400
Non-allowable items	**2,733,957**	339,105,400	**2,726,624**	339,159,793	7,082,582
Exempt income	**(736,036)**	(3,993)	**(736,036)**	(3,993)	-
Special Levy	**-**	31,140,394	**-**	31,140,394	25,453,627
Deferred taxation	**(370,591,214)**	2,952	**(370,641,214)**	2,952	(633,098)
CSR contribution	**-**	8,967,736	**-**	8,967,736	4,148,614
Timing differences not recognised in prior years	**-**	-	**-**	-	(313,541)
Tax expense	**(423,919,736)**	99,298,708	**(424,091,089)**	99,298,708	67,149,584

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37. Profit/(loss) for the year/period

	The Group		The Bank		
	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 31 December 2013
	Rs	Rs	Rs	Rs	Rs
Profit/(loss) for the year/period is arrived at after charging:					
Depreciation and amortisation	**154,851,484**	96,844,962	**143,715,757**	92,586,146	59,620,661
Directors' emoluments	**9,378,689**	23,620,733	**9,098,689**	23,620,733	22,838,196
Payable to auditors (including VAT):					
- Audit services	**3,105,000**	2,975,000	**2,875,000**	2,875,000	2,415,000
- Fees for other services	**2,990,000**	-	**2,990,000**	-	396,250
Staff costs (Note 34)	**299,026,137**	300,183,188	**299,026,137**	300,183,188	208,320,766
Operating lease rentals	**51,123,261**	60,253,456	**82,071,180**	83,404,717	39,772,216
and crediting:					
Rental income (Note 32)	**10,469,576**	7,416,000	**10,469,576**	7,416,000	4,944,000

38. Earnings/(loss) per share

The earnings/(loss) per share for the year ended 30 June 2016 and for the comparative period and year were calculated as follows:

The Group	**(Loss)/ Earnings per share (Rs)**	**Profit/(loss) for the year/ period attributable to equity holders of the parent (Rs)**	**Weighted Average Number of shares used**
Year ended 30 June 2016	0.05	98,470,074	2,009,609,210
Period ended 30 June 2015	(304.52)	(1,745,850,362)	5,733,137

The Bank	**(Loss)/ Earnings per share (Rs)**	**Profit/(loss) for the year/ period attributable to equity holders of the parent (Rs)**	**Weighted Average Number of shares used**
Year ended 30 June 2016	0.05	97,970,718	2,009,609,210
Period ended 30 June 2015	(304.58)	(1,746,170,322)	5,733,137
Year ended 31 December 2013	30.63	117,623,362	3,839,624

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39. Related party transactions

Transactions and balances between the Group and its related parties are as follows:

	Directors and key management personnel Rs	Entities in which directors and key management personnel have significant interest Rs	Entities holding at least 10% interest in the Bank Rs
Loans and advances			
At 30 June 2016	**21,314,812**	**-**	**-**
At 30 June 2015	5,557,927	3,640,975	-
At 31 December 2013	27,021,499	4,588,419	150,332,526
Deposits			
At 30 June 2016	**27,992,540**	**-**	**-**
At 30 June 2015	7,421,829	42,040,922	-
At 31 December 2013	12,624,646	44,195,169	84,033,444
Interest income			
Year ended 30 June 2016			
Loans and advances	**316,981**	**-**	**-**
18 months ended 30 June 2015			
Loans and advances	2,247,041	36,372	14,203,904
Year ended 31 December 2013			
Loans and advances	1,425,745	43,613	9,589,259
Interest expense			
Year ended 30 June 2016			
Deposits	**485,595**	**-**	**-**
18 months ended 30 June 2015			
Deposits	772,948	2,095,397	965,050
Year ended 31 December 2013			
Deposits	1,076,782	2,718,679	14,228,884
Management compensation (Short-term employee benefits)			
Year ended 30 June 2016	**21,858,016**	-	-
18 months ended 30 June 2015	25,230,601	-	-
Year ended 31 December 2013	23,709,266	-	-

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39. Related party transactions (Contd)

The loans and advances with key management personnel are contracted at the Bank's preferential rates as available to all staff members.

Transactions and balances with the Subsidiary are as follows:

	30 June 2016 Debit/(Credit) Rs	30 June 2015 Debit/(Credit) Rs	31 December 2013 Debit/(Credit) Rs
Balances:			
Loans and advances	**254,200,467**	267,296,277	-
Deposits	**(3,847,715)**	(1,556,683)	-
Amount due	**25,369,629**	12,173,301	-
Rental deposits	**6,000,000**	6,000,000	-
Transactions:			
Interest income	**(18,214,013)**	(17,608,097)	-
Rental expense	**36,000,000**	27,000,000	-
Directors fees	**-**	808,333	-

The subsidiary had no transactions with the major shareholders (entities holding at least 10% interest in the Group).

40. Events after the reporting period

As at 21 December 2016, the Bank issued additional capital of Rs 3.4 billion which was fully subscribed and paid by one of the sharholders, MauBank Holdings Ltd. The Stated Capital of MauBank Ltd thus increased from Rs 3.3 billion to Rs 6.7 billion. The additional capital has resulted in improving the Tier 1 ratio and the Capital Adequacy Ratio improved to 9.98% and 11.35% respectively.

41. Assets pledged

The following assets have been pledged as collateral to secure borrowing facilities from the Central Bank.

	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs	31 December 2013 The Bank Rs
Government stocks	**720,000,000**	-	100,000,000
Treasury bills	**-**	150,000,000	310,000,000
Cash pledged	**-**	27,124,900	31,751,785

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42. Other commitments

(a) Capital Commitments

The Group	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Approved and contracted for	**58,958,908**	**-**	-
The Bank			
Approved and contracted for	**52,556,908**	**-**	17,421,737

(b) Operating Lease Commitments

(i) The Group and the Bank as a lessee

	The Group		The Bank		
	30 June 2016 Rs	30 June 2015 Rs	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year/period	**51,123,261**	**60,253,456**	**82,071,180**	83,404,717	39,772,216
At the reporting date, the Group and the Bank had outstanding commitment under non-cancellable operating leases, which fall due as follows:					
Within 1 year	**43,858,859**	**104,463,860**	**75,581,699**	104,107,430	64,885,697
After 1 period and before 5 years	**86,111,237**	**290,975,526**	**139,847,764**	289,485,649	324,428,484
After 5 years	**129,690,067**	**45,006,651**	**14,996,219**	35,060,322	-
	259,660,163	**440,446,037**	**230,425,682**	428,653,401	389,314,181

Operating lease payments represent rentals payable for office space. Leases are negotiated for an average of 5 years and rentals are fixed for an average of 5 years. The subsidiary has also rented land under operating lease.

(ii) The Group and the Bank as a lessor

Property rental income earned during the year was Rs 10,469,576 (30 June 2015: Rs 7,416,000 and 31 December 2013: Rs 4,944,000). Properties held for rental have a committed tenant for 5 years.
At the reporting date, the Bank had contracted with tenants for the following future minimum lease payments.

42. Other commitments (Contd)

(b) Operating Lease Commitments (Contd)

(ii) The Group and the Bank as a lessor (Contd)

	30 June 2016 Rs	30 June 2015 Rs	31 December 2013 Rs
Within one year	**4,944,000**	4,944,000	4,944,000
After 1 year and before 5 years	**7,004,000**	11,948,000	19,364,000
	11,948,000	16,892,000	24,308,000

43. Segmental information

In accordance with the Bank of Mauritius Guidelines, the Bank's business has been split into Segment A and Segment B. Segment A relates to banking business other than Segment B business. Segment B is essentially directed to the provision of international financial services that give rise to foreign source income. Such services may be fund based or non-fund based. As most of the balances and transactions during the year were all in Segment A and Segment B transactions was minimal as set out in the table below, segmental disclosures is not needed in accordance with the Bank of Mauritius Guidelines.

The Bank's assets and interest income on Segment B in relation to total assets and total interest income were as follows:

	Assets Rs	Interest Income Rs
At 30 June 2016		
Segment B	**567,336,092**	**6,132,463**
Total *(Segment A and B)*	**28,484,033,471**	**1,263,476,995**
% of total	**1.99%**	**0.49%**
At 30 June 2015		
Segment B	474,911,021	987,589
Total *(Segment A and B)*	15,827,814,155	1,805,926,217
% of total	3.00%	0.05%
At 31 December 2013		
Segment B	281,897,203	2,872,480
Total *(Segment A and B)*	17,660,124,591	1,181,918,162
% of total	1.61%	0.24%

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44. Contingent liabilities – legal matters

As at 30th June 2016, there were few cases entered against the Bank with an aggregate contingent liability of Rs 748,356,560 as set out below and for which the directors believe that the probability of payment is remote. These cases include:

(i) A case entered by a client whose account has been non performing. The client is claiming Rs 300Mn alleging inter alia that it is not indebted towards the bank. The Bank is advised that it has a strong case to resist the claim which is considered to be a delaying tactic. The Bank has already initiated proceedings for recovery of the debt.

(ii) A case entered by a client whose account has been non performing. The client is claiming damages of Rs 200 Mn and seeking to prevent the bank from taking recovery actions. The bank is advised that it has a strong case to resist the claim which is considered to be a mere delaying tactic. The bank has already initiated proceedings for recovery of the debt.

(iii) A case entered by a client for Rs 100 Mn for alleged wrongful disposal of properties provided as security to the Bank. Court judgment has already been delivered in favor of the Bank. The client has appealed against the Judgment. The bank is advised that it has a strong case to resist the appeal.

(iv) Industrial dispute claims against the bank for approximately Rs 70 Mn.

(v) Actions entered against the bank for transactions effected following emails of persons allegedly being hacked where claims amount approximately to Rs 19 Mn. The bank is advised that it has a strong case to resist such claims.

Additionionally, the Bank is involved in other disputes, law suits, claims that arise from time to time in the ordinary course of business. Except as discussed above, the Bank does not believe there are any such contingently liabilities that are expected to have any material adverse effect on its financial statements.

Refer Note 27 for other contingent liabilities.

45. Transfer of undertaking

On 04 January 2016, MauBank Ltd acquired the assets and liabilities of the National Commercial Bank Ltd (NCB) from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32 A of the Banking Act 2004. The details of various assets and liabilities acquired and consideration paid is given below:

	Rs
Assets acquired	
Cash and cash equivalents	1,810,982,281
Loans and advances to customers	7,093,918,963
Investment securities	1,214,573,337
Investment property	69,350,000
Property, plant and equipment	999,673,517
Intangible assets	42,130,515
Deferred tax assets	78,600,898
Other assets	1,346,385,364
Total assets	**12,655,614,875**
Liabilities assumed	
Deposits from customers	14,245,112,088
Other borrowed funds	496,982,465
Retirement benefits obligations	46,003,448
Other liabilities	549,798,786
Total liabilities	**15,337,896,787**
Net liabilities of National Commercial Bank Ltd at close of 03 January 2016	**(2,682,281,912)**
Equity shares issued to MauBank Holdings Ltd as consideration	**(533,895,832)**
Excess of consideration paid over net assets acquired	**(3,216,177,744)**

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46. Prior year adjustments

(a) Interest income

The Bank has initially accrued for interest income on impaired loans and advances and subsequently recognised the same amount under net impairment loss on financial assets as non-recoverable impaired accounts. This has now been rectified with retrospective effect and comparative figures have been restated accordingly.

(i) Statement of profit or loss and other comprehensive income:

	The Group	The Bank	
	Period from 01 January 2014 to 30 June 2015 (Restated) Rs	Period from 01 January 2014 to 30 June 2015 (Restated) Rs	Year ended 31 December 2013 (Restated) Rs
Total Interest income, as previously stated	1,876,331,671	1,893,939,768	1,223,184,448
Interest income on impaired loans and advances previously recognised now adjusted	(88,013,551)	(88,013,551)	(41,266,286)
Total Interest income, restated	1,788,318,120	1,805,926,217	1,181,918,162

	The Group	The Bank	
	Period from 01 January 2014 to 30 June 2015 (Restated) Rs	Period from 01 January 2014 to 30 June 2015 (Restated) Rs	Year ended 31 December 2013 (Restated) Rs
Net impairment loss on financial assets, as previously stated	1,947,536,763	1,947,536,763	77,688,471
Interest income on impaired loans and advances previously recognised now adjusted	(88,013,551)	(88,013,551)	(41,266,286)
Net impairment loss on financial assets, restated	1,859,523,212	1,859,523,212	36,422,185

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46. Prior year adjustments (Contd)

(ii) Statement of financial position:

	The Group	The Bank	
	30 June 2015 (Restated) Rs	30 June 2015 (Restated) Rs	31 December 2013 (Restated) Rs
Allowance for credit impairment, as previously stated	2,236,824,348	2,236,824,348	308,292,002
Interest income on impaired loans and advances previously recognised now adjusted	(129,279,837)	(129,279,837)	(41,266,286)
Allowance for credit impairement, restated	2,107,544,511	2,107,544,511	267,025,716

	The Group	The Bank	
	30 June 2015 (Restated) Rs	30 June 2015 (Restated) Rs	31 December 2013 (Restated) Rs
Gross loans and advances, as previously stated	12,619,548,317	12,886,844,594	13,341,303,276
Interest income on impaired loans and advances previously recognised now adjusted	(129,279,837)	(129,279,837)	(41,266,286)
Gross loans and advances, restated	12,490,268,480	12,757,564,757	1,330,036,990

The above restatements do not have any impact on the statement of profit or loss and the earnings per share

46. Prior year adjustments (Contd)

(b) Taxation

The Bank had significantly underprovided income tax provision for the year ended 30 June 2015. This has now been rectified and comparative figures restated.

(i) Statement of profit or loss and other comprehensive income:

	The Group Period from 01 January 2014 to 30 June 2015 (Restated) Rs	The Bank Period from 01 January 2014 to 30 June 2015 (Restated) Rs
Income tax, as previously stated	88,255,306	88,255,306
Income tax underprovided	11,043,402	11,043,402
Income tax, restated	99,298,708	99,298,708

(ii) Statement of financial position:

	The Group 30 June 2015 (Restated) Rs	The Bank 30 June 2015 (Restated) Rs
Current tax liability, as previously stated	27,673,042	27,673,042
Income tax underprovided	11,043,402	11,043,402
Current tax liability, restated	38,716,444	38,716,444

	The Group 30 June 2015 (Restated) Rs	The Bank 30 June 2015 (Restated) Rs
Retained earnings, as previously stated	1,064,841,310	1,065,161,270
Income tax underprovided	11,043,402	11,043,402
Retained earnings, restated	1,075,884,712	1,076,204,672

(iii) Impact on earnings per share:

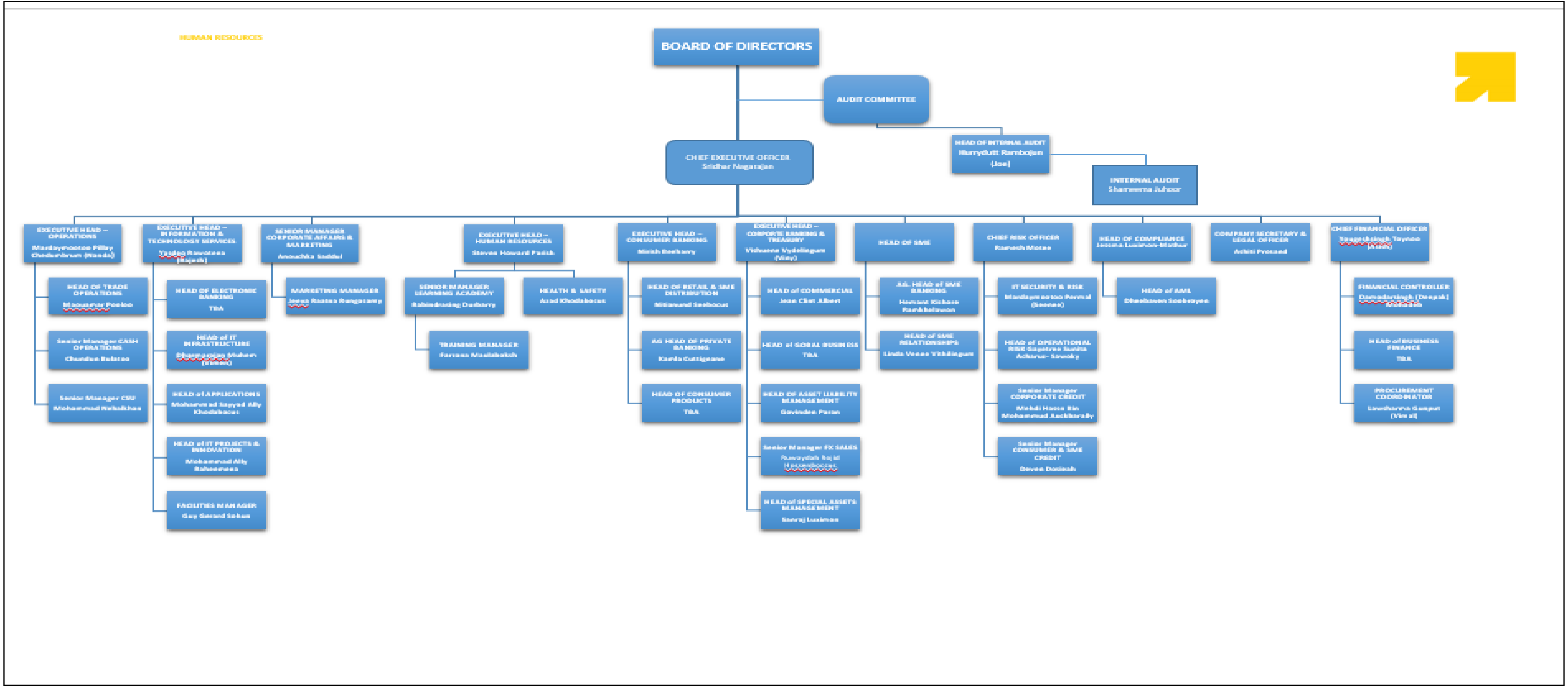
	The Group Period from 01 January 2014 to 30 June 2015 (Restated) Rs	The Bank Period from 01 January 2014 to 30 June 2015 (Restated) Rs
Increase in loss attributable to equity holders of the parent	11,043,402	11,043,402
Increase in loss per share	1.93	1.93

MauBank Ltd

Management discussion and analysis

Operating model

MauBank Ltd or the "Bank" has an existing Business Operating Model which is in compliance with good corporate governance policies, as illustrated hereunder:



MauBank Ltd

Management discussion and analysis (Contd)

The operating environment

MauBank Ltd (ex-Mauritius Post and Cooperative Bank "MPCB") has on the 4th of January 2016, acquired the assets and liabilities of the National Commercial Bank Ltd (NCB) from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32 A of the Banking Act 2004. Subsequently following the transfer, MPCB changed its name to MauBank Ltd ("MauBank").

The integration of ex MPCB and ex NCB has required significant resources and logistics in order to have the least disruption in banking services while ensuring a smooth transition to MauBank Ltd. These costs were mainly attributed to corporate branding and public awareness campaigns, consultancy fees paid in relation to migration of the core banking system, strategic planning and human resource related expenses.

As at date, the Bank has a retail network of 34 branches, 45 ATMs including 6 Offsite ATMs in strategic locations. Basic banking services are being offered at more than 80 Post Offices across Mauritius, Rodrigues and in Agalega. A large portfolio of banking products is available to better serve the retail and corporate segments.

MauBank Main deposit accounts comprise of Ordinary Savings, Savings account with Cheque book facility, Smart Junior Account, Senior Prime Account, Pre-Retirement Savings Account, MoneyGrow Savings account, Current Account, Term Deposit Account, Foreign Currency Account. On the facilities side, the loan products available cover mainly Housing loans, Personal Loans, Vehicle financing, Educational loans and Business loans. Furthermore, the Bank continues to provide a full range of online banking services through its debit card, credit cards and e-banking services as well as its e-correspondence service to send statements by secure e-mail.

MauBank Ltd also firmly believes that sustainable growth can only be achieved in partnership with the community in which it operates. In its CSR calendar for the year 2015/2016, MauBank Ltd upheld its objective to be a socially responsible bank and maintained its focus on poverty alleviation, promotion of good health, and provision of educational facilities to needy students. It continued its support to its regular CSR partners like the SOS Children's Village, the Blood Donors' Association and needy students of University Technology of Mauritius through the MauBank Scholarship Scheme, and also financed the implementation of a few 'outdoor gyms', which will be set up and administered by the Ministry of Health and Quality of Life. This is in line with the bank's objective to promote and cultivate the habit of maintaining good health through regular physical exercise, and to render the facility accessible to a majority of Mauritians who do not have ready access to indoor gyms. These outdoor gyms will be set up in various regions across the island to reach a maximum number of people of all ages and from all walks of life.

Furthermore, to live up to its CSR motto which is 'Banking with a Heart', MauBank also extended its financial support to some other local NGOs which are sparing no effort in fighting against social distresses affecting children, the elderly and even animals, such NGOs being Association of Disability of Service Providers, Association Oeuvre Hospitaliere Saint Jean de Dieu and Paws Mauritius. To serve the population in Rodrigues, MauBank Ltd's opened its first branch in Port Mathurin in June 2016 and in this spirit, the bank, for the first time, extended its CSR support to an NGO in Rodrigues, namely Trevor Huddleston Association for the Disabled, which assists disabled and needy children in Rodrigues.

MauBank Ltd's CSR initiative has always been to get the involvement of its staff in the causes it supports. The Bank thus held a Talent Sharing Day at the SOS Children's Village of Bambous, where staff members shared their talents with the children and initiated them to healthy hobbies and activities.

MauBank Ltd has contemplated several objectives and strategies for the year 2016 with the sole aim to redress the financial situation and at the same time satisfying the growing demand of its clients in terms of service and innovative products. The Bank is focusing on strategies towards retaining its existing customers, increasing the customer base and further developing the private banking channel with dedicated employees, thus offering a personalised service to exceed the expectations of high net worth customers.

The Bank is still in the limelight in the banking sector and is continuously operating as a full-fledged bank with a decade of existence.

MauBank Ltd

Management discussion and analysis (Contd)

Financial review

Key Financial Indicators

Area of Performance	01 JULY 2015 TO 30 JUNE 2016	01 JANUARY 2014 TO 30 JUNE 2015	01 JANUARY 2013 TO 31 DECEMBER 2013
	TWELVE MONTHS	EIGHTEEN MONTHS	TWELVE MONTHS
		(Restated)	(Restated)
	Rs'm	Rs'm	Rs'm
Net Interest Income	**457.81**	723.36	538.95
Non Interest Income	**166.21**	218.68	140.64
Operating Income	**624.03**	942.03	679.58
Operating Expense (including depreciation)	**(754.88)**	(729.38)	(458.39)
(Loss)/profit before impairment loss , exceptional costs and taxes	**(130.85)**	212.65	221.20
Exceptional costs directly attributable to integration	**(20.75)**	-	-
Impairment loss	**(174.52)**	(1,859.52)	(36.42)
(Loss)/profit after impairment loss but before taxes	**(326.12)**	(1,646.87)	184.77
Income tax credit/(expense)	**424.09**	(99.30)	(67.15)
Profit/(Loss) after Tax	**97.97**	(1,746.17)	117.62
Total Assets	**28,484.03**	15,827.81	17,660
Total Advances	**18,106.23**	12,757.56	13,300
Total Deposits	**28,217.28**	15,331.10	15,500
Shareholders Equity	**(833.71)**	161.55	1,155
Tier 1 Capital	**(1,127.53)**	60.86	1,054
Total Regulatory Capital	**(869.31)**	253.53	1,534
KEY RATIOS			
Cost to Income Ratio	***124.29%***	*77.43%*	*67.45%*
Return on Equity	***n/a***	*n/a*	*10.19%*
Return on Total Assets	***0.34%***	*n/a*	*0.67%*
Net Impaired Loans/Total Loans	***25.78%***	*27.90%*	*10.90%*

The table above shows the financials for the year ending 30 June 2016 against the previous reporting period which was for eighteen months given the change in date for accounts closure from December to June.

Following the transfer of undertaking, the Bank's total assets increased significantly from Rs 15.83 Bn at 30 June 2015 to 28.48 Bn at 30 June 2016, representing an increase of 79.91%. Gross loans and advances increased to Rs 18.11 Bn as at 30 June 2016 against Rs 12.76 Bn as at 30 June 2015 whilst deposits reached Rs 28.22 Bn at 30 June 2016 as compared to Rs 15.33 Bn last year.

Bank's Performance

The financial statements presented both Bank and its subsidiary figures, that is, inclusive of the financial position and performance of MauBank Investment Ltd. However, for the purpose of the current Management Discussion and Analysis, only the Bank's financials have been taken into consideration.

MauBank Ltd

Management discussion and analysis (Contd)

Financial review (Contd)

Bank's performance (Contd)

MauBank Ltd ended the year ended 30 June 2016, with a profit after tax of Rs 97.97 Mn after tax against a loss after tax of Rs 1,746.17 Mn for the eighteen months ended 30 June 2015. The improvement in performance was mainly on account of higher specific provision in the bank's books in the last financial period based on the portfolio of Non Performing Advances.

Revenue

Operating income for the year ended 30 June 2016 was Rs 624.03 Mn compared to Rs 942.03 Mn for the eighteen 18 months period ended 30 June 2015. The merged operations have resulted in almost the same operating income figure if the last period's reported figure is annualised. The main drivers of revenue were net interest income and non-interest income.

- **Interest income**

The Bank's interest income reached Rs 1,263.48 Mn for the year ended 30 June 2016, against Rs 1,805.93 Mn for the eighteen months ended 30 June 2015. If interest income for previous period is annualised, it would be noted that the bank concluded with a better performance as compared to last year.

- **Net interest income**

Net Interest Income (NII) for the twelve months ended 30 June 2016 amounted to Rs 457.81 Mn against Rs 723.36 Mn for the eighteen months' ended 30 June 2015. Although there was a decrease in deposit rates at the beginning of 2016, the net interest income figure decreased by only 5.1% compared to annualised figure of last reporting period.

- **Non-interest income**

Non-interest income consists of foreign exchange profit, fee-based income, commission and other charges. Non-interest income for the 12 months ended 30 June 2016 amounted to Rs 166.21Mn against Rs 218.65Mn for the eighteen months ended June 2015. The main source of income is derived from foreign exchange profit, commissions on loans and advances and rental income. The Bank is laying emphasis on generating more fee based income.

MauBank Ltd

Management discussion and analysis (Contd)

Financial review (Contd)

Expense

- **Interest expense**

The Bank's interest expense amounted to Rs 805.66 Mn for the year ended 30 June 2016 against Rs 1,082.57 Mn for the eighteen months ended 30 June 2015.

- **Operating expense**

Operating expenses for the year ended June 2016 was Rs 775.63 Mn against Rs 729.38 Mn for the previous accounting period to June 2015.

With the transfer of undertaking of ex-NCB in January 2016, the integration process of ex MPCB and ex NCB required the Bank to incur some exceptional costs, explaining the rise in operational expenses as compared to previous accounting period. These costs were mainly attributed to corporate branding and public awareness campaigns, consultancy fees paid in relation to migration of the core banking system, strategic planning and human resource related expenses. The exceptional costs aggregated to Rs 20.75 Mn during the year under review.
As part of its plan to control costs, the bank has already embarked on a plan to close a branch in all areas where there are two branches resulting from the integration of ex MPCB and ex NCB.

- **Net impairment loss on financial assets**

Net impairment loss on advances amounted to Rs 174.52 Mn as at 30 June 2016, due to various corporate customers being classified as impaired and written off during the year under review in accordance with prevailing guidelines. The Bank shall continue its recovery actions to realise collaterals and /or personal guarantees of shareholders/directors to recuperate the maximum possible.

The impairment ratio showed a slight decrease to 25.78% at 30 June 2016 against 27.90% as at June 2015. The significant amount of non-performing loan accounts had a negative impact on the Bank's impairment ratio. In order to continuously manage the non performing advances, the forum on non performing advances, continues to meet every quarter to monitor the asset quality of the bank and to ensure that the ratio is maintained to an acceptable level.

- **Taxation**

The Bank reported a tax credit of Rs 424.09 Mn for the year ended 30 June 2016 arising from deferred tax assets of Rs 486.29 Mn as at 30 June 2016. No Corporate Tax, Special Levy and Corporate Social Responsibility is payable for the year ended 30 June 2016 as the bank has a tax loss as at that date.

MauBank Ltd

Management discussion and analysis (Contd)

Financial review (Contd)

Assets

Total assets

Total asset base reached Rs 28,484.03 Mn, representing an increase of 79.96% over last period as a result of the integration of the transfer of undertaking.

- **Loans and advances growth**

As at 30 June 2016, the Bank's gross loans and advances portfolio increased to Rs 18,106.23 Mn with the transfer of undertaking as compared to gross loans and advances of Rs 12,757.56 Mn as at 30 June 2015. Given capital constraints, the Bank could not be aggressive on the market to attract new credit facilities.

- **Credit risk exposure**

Credit risk occurs mainly in the Bank's credit portfolios comprising retail lending, corporate lending, treasury and financial institutions wholesale lending. Credit risk is explained as the risk of loss arising from failure of borrower or counterparty to meet his financial obligations. Credit risk is among the most common cause of bank failures, causing virtually all regulatory environment to prescribe minimum standards.

The Bank has a comprehensive Risk Governance Structure which promotes sound risk management for optimal risk–reward trade off. The Board Credit Committee at MauBank Ltd guarantees that the Bank's credit policy limit is respected at all times.

- **Credit quality and provision for credit losses**

Provision for credit losses on loans and advances stood at Rs 1,973.95 Mn at 30 June 2016 representing a decrease of 6.34% against Rs 2,107.54 Mn at 30 June 2015.

- **Securities**

The Bank's investment portfolio reached Rs 5,875.51 Mn as at 30 June 2016, an increase of 189.23% against 30 June 2015, as a result of integration of ex-NCB and ex-MPCB portfolio.

Liabilities

- **Deposits**

Following the transfer of undertaking total deposits portfolio rose to Rs 28,217.28 Mn at 30 June 2016 against Rs 15,331.10 Mn as at 30 June 2015.

MauBank Ltd

Management discussion and analysis (Contd)

Risk Management

Risk management is the process of identifying, assessing and responding to risks, and communicating the outcomes of these processes to the appropriate parties timely.

Risk Management Framework

MauBank continues to strengthen its risk management capabilities by enhancing its risk management infrastructure and embedding a stronger risk culture amongst its people to support its future expansion plans.

The Bank is guided by the following framework::

Risk Management Process

MauBank is guided by the different risk policies that have been developed and approved by the Board of Directors. Responsibility for implementing the risk policy guidelines laid by the Board of Directors for quantifiable risks throughout the Bank lies with the Bank's Management through the different Business Owners and divisions. The risk functions regularly report to the Operational Risk Committee, Credit Risk Committee and Asset and Corporate Governance Committee of the Board on the overall risk situation within the Bank.

Based on this approach, the Board sets limits for the amount of Credit Risk, Market Risk, Operational Risk and Country risk within the prudential guidelines covering these risks, to both maintain sound operations and generate stable earnings. Other non-quantifiable risks like Compliance Risk, Strategic Risk and Reputational risk are assessed and monitored on a qualitative basis.

The Board monitors the risk exposures through the Board Risk Management and through other various Board Committees. Moreover, the various Management Committees meet frequently to comprehensively measure, evaluate and monitor the occurrence and management of each type of risk.

Risk management is focused on the following major areas:

Credit risk

Credit risk is the risk of the Bank suffering financial loss if any of its customers or market counterparties fails to fulfil their contractual obligations to the Bank.

The Bank has in place a credit policy guide which sets out its credit risk appetite, risk exposure limits and parameters for risk taking. The policy is approved by the Board and subject to review. The Board delegates its credit sanctioning powers to Board Credit Committee and Credit Forum.

The overall credit process includes comprehensive credit policy, judgmental credit underwriting, risk measurement, credit training and continuous loan review and audit process.

Management discussion and analysis (Contd)

Risk Management (Contd)

Credit risk (Contd)

Credit risk measurement

(a) Loans and advances

Bank has a rating tool and automated system for rating its borrowers. The rating is on a scale as follows:

i Grade 1 scores from 86-100
ii Grade 2 covers scores from 78-85
iii Grade 3 covers scores from 72-77
iv Grade 4 covers scores from 66-71
v Grade 5 covers scores from 60-65
vi Grade 6 covers scores from 54-59
vii Grade 7covers scores below 54

The rating tool is kept under review and upgraded as necessary. Credit quality of personal clients is assessed using established criteria in credit policies and external market data from Mauritius Credit Information Bureau (MCIB). Loans to individuals are monitored on portfolio basis primarily based on their delinquency status. The Bank has developed and implemented retail and corporate scoring for assessing credit quality from CRISIL Ltd (India), a subsidiary of Standard & Poor (India).

The credit risk measurement operates to control and monitor credit performance of borrowers through on-going credit review, loan classification, collection, credit risk mitigation including realisation of collateral, and provision of impairment on problem loans as required by the Bank's credit policy and procedures and regulatory guidelines.

(b) Credit related commitments

Credit related commitments include bank guarantees, documentary letters of credit, standby letters of credit and undrawn commitments on legally bound facilities. Their credit risk is similar to loans except for documentary letters of credit which are usually short-term and self-liquidating and carry a low level of credit risk and capital charge, as defined under the Bank of Mauritius guidelines.

	As at 30 June 2016 (Rs)	**As at 30 June 2015 (Rs)**	**As at 31 December 2013 (Rs)**
Credit related commitments	2,084,719,182	2,011,560,133	1,769,576,129

(c) Bank placements and lending to banks

For the Bank's placements or lending to banks, external credit ratings from international credit rating agencies such as Standard & Poor's, Moody's and Fitch are used to assist in the credit risk exposures on top of internal credit analysis. The instruments provide a better credit quality, help to diversity risk exposures and income streams, and to maintain a readily available source of liquidity for the Bank from time to time.

(d) Risk limit monitoring and control

MauBank has an established framework to manage, control and limit concentration of credit risk towards individual counterparties, groups, industries and countries.

Concentration of risk from large exposures to individual customers or related groups are managed by setting limits as a percentage of the capital base as defined by the Bank of Mauritius guidelines, and exposures to industry sectors and countries/regions under the Credit Policy to achieve a balanced portfolio. These are reviewed monthly by the Credit Risk Committee.

Operational Risk

MauBank has adopted the definition of Operational risk as per Basel II and the regulator, as 'the risk of loss resulting from inadequate or failed internal processes, people and system or from external events'. It includes legal risk but exclude strategic and reputational risk (and resultant losses) as these are covered under Pillar 2 of Basel II accord.

With the emergence of MauBank, Operational Risk Management has been redesigned with the implementation of the Operational Risk Framework. The Operational Risk Management allows the bank to look across the enterprise in a holistic manner to create a detailed risk profile that each business unit can use to better run its business. The Framework captures all the inherent, residual and emerging operational risks across the bank in a structured manner, the output of which is then presented in a Dashboard format i.e the Heat Map for senior management review and decision-making in the Operational Risk Committee.

Operational Risk Governance

The Operational Risk Committee is guided by its Terms of Reference which is approved by its Executive Committee and the Board Risk Management Committee. It is chaired by the Chief Executive Officer of the bank. The minutes of the Operational risk committee is then escalated to the Board Risk Management Committee chaired by the Non- Executive Director. Subsequently, the the minutes of the Board Risk Management Committee is thereafter escalated to the Board of Directors who takes cognizance of the Operational Risks exposures of the Bank. The Bank is guided by its Operational Risk Policy which is approved by its Executive Committee, Board Risk Management Committee and Board of Directors.

Operational Risk Culture and Awareness Program

As part of its on-going effort to raise the awareness of operational risk across the various business units, the Operational risk team provides frequent training to business users. The Operational Risk Team is in continuous touch with the Operational Risk Business Coordinators from all divisions to ensure that the Operational risk culture is strengthened across the Bank.

Management discussion and analysis (Contd)

Risk Management (Contd)

Operational Risk Framework

The Framework starts with the RCSA (Risk Control and Self-Assessment) exercise, a drilling one, which captures all the risks which each business owner/unit is faced with, and then it goes through the operational risk engine which assesses the risk, keeping in mind the existing controls in place and the end result is an operational risk heat map. The latter is a consolidation and optical representation of the operational risk status that the bank is faced with, at one point in time. It also facilitates the assessment of the likelihood and impact of the risk materializing; and also be used to help determining the 'Top' risks facing the bank.

The operational risk revolves around four main pillars, i.e. the KRAs (Key Risk Areas) namely People, Processes, Systems and External Events. The KRAs are main representatives of a series of Key Risk Indicators (KRI) identified by the business owners/ units and reviewed by Risk Team. The KRAs and KRIs are ingredients necessary for the operational risk engine to operate. This engine is a scoring and a rating tool based on the Frequency-Severity Matrix and Frequency-Severity Control Matrix which measures both the likelihood and impact of the inherent risks and residual risks by assessing the existing internal control system and the need to bring in additional control measures. The residual risk is then mapped to the operational risk appetite of the bank which resolves around the 4Ts namely, Transfer, Terminate, Tolerate or Treat the risks.

Loss Event Capture and Reporting System

The bank collects data for all losses pertaining to operational errors and internal control failures etc., including 'near misses' even if such losses are related to the credit or market risk areas in its Loss Data Capture system. The collection and analysis of the Bank's own loss data provides vital information to management and provide basis for operational risk management and mitigation. It is an on-line system available to all users across the bank. It forms an integral part of the operational risk framework.

Basel II and Basel III Accord

The Basel II Accord introduced the subsequent three approaches for the computation of operational risk capital charge:

a) Basic Indicator Approach (BIA)
b) The Standardized Approach (TSA)
c) Advance Measurement Approach (AMA)

MauBank has adopted the Basic Indicator Approach for the computation of its capital charge for operational risk. The BIA uses the bank's total gross income as its risk indicator. The total operational risk regulatory capital under the Basic Indicator Approach is the average of 15% of the gross income over the last three years.

MauBank Ltd

Management discussion and analysis (Contd)

Risk Management (Contd)

Business Continuity Planning and Disaster Recovery

MauBank's Business Continuity Plan consists of:

(1) identification of critical business processes, including those where there is dependence on external vendors or other third parties;
(2) identification of alternative mechanisms for rapid resumption of services, with special focus on critical business processes;
(3) location of off-site back-up facilities at a reasonable distance from the impacted operations to reduce risk of having both primary and back-up records and facilities unavailable simultaneously; and regular reviews and testing of the contingency plans

As part of its Business Continuity Planning, MauBank conducted its Disaster Recovery Exercise on 20th August 2016 successfully.

Market risk

Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all positions included in the Bank's trading book as well as foreign exchange risk positions in the statement of financial position.

MauBank Ltd applies different risk management policies and procedures in respect of the market risk arising from its trading and banking books. The Bank has in place a Liquidity Risk Management Policy, Foreign Exchange Risk Management Policy and Interest Rate Risk Management Policy.

Market risk measurement and monitoring

Market risk exposure for different types of transactions is managed within risk limits and policies approved by the Board and monitored through Asset and Liability Management Committee (ALCO).

Early warning signals and alerts are raised on different levels of exposures of the banking book activities to foreign exchange risk, interest rate risk, and liquidity risk. Stress testing and sensitivity analysis covering shocks and shifts in interest rates on the Bank's on- and off-balance sheet positions, liquidity drift under institution-specific and general market crisis scenarios are regularly performed to gauge and forecast the market risk inherent in the banking book.

Foreign exchange risk

Foreign exchange risk is the risk that the Bank's earnings and economic value will be adversely affected with the movements in the foreign exchange rate. The Bank is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales. Foreign exchange risk arises as a result of commercial, inter-bank and proprietary trading transactions through mismatch positions and open positions and is managed by treasury within approved parameters by the Board. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. ALCO is the main forum in which foreign exchange and treasury matters are discussed and analysed.

Management discussion and analysis (Contd)

Risk Management (Contd)

Liquidity risk

Liquidity risk is the risk that the Bank fails to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet obligations to repay depositors and to fulfil commitments to lend. It is the risk that the Bank will be unable to continue operating as a going concern due to lack of funding.

Liquidity risk management

The Bank manages its liquidity on a prudent basis to ensure that sufficient cash reserves ratio relative to the statutory minimum is maintained throughout the year. The average cash reserves ratio of the Bank during the period was well above the minimum ratio set by the Bank of Mauritius.

This Bank's liquidity risk policy spells out the liquidity risk tolerance in light of the Bank's objectives, strategic direction and overall risk appetite. The tolerance defines the level of liquidity risk that the Bank is willing to assume, and is appropriate for the business strategy of the Bank and reflects the Bank's financial condition and funding capacity.

The Bank prepares cash flow projections on a daily basis for measuring and managing its net refinancing risk. Projections cover not only the assets and liabilities as they exist in the balance sheet at a particular time but also flow from planned future activities.

Because of the uncertainties associated with deposits and loans from other banks and non-bank operators (e.g. corporations, fund managers), a continuing assessment of the Bank's exposure to such sources of funds is conducted. Liquidity concentration risk, associated with large individual depositors, is monitored in ALCO on a monthly basis to control its reliance on them.

Bank uses gap analysis method to determine fund excess or shortage at selected maturity dates. Maturity is assessed on the basis of the terms and conditions of funding or loan instruments as well as on the basis of behaviour of customers, assessed from their past history and current relationship with the Bank.

A regular assessment is made of individual depositors representing over 2% total rupee and foreign currency liabilities. MauBank regularly assesses the individual depositors of more than 2% of total deposits for monitoring and the purpose of deposit concentration risk. A report is submitted to ALCO every month to monitor customers' loyalty to the Bank.

MauBank Ltd

Management discussion and analysis (Contd)

Risk Management (Contd)

Liquidity risk (Contd)

Liquidity risk management (Contd)

Stress tests are also carried to ensure adequate liquidity are available under stressed conditions, contingent plans are also reviewed to prepare for any worse case liquidity scenario.

As at 30 June 2016, the Bank was comfortable even in stressful conditions.

Interest rate risk

Interest rate risk represents the adverse impact that may occur on profits and market value of assets and liabilities due to fluctuation in interest rates.

The methodology adopted by the Bank to measure interest rate risk exposures arising from its banking book positions is consistent with that set forth by the Bank of Mauritius for reporting interest rate risk exposures which consists principally of interest rate risk sensitivity analysis and stress testing. On this approach, deposits without a fixed maturity are assumed to be repayable and to re-price on the next working day whereas loan repayments are not considered when allocating loan balances into respective interest re-pricing time bands.

Bank uses the 'earnings perspective' and 'economic value' perspective for interest rate sensitivity analysis.

Under 'earnings perspective' the focus of analysis is the impact of changes in interest rates on accrual or reported earnings. A change in interest rate – either upward or downward movement – may reduce earnings or it may lead to losses that can threaten the financial stability of the Bank by undermining its capital and by reducing market confidence.

The 'economic value' perspective considers the potential impact of interest rate changes on the present value of all future cash flows and therefore represents a comprehensive view of the potential long-term effects of changes in interest rates.

Management discussion and analysis (Contd)

Risk Management (Contd)

Interest rate risk (Contd)

The economic value of an instrument represents an assessment of the present value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a Bank can be viewed as the present value of the Bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance sheet positions. In this sense, the economic value perspective reflects one view of the sensitivity of the net worth of the Bank to fluctuations in interest rates.

Under the economic value perspective, MauBank analyses the impact of changes in interest rate on the economic value of Bank's assets, liabilities, and off-balance sheet positions. This exercise is taken in the Bank's ICAAP exercise on an annual basis.

Stress testing

The Bank conducts simple stress tests to provide standardised measures of Interest Rate Risk in the Banking Book (IRRBB), involving an across the board interest rate shock of 200 basis points up or down.

The analysis of the IRRBB involves:

(a) an assessment of the Bank's tools and methodologies which include both quantitative and qualitative factors, used for the measurement of the overall interest rate risk; and
(b) an assessment of whether the standardised measure accurately reflects the true IRRBB of the Bank.

Country risk

Country risk refers to the probability that changes in the business environment in another country where the Bank is doing business may adversely impact its operations or payment for imports resulting in a financial loss. Country risk also includes sovereign risk, which is a subset of risk specifically related to the government or one of its agencies refusing to comply with the terms of a loan agreement. Causes of country risk include political, macroeconomic mismanagement, war or labour unrest resulting in work stoppages.

In assessing the risk of a country, the Bank considers both quantitative and qualitative factors of the country.

Country Exposure Limits

MauBank uses ratings by External Credit Rating Agencies. Country exposure limits are reviewed and approved by the Board. The Bank sets exposure limits for individual countries to manage and monitor country risk. Country exposure limits apply to all on- and off- balance sheet exposures to foreign obligors.

Management discussion and analysis (Contd)

Risk Management (Contd)

Country risk (Contd)

Country risk measurement

On and off-balance sheet exposures are measured in line with the Bank of Mauritius Guideline on 'Standardised Approach to Credit Risk'.

Bank gathers in a timely manner, information about developments in exposed countries that may have a bearing on the country risk assessment though various sources, for example rating agencies.

In line with the Bank of Mauritius guideline on Country Risk, the Bank makes a provision towards its country risk exposures, if required based on risk assessment.

Reputational risk

Reputational risk is the risk that the Bank could lose potential business because its character or quality has been called into question.

Reputational risk assessment

Reputational risk being subjective in nature poses a challenge for its measurement. MauBank uses qualitative statements which are translated into quantitative index. This assessment is conducted during the ICAAP exercise.

Business and strategic risk

Business and strategic risk is a possible source of loss that might arise from pursuit of an unsuccessful business plan. For example, strategic risk might arise from making poor business decisions from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

MauBank uses the following methods of strategic risk management:

- Business planning
- Monitoring of Performance against Objectives as per five year plan
- Readjustment of plans

Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Bank to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced franchise value, limited business opportunities and reduced expansion potential.

The Bank is subject to extensive supervisory and regulatory governance.

MauBank Ltd

Management discussion and analysis (Contd)

Risk Management (Contd)

Compliance risk (Contd)

The approach to compliance risk at MauBank is as follows:

1. Establish appropriate framework covering proper management oversight, system controls and other related matters.

2. Establishing written guidance to staff on the appropriate implementation of policies and procedures.

3. Periodical review of changes and regulations in order to ensure that the Bank addresses the risk arising from such changes.

4. Monitoring of compliance with existing rules and regulations while mitigating the effects of any unintentional non-compliance.

5. Ensure to conduct periodical compliance training to compliance function and to educate staff with respect to the applicable laws, rules and standards.

6. Assist management in promoting a culture of integrity, including actions to raise staff awareness on fraud prevention and Anti-Money Laundering and Combating the Financing of Terrorism.

Risk governance structure

The risk governance structure is integral to the operations and culture of the Bank. It supports the broad objectives of the risk management function. The risk governance structure is founded on the solid structure in place where at the top, the Board of Directors is responsible for approving the policies, setting the risk appetite, defining business strategies and taking into account the objectives of the Bank.

The risk management function performs a policy setting and monitoring role to ensure implementation of risk management principles and adherence to legislations and regulations.

In line with good corporate governance practices, the internal audit function is an independent function that provides additional assurance on the effectiveness of risk management of the Bank, including financial and operational risk management.

Management discussion and analysis (Contd)

Risk Management (Contd)

Risk governance structure (Contd)

Risk Structure and Hierarchy

The risk management organisational structure consists of top down approach whereby the risk appetite of the Bank is set by the Board of Directors in line with its business strategy, taking into account the Bank's objectives and plans. The Board assisted by its committees, namely the Audit Committee, the Conduct Review Committee, Risk Management Committee, the Remuneration and Nomination Committee and the Board Credit Committee have oversight responsibilities in relation to risk management, adherence to internal policies and compliance with the prudential, regulatory and legal requirements.

The roles of the Board and its Committees are described in its mandate. The risk management forums are chaired by the Chief Executive Officer and consist of the Chief Risk Officer and other Heads of Departments as members.

Risk appetite and strategy

The Bank's risk appetite consists of a risk strategy and certain important strategic measures including adequate levels of risk tolerance and risk limits to ensure that MauBank stays within appropriate risk boundaries.

For principal risks, the strategic measures are supported by management limit structures and extensive controls, as well as timely monitoring and reporting, which create a focus on forward-looking activities that keep the Bank within its risk appetite on an on-going basis based on available capital levels, regulatory and legal requirements, prudential principles, scenario analysis and stress testing.

Management discussion and analysis (Contd)

Risk Management (Contd)

Risk appetite and strategy (Contd)

Key strategies are as follows:

- Risk-return trade off is analysed for every business decision
- Risk based pricing is used
- Diversification of credit and investment portfolio
- Look for fee based income, inward & outward remittances
- Strengthen the risk management platform

Risk-bearing capacity and stress testing

The risk-bearing capacity analysis is a key part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP). The purpose is to ensure that sufficient capital is held for the risk profile of MauBank at all times.

MauBank goes one step further in its risk management process by using various scenario analysis and stress testing for managing its credit and liquidity risks. It also has a contingency plan in place for the risks identified.

Various parameters are stressed under different scenarios. Results are communicated in risk management forums and board committees as well.

In addition to regulatory required stress tests, several ad hoc tests are conducted, to help assess the impact of higher loan loss provisions, additional impairments across the securities portfolios and increased Risk Weighted Assets (RWA).

Related party transactions

In line with the guideline on Related Party Transactions, the Board of Directors of the Bank has established a revised policy on related party transactions. The Policy sets out prudent rules and internal limits.

Credit exposure to any single borrower / group of closely – related customers who are related parties to the financial institution is governed by the Bank of Mauritius Guideline on Credit Concentration Risk, subject to the following conditions:

(a) The aggregate of credit exposures to and investments in equity shares of all related parties in Category 1, other than investments in subsidiaries and associates should not exceed 60 per cent of the Bank's Tier 1 Capital;

(b) The aggregate of credit exposures to and investments in equity shares of all related parties in Category 1 and Category 2, other than investments in subsidiaries and associates, should not exceed 150 per cent of the financial institution's Tier 1 Capital; and

(c) If credit facilities are granted which are above the above limits, then it shall be entertained on the express condition that the additional credit exposure shall be deducted from the Bank's Tier 1 Capital.

Management discussion and analysis (Contd)

Risk Management (Contd)

Related party transactions (Contd)

However, Bank is exempted from the above limits on the following credit exposures:

(a) a credit exposure to the extent to which it is collateralised by deposits with the Bank or Government securities or a loan to the extent to which it is guaranteed by Government;

(b) a credit exposure to parastatal bodies and to an entity in which Government has more than 50 per cent shareholding;

(c) inter-bank transactions as part of treasury operations;

(d) credit exposures representing less than 2 per cent of the financial institution's Tier 1 Capital; and

(e) Category 3 type of related party exposures

Exposure of the Bank's top six related parties as at 30 June 2016 were Rs 254.20 M, Rs 155.79 M, Rs 115.22, Rs 111.87 M, Rs 59.86 M and Rs 29.29 M. These balances represented -15.76%, -9.66%, -7.14%, -6.94%, -3.71% and -1.82% respectively of the Bank's Tier 1 capital. The total top six related parties represented Rs 726.23 M or -45.03% of Tier 1 capital.

Risk capital management

The Capital Adequacy framework is supported by a Board approved Internal Capital Adequacy Assessment Process (ICAAP) which encompasses capital planning for current and future periods, taking into consideration strategic focus and business plan and assessment of all material risks under stress conditions.

The Bank's Capital Management Policy is to provide sufficient capital for the banking business to achieve its strategic objectives, taking into account the regulatory, economic and commercial environment in which it operates.

The Bank's objectives when managing capital are:

- To comply to the capital requirements set by the regulator;
- To safeguard the Bank's ability to continue its business as a going concern;
- To maximise returns to shareholders and optimise the benefits to stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of eligible capital are monitored regularly by Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Mauritius for supervisory purposes. The required information is submitted to the Bank of Mauritius on a quarterly basis.

As at 30 June 2016, the total capital base stood at Rs -1,369,146,000 and as at 30 June 2015, it was Rs 253,526,000.

As at 30 June 2016, the total risk weighted assets stood at Rs 17,900,631,000 and as at 30 June 2015, it was at Rs 11,589,814,000.

CAR was at -7.65% as at 30 June 2016 and 2.19% as at 30 June 2015.

As highlighted in note 40, subsequent to the year end, the Bank has issued additional capital of Rs 3.4 Billion which was fully subscribed and paid by Maubank Holdings Ltd, thereby improving the capital adequacy ratio to 11.35%.

MauBank Ltd

Management discussion and analysis (Contd)

Risk Management (Contd)

BASEL II Approaches

MauBank has adopted the following approach for determining the regulatory capital requirements under the Bank of Mauritius Basel II guidelines for Pillar 1.

(a) Credit risk : Standardised approach
(b) Market risk: Standardised approach
(c) Operational risk: Basic Indicator approach

ICAAP

MauBank has an on-going process of identifying the risks to which it is exposed and to manage and mitigate those risks. Consistent with that, MauBank is expected to have an ICAAP for assessing its overall Capital Adequacy in relation to its risk profile and a strategy for maintaining its capital levels. Its chosen internal capital targets should be well founded and consistent with its overall risk profile and current operating environment.

The ICAAP encompasses capital planning for a certain time horizon, identification and measurement of material risks and the relationship between risk and capital. Capital Adequacy and Risk Management is aligned and the Bank's Capital Management Framework is complemented by its Risk Management Framework which includes a comprehensive assessment of all material risks.

MauBank formulates its internal capital level targets based on the ICAAP and endeavours to maintain its Capital Adequacy level in accordance with the targeted levels at all times.

As part of ICAAP, MauBank has conducted stress testing under various historical and stress test scenarios to assess the impact of stress on its capital position. The methodology for the stress testing is approved by the Board of Directors. The results of stress testing are reported to the Board of Directors and the Bank of Mauritius.

BASEL III

The Basel III regulation requires higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress, and the introduction of two global liquidity standards.

MauBank's Capital Structure for the last three years is as shown on pages 104 and 105.

Management discussion and analysis (Contd)

Risk Management (Contd)

Technology Risk Management

Information Security and Risk Management

An overview of Year 2015

"Technology and information risk is just one area of business risk that organizations need to manage. As such it should fit in with the existing business risk management activities undertaken by an organization." www.gov.uk

The risk management in information technology has been taken into consideration at each and every step of project and initiations. Confidentiality has remained the main priority of the department and access to each systems and data has been properly controlled and safeguarded.

Following the merger of the two banks, ex-MPCB and ex-NCB to MauBank, much emphasis were laid on the integrity of the data and information security pre and post-merger. Thorough check and information risk assessments and productive recommendations were made for this merger to be successful.

As such new IT Security project has been tabled to the management of MauBank who has given their support to start a new project in view to secure the data of the bank during both at rest and in transit.

Challenges for 2016-2017

The IT Security and Risk Management unit reports to the Chief Risk Officer of Maubank. Its main purpose is to ensure that the security in information technology is maintained and that the IT risk is controlled.

The main challenge for the bank will continue to be protection of data. Any leakage of data may have severe impact on the bank's reputation. Protection of any information leakage will be the top most priority of the IT Security Unit. The team will also ensure that there is a smooth transition in the merging of data from the two ex-banks.

After all the systems have been merged and is operational, a complete risk assessment of the IT system is expected to be carried out, following which the recommendation will be circulated to stakeholders. The Bank's process, procedures and IT security policies will be reviewed and aligned accordingly. IT Security team will ensure that change management is maintained at all time. The IT Security and Risk Management unit will have an important role to play in the MauBank growth and will continue to act as the watchdog for its information system assets.

Management discussion and analysis (Contd)

Management Committees

The daily affairs and running of the Bank have been delegated to management. Issues are discussed, risks and reward trade -offs are analysed, and decisions are taken unanimously in different management forums. These forums meet regularly and comprise Senior Management and Management Cadres from different units.

All matters discussed and decisions taken are escalated to the monthly meeting of the Board of Directors for information.

Credit Sanctioning Forum (CSF)

This Forum meets daily and reviews, approves and analyses all credit facilities / exposure below a threshold of Rs 40.0 million.

Operations Risk Forum

The Operations Risk Forum reviews the internal control of the business units and makes suitable recommendations to improve the internal controls systems, business conduct/practices, risk aspects and processes. This Forum meets on a quarterly basis.

Credit Risk Forum

The Credit Risk Forum reviews the credit exposures and concentration, non-performing accounts, group exposures, related party transactions and any other relevant matters pertaining to credit risk. This Forum meets on a quarterly basis.

Asset and Liability Management Committee ("ALCO")

ALCO meets monthly to oversee the Bank's liquidity risk, interest rate risk, foreign exchange risk management and treasury matters. The role of ALCO is to set and oversee board policy for managing the Bank's statement of financial position based on a detailed analysis of risk return trade off; develop guidelines and limits for operating units and treasury; monitor that those limits are adhered to and that the strategy of the Bank is in line with the Bank's budget and risk management objectives. ALCO monitors the interest margin between assets and liabilities, the cash flow position and liquidity ratio, deposit concentration and also manages the earnings at risk by conducting stress test scenarios and changing market conditions.

IT Risk Forum

The IT Risk Forum is set up to discuss IT Operational and IT security issues. It discusses information security aspects, information security infrastructure, security of third party access, security incidents and malfunctions, physical security perimeter, physical entry controls, equipment security, cabling security, network routing and access control, power supplies, business continuity impact analysis, security in development and support process, security in system files, security in application systems, operating system access control, system planning and acceptance, etc.

Management Procurement Committee

The Management Procurement Committee manages the procurement activities. It makes recommendations for certain recurrent and capital expenditure for the Bank.

Management discussion and analysis (Contd)

Management Committees (Contd)

Facilities Management Forum

The Facilities Management Forum's main functions consist in developing work place strategies, proper office space management to render organisational operations more cost effective, maintenance, repairs and upkeep of building, equipment and furniture, energy conservation and best practices relating to utilities management, waste management and general cleaning management, stock management and procurement policies.

Product Development Forum

This Forum meets to evaluate, discuss and propose new, innovative and customer oriented features to promote the Bank's products and services. Research work plays an integral part of this Forum and new ideas are discussed, feasibility study conducted before implementation.

Health and Safety Forum

As per the Occupational Safety, Health and Welfare Act, the Bank has its Health and Safety committee which sits every two months to review health and safety in general in the head office as well as in branches.

The health and safety function is outsourced and the service provider acts as an advisor to the Bank on health and safety issues and he ensures that the provisions in the Act are respected.

Strategic Marketing Forum

The Marketing Plan is evaluated and monitored on a monthly basis and new strategies are discussed and implemented to be in line with the Bank's objectives. This Forum ensures that the Bank is constantly present in the market and new strategies are developed to enhance the Bank's image with particular emphasis on customer service.

Project Steering Committee

The Project Steering Committee is a high level powered committee which monitors all issues pertaining to all projects in the Bank. This Committee meets on a monthly basis. Heads of units report on the various tasks assigned to them and progress and problem encountered, if any.

The Project Management Committee handles the projects at a micro level whereas the Project Steering Committee looks at them at a macro level.

The Way Forward

With the above background, the team at MauBank will continue to strive towards excellence in an endeavour to deliver better service quality every year to its present and prospective customers.

Disclaimer

Several forward-looking statements relating to the Bank's business strategy, plans and objectives have been embedded in the Management Discussion and Analysis document. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Readers of the document are therefore advised not to place undue reliance on the forward-looking statements as a number of factors may cause actual results to differ from targets, expectations and estimates made initially. MauBank does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

MauBank Ltd

Administrative information

Board of directors

The composition of the Board, as at 30 June 2016, is as follows:

Mr LALLOO Said
Independent Chairman

Mr. Lalloo served at directorate level in the Finance Department of the African Development Bank (ADB) from 1981 to 1991 following a long career in the public sector, as Chief Accountant at the Ministry of Finance from 1971 to 1980 and at the Government Audit Department for 16 years up to 1970. He represented Ministry of Finance at board level as Chief Accountant on a number of parastatal bodies, boards and companies.

He returned to Mauritius in 1992 and has since been serving as Director or Chairman on a number of organisations, namely:

- Chairman of the National Housing Development Corporation (NHDC) from 1993 to 2000,
- Director of the State Investment Corporation (SIC) from 1994 to 2004,
- Director of the National Investment Trust (NIT) from 1994 to 2005 serving as Chairman in 2003 and 2004
- Chairman of the Financial Services Commission (FSC) from November 2005 to March 2012, and
- Chairman of the National Commercial Bank (NCB) from March 2015 to December 2015.

Mr Lalloo is a fellow member of the Association of Chartered Certified Accountants.

Mr NAGARAJAN Sridhar
Chief Executive Officer and Executive Director

Mr. Nagarajan is an engineering graduate with Masters in Business Administration. He has over 20 years of banking experience, of which the 15 years were with Standard Chartered Bank Plc of UK, in various businesses, franchise building and governance roles. In this capacity, since 2008, he had been overseeing the formulation and successful implementation of the Bank's Mauritius strategy, which included leveraging Mauritius as a hub for Africa and unlocking the franchise's potential as a global financial centre.

In September 2015, Mr. Nagarajan joined Mauritius Post and Cooperative Bank (MPCB) as its CEO. In January 2016, he successfully oversaw the transfer of undertaking of National Commercial Bank with MPCB to form MauBank Ltd, with over 650 employees.

For several years, Mr. Nagarajan held the posts of Vice Chairman of the Mauritius Bankers Association (MBA) and Chairman of the International Banking Sub-Committee of the MBA. He has also been the Vice-Chairman of Global Finance Mauritius ("GFM"), an industry body representing banks, institutional investors, law firms, accounting firms and management companies in Mauritius.

He presently sits on the Board of the Small and Medium Enterprises Development Authority (SMEDA), and is the Chairman of NRF Equity Investment Ltd, a dedicated SME equity support fund created from shared resources of the MBA member banks & the Government of Mauritius. He is also the Chairman of the SME Development Sub-Committee of the MBA Board.

He is a member of the Financial Services Consultative Council (FSCC), chaired by the Minister of Financial Services, Good Governance and Institutional Reforms.

MauBank Ltd

Administrative information

Board of directors

Mr GOKHOOL Ashvin Jain
Independent Director

Mr. Gokhool is a Fellow Member of The Association of Chartered Certified Accountants (UK), a Certified Financial Consultant (USA), an Associate Member of The Association of Certified Fraud Examiners (USA), a Member of the Mauritius Institute of Public Accountants (MIPA) and a Founder Member of The Institute of Certified Public Accountants of Rwanda (ICPAR). He is a qualified stockbroker from the Stock Exchange Commission (Australia) and also holds an Auditor's Licence from the Financial Reporting Council (FRC).

Mr. Gokhool is the Managing Partner at KSi (Mauritius), Public Accountants & Business Advisers and Managing Director of AG Consultants Ltd, Financial and Management Consultants. Both are member firms of Morison KSi (UK). Since 1987, he successively worked for Deloitte (Mauritius), PricewaterhouseCoopers (Mauritius, Paris and London), Mauritius Tourism Promotion Authority, Tourism Authority, Tourism Employees Welfare Fund. He also served as Advisor to the Minister of Agriculture, Food Technology & Natural Resources and the Minister of Tourism and Leisure. He is an Independent Financial Analyst and worked with the Restructuring Working Group of the National Resilience Fund at The State Investment Corporation.

Presently, he acts as the Chairman of the National Transport Corporation Board. He is an independent non-executive Director at the Bank as well as the Chairman of the Audit Committee.

Mr NICOLAS Jean Marie Cyril
Independent Director

Mr. Nicolas holds a Diploma in Marketing Management, South Africa and a Diploma in Human Resource, South Africa. He is a Registered trainer with MQA since 1988 and President of the Indian Ocean Marketing Association. He is also a Director of Effective Coaching Ltd and has recently appointed as Consultant for the JSI "Johannesburg School of Investment.

Mr NILAMBER Anoop
Non Executive Director

Mr. Nilamber is currently an Economic Advisor at the Ministry of Finance and Economic Development. Prior to joining the government, Anoop was a Corporate Finance Banker at HSBC in France and at the Mauritius Commercial Bank. In Paris, Anoop was also a Part-time Lecturer in Finance at Universite Pantheon Assas (Paris II) where he graduated in Banking and Finance.

MauBank Ltd

Administrative information

Board of directors

DR PALIGADU Dharamraj
Non Executive Director

Dr. Paligadu is currently Director at the Ministry of Finance and Economic Development and is responsible for inclusive development sector. He is also the Director of MauBank Ltd.

He worked at the ex- Management Audit Bureau at the Ministry of Finance for 10 years. He also served as Assistant Accountant General at the Treasury Department for around 4 years from 2001. He was responsible as Assistant Director- Debt Management Unit for managing the overall debt portfolio of the Central Government as from 2004 to 2008. He has been serving in different sections at the Ministry of Finance.

He has been a Board member of different parastatal organisations. He has been part time lecturer at the University of Mauritius, University of Technology Mauritius and Open University and lecturing for Master degrees. He is a holder of a PhD from Aligarh Muslim University and holds an Advanced Diploma in Management Research from the All India Management Association-Centre for Management Education, an MBA from theUniversity of Mauritius and is a Fellow of ACCA.

Dr Paligadu was Board Members of the following Institution:-

- National Remuneration Board
- Central Depository and Settlement System (CDS)
- Trade Union Trust Fund
- Appravasi Ghat Trust Fund
- Local Development Fund
- Unified Local Government Service Board
- Maurice Ile Durable Fund
- Employees Welfare Fund and acting Chairman from January 2015 to 9th April 2015
- Mauritius Post and Cooperative Bank Ltd
- Member of the Treasury Foreign Currency Management Fund

Mr PUTCHAY Vassoo Allymootoo
Non Executive Director

Mr. Putchay is currently the Permanent Secretary at the Ministry of Business, Enterprise and Cooperatives. He was appointed Permanent Secretary on 31 December 2014. From the year 2000 to 2014, he served in various Government Departments as Deputy Permanent Secretary. He represents the Ministry on the Boards of Directors of the Development Bank of Mauritius and Enterprise Mauritius.

From June 2008 to December 2011, he was the Secretary to the Commission at the Independent Commission Against Corruption (ICAC).

He has been the 'répondant national' and a member of the Executive Committee of the 'Agence Intergouvernementale de la Francophonie' from 2001 to 2004, in matters relating to human resources development.

He holds a Diploma in Public Administration and Management, a Degree in Economics and Management Studies and a Master in Business Administration.

MauBank Ltd

Administrative information (Contd)

Management team

Mr NAGARAJAN Sridhar
Chief Executive Officer and Executive Director

Please refer to Board of directors section above.

Mr TOYNOO Yougeshsingh (Asish)
Chief Financial Officer

MSc in International Banking,
FCCA, The Chartered Association of Certified Accountants
BSc in Accounting

Head of Asset, Liability and Capital Management at HSBC from July 2013 to Sept 2016
Manager – Treasury Finance & Operations at HSBC from January 2007 to July 2013
Senior Bank Examiner at Bank of Mauritius from October 2002 to January 2007.

Mr MOHADEB Damodarsingh (Deepak)
Financial Controller

FCCA, The Chartered Association of Certified Accountants

Chief Financial Officer, National Commercial Bank Ltd

Senior Vice President – Finance, Mauritius Leasing Company Ltd

Audit Manager, PricewaterhouseCoopers

Mr CHEDUMBRUM Mardaymootoo Pillay (Nanda)
Executive Head - Operations

International Programme on Development Banking & Course on Operational Risk Management.

Has over 34 years experience in the banking sector at various levels.

Mr RAWOTEEA Yasdeo (Rajesh)
Executive Head – Information & Technology Services

MBA, University of Technology Mauritius
BA in Business Information Technology, University of Sunderland
Certificate in Banking Studies, University of Mauritius
Certified Project Leader (Senior), and Graduate in Card Fraud & Risk Management

Has over 28 years' experience in Banking, out of which 6 years in Retail Banking, 20 years as Project Leader of several projects, mainly in Card Technology, Card Operations and Electronic Delivery Channels.

MauBank Ltd

Administrative information (Contd)

Management team (Contd)

Mr VYDELINGUM Vishuene
Executive Head – Corporate Banking Treasury

Licensed Stockbroker – Mauritius Stock Exchange, Ingenieur Maitre en Banque et Finance avec specialisation en Marches Derives (IUP).

Joined the Bank on 01 July 2016.

Has 20 years' experience in Banking, out of which 9 years as Corporate Director – Domestic Corporate / Country Management Committee Member at Barclays Bank Mauritius from October 2007 to June 2016.

Mr PARISH Steven Howard
Executive Head- Human Resources

Post Graduate Certificate in Human Resources Management, University of Surrey
BA Economics & Geography, University of Portsmouth

Joined the bank on 19th November 2014

Was Founder & Director/Lead Consultant of HR2day (February 2014 – November 2014)

Head of HR, HSBC Mauritius (January 2001 - November 2013)

HR Consultant, De Chazal Du Mee, Mauritius (February 1999 – December 2000)

Has More than 17 years of experience within the HR Department.

Mrs MAUDARBOCUS Iqra
Executive Head- Legal & Compliance

MBA International Paris,Université paris-Dauphine & L'IAE Paris 1
Master of laws,University of Bristol
Bachelor of laws, University of Mauritius

Chief Legal and Compliance Officer at National Commercial Bank Ltd (Appointed at Ex Bramer Banking Corporation Ltd since October 2010)

Head of Legal Services British American Insurance Co. Ltd (April 2004 to September 2010)

Mr BEEHARRY Nirish
Executive Head- Consumer Banking

Professional Diploma in marketing, Chartered Institute of Marketing

Head of Consumer Banking, National Commercial Bank Ltd

Head of sales - Consumer/Retail Banking Barclays Bank PLC (June 2010 – March 2013)

Senior Retail Manager & Area Sales Manager, Barclays Bank PLC (March 2008 – June 2010)

Business Development Manager, Barclays Bank PLC(August 2006 – February 2008)

MauBank Ltd

Administrative information (Contd)

Management team (Contd)

Mr MOTEE Ramesh
Chief Risk Officer

Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers
ACCA, The Chartered Association of Certified Accountants

Chief Operating Officer, National Commercial Bank Ltd

Senior Vice President Operations, Mauritius Leasing Company Ltd

Manager, Mauritius Leasing Company Ltd

Development Officer, Development Bank of Mauritius

Mr RAMBOJUN Hurrydutt
Head of Internal Audit

FCCA, The Chartered Association of Certified Accountants

Head of Internal Audit, National Commercial Bank Ltd

Head Finance and Administration, First City Bank

Head of Finance / Head of Internal Audit, South East Asian Bank Ltd

Mrs LUXIMON - MATHUR Jessma
Compliance and Money Laundering Reporting Officer

BSc (Hons) Mathematics

Certified Project Leader & Accredited Mediator.

Joined the Bank as Risk Management Supervisor in 2005 and appointed as Compliance officer in January 2008.
Has over 12 years experience in the banking industry.

Mr SOOBROYEN Dheebaven
Manager - Compliance

Bachelor of laws, University of London

Head of AML Unit
Compliance Manager - National Commercial Bank Ltd.
Manager in Retail Banking - Mauritius Post and Cooperative Bank and Ex- Bramer Banking Corporation Ltd
Compliance Officer – Bank One Ltd

MauBank Ltd

Administrative information (Contd)

Branch Managers at 30 June 2016

SEEWOORUTTUN Boodhill **Beau Bassin Branch**	**NARAYEN Gavin** **Chemin Grenier Branch**	**BANDHOO Dhaneshwar** **Curepipe Branch**
MURDAY Yogen **Ebene Branch**	**AH–HON Emmanuel** **Flacq Branch**	**HURRYPAUL Jaya** **Goodlands Branch**
BUNGARADU Pharmendra **Mahebourg Branch**	**LUKHEE Adesh** **Bourbon - Port Louis Branch**	**NANDOO Farhana** **Petite Riviere Branch**
SUNASSEE Eswaree **Pope Hennessy- Port Louis Branch**	**JAULIM Shameemah** **Place D'Armes Branch**	**CHAN CHUEN Francois Jerome** **Quatre Bornes Branch**
BUNDHOO Varsha Mungur **Rose Hill Branch**	**NUNDOOCHAN Vasisht** **Riv Du Rempart Branch**	**LATCHMEA Shailendra** **Rose Belle Branch**
RAFFAUT Robert **Terre Rouge Branch**	**BULDAWA Prasanjay** **Triolet Branch**	**POOKHAN Yaasiin** **Vacoas Branch**
HOSSANY Nawsheen **St Pierre Branch**	**BAGRATEE-BOYRO Khoosboo** **Pamplemousses Branch**	**SAWMY Premendra** **Sir William Newton - Port Louis Branch**
KAWOL Neela **Rose Belle Branch**	**RUGOONAUTH Bharati** **Quatre Bornes Branch**	**JUGNAUTH Ravin Kumar** **Curepipe Branch**
LATOUCHE Joanna **Mahebourg Branch Branch**	**LAKHOA Uttam** **Lallmatie Branch**	**BUNDHOO M. Khalid** **Goodlands Branch**
GUNGADIN Kesha **Grand Baie Branch**	**MOOLCHAND Roomah** **Flacq Branch**	**RAMCHURN PURMESSUR Reena** **Chemin Grenier Branch**
BROJMOHUN Dev **Triolet Branch**	**BHUNJUN Pounam** **Vacoas Branch**	**CHUNG Michael** **Rose Hill Branch**
UNNUTH Ratnesh **Riviere Du Rempart Branch**	**BETCHOO Satyandranath** **Terre Rouge Branch**	**BEEZLOLL Baby Sevati** **St Pierre Branch**
MURDAY Yogen **Ebene Cash Counter**	**KAWOL Neela** **Rodrigues Branch**	

MauBank Ltd

Administrative information (Contd)

Delivery channels at 30 June 2016

BEAU BASSIN Branch	**CHEMIN GRENIER Branch**	**CUREPIPE Branch**
Ahmed Cnr Napier Broome & Sholyo Douglas Street	**Royal Road**	**Chasteauneuf Street**
Beau Bassin	**Chemin Grenier**	**Curepipe**
Tel 405-9400	**Tel 405-9400**	**Tel 405-9400**
Fax 404-0333	**Fax 404-0333**	**Fax 404-0333**
EBENE Branch	**FLACQ Branch**	**GOODLANDS Branch**
Ground Floor, Bramer House	**Francois Mitterand Street**	**Royal Road**
Cybercity Ebene	**Flacq**	**Goodlands**
Tel 405-9400	**Tel 405-9400**	**Tel 405-9400**
Fax 404-0333	**Fax 404-0333**	**Fax 404-0333**
MAHEBOURG Branch	**PORT LOUIS Branch**	**PETITE RIVIERE Branch**
Cnr Rue des Delices & Rue des Cent Gaulettes	**26 Bourbon Street**	**Royal Road**
Mahebourg	**Port Louis**	**Petite Riviere**
Tel 405-9400	**Tel 405-9400**	**Tel 405-9400**
Fax 404-0333	**Fax 404-0333**	**Fax 404-0333**
POPE HENNESSY Branch	**PLACE D'ARMES Branch**	**QUATRE BORNES Branch**
25 Pope Hennessy Street	**1 Queen Street**	**Cnr St Jean & Osman Avenue**
Port Louis	**Place D'Armes, Port Louis**	**Quatre Bornes**
Tel 405-9400	**Tel 405-9400**	**Tel 405-9400**
Fax 404-0333	**Fax 404-0333**	**Fax 404-0333**
ROSE HILL Branch	**RIVIERE DU REMPART Branch**	**ROSE BELLE Branch**
Cnr John Kennedy & Royal Road	**Royal Road**	**Royal Road, Boolaky Building**
Rose Hill	**Riviere Du Rempart**	**Rose Belle**
Tel 405-9400	**Tel 405-9400**	**Tel 405-9400**
Fax 404-0333	**Fax 404-0333**	**Fax 404-0333**
TERRE ROUGE Branch	**TRIOLET Branch**	**VACOAS Branch**
Royal Road, Le Hochet	**Royal Road, 8th Mile**	**91 St Paul road**
Terre rouge	**Triolet**	**Vacoas**
Tel 405-9400	**Tel 405-9400**	**Tel 405-9400**
Fax 404-0333	**Fax 404-0333**	**Fax 404-0333**

MauBank Ltd

Administrative information (Contd)

Delivery channels at 30 June 2016 (Contd)

ST PIERRE Branch
One Way Street
Saint Pierre
Tel 405-9400
Fax 404-0333

PAMPLEMOUSSES Branch
Royal Road
Pamplemousses
Tel 405-9400
Fax 404-0333

PORT LOUIS Branch
1 Sir William Newton Street
Port Louis
Tel 405-9400
Fax 404-0333

ROSE BELLE Branch
Royal Road, Baramia
Rose Belle
Tel 405-9400
Fax 404-0333

QUATRE BORNES Branch
Corner St Jean Road & Victoria Avenue
Quatre Bornes
Tel 405-9400
Fax 404-0333

CUREPIPE Branch
Royal Road
Curepipe
Tel 405-9400
Fax 404-0333

MAHEBOURG Branch
Corner Delices & Marianne Streets
Mahebourg
Tel 405-9400
Fax 404-0333

LALLMATIE Branch
Corner Royal & Tagore Roads
Lallmatie
Tel 405-9400
Fax 404-0333

GOODLANDS Branch
Royal Road
Goodlands
Tel 405-9400
Fax 404-0333

GRAND BAIE Branch
Richmond Hill Complex
Grand Bay
Tel 405-9400
Fax 404-0333

FLACQ Branch
Flacq Shopping Mall
Flacq
Tel 405-9400
Fax 404-0333

CHEMIN GRENIER Branch
Royal Road
Chemin Grenier
Tel 405-9400
Fax 404-0333

TRIOLET Branch
Royal Road, Anand Square
8th Mille, Triolet
Tel 405-9400
Fax 404-0333

VACOAS Branch
Independence Street
Vacoas
Tel 405-9400
Fax 404-0333

ROSE HILL Branch
477 Royal Road
Rose Hill
Tel 405-9400
Fax 404-0333

Riviere DU REMPART Branch
Riverside Shopping Complex
Riviere du Rempart
Tel 405-9400
Fax 404-0333

TERRE ROUGE Branch
Royal Road
Terre Rouge
Tel 405-9400
Fax 404-0333

ST PIERRE Branch
Kendra Commercial Centre
St Pierre
Tel 405-9400
Fax 404-0333

EBENE Cash Counter
MPCB Headquarters
25 Bank Street
Ebene
Tel 405-9400
Fax 404-0333

RODRIGUES Branch
Rue Max Lucchesi
Port Mathurin
Rodrigues
Tel 405-9400
Fax 404-0333

MauBank Ltd

Administrative information (Contd)

Foreign correspondents

STANDARD BANK OF SOUTH AFRICA LTD
Standard Bank, 6th Floor, Entrance 4
3 Simmonds Street
Johannesburg 2001
Republic of South Africa

COMMONWEALTH BANK OF AUSTRALIA
Financial Markets Operations
Darling Park Tower 1, Level 27
201 Sussex Street
Sydney NSW 2000
Australia

ICICI BANK LTD
International Financial Institution Group
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051
Republic of India

UNITED OVERSEAS BANK LTD
80 Raffles Place, UOB Plaza
Singapore 048624

MIZUHO CORPORATE BANK LTD
10-30 Nihonbashi-Kakigaracho
2 Chome Chuo-Ku
Tokyo 103-8528
Japan

CREDIT SUISSE
Uetlibergstrasse 231
PO Box 400
CH-8070 Zurich

NATIONAL BANK OF CANADA
National Bank Tower
600 da la Gauchetiere Street West
5th Floor
Montreal, Quebec H3B 4L3

ANZ NATIONAL BANK LIMITED
ANZ Centre
23-29 Albert St Auckland
Wellington
New Zealand 6010

EMIRATES BANK
Beniyas Road
P O Box 2923
Deira Dubai
United Arab Emirates

Administrative information (Contd)

Foreign correspondents

HABIB AMERICAN BANK
99, Madison Avenue
New York
NY 10016
USA

NATIONAL AUSTRALIA BANK LIMITED
International Banking Relations
26/500 Bourke Street
Melbourne
VIC 3000
Australia

YES BANK LIMITED
Yes Bank Limited
Part Ground Floor, Tower 2
Indiabulls Finance Centre
Senapati Bapat Marg Lower Parel
Mumbai - Maharashtra 400013
India

Administrative information (Contd)

Foreign correspondents (Contd)

JP MORGAN CHASE BANK, N.A
18/ F JP Morgan Tower
138 Shatin Rural Committee Road
Shatin, New Territories, Hong Kong

BANK ALJAZIRA
Olaya Street
P.O Box 20148-Riyadh 11455
Saudi Arabia

JP MORGAN CHASE BANK
Wholesale Account Services
10420 Highland Manor Drive
2nd Floor, Tampa
FI 33610, USA

SOCIETE GENERALE PARIS
16, Rue Hoche
92972 Paris La Defence Cedex
France

NATIONAL WESTMINISTER BANK PLC
Overseas Branch
International Trade & BKG Services
National Westminster Tower
25 Old Bond Street
London EC2N 1HQ
United Kingdom

ABSA BANK
International Financial Institution
2nd Floor, absa Towers North
180 Commissioner Street,
Johanesburg 2001
POo box 4854
Johanesburg 2000

AGRICULTURAL BANK OF CHINA
Shanghai Branch
33/F, ABC Tower, 9 Yincheng Road
Pudong New Area, Shanghai
200120 China

COMMERZBANK AG
Financial Institutions
Kaiserstr. 16
60311 Frankfurt
Germany

Administrative information (Contd)

Foreign correspondents (Contd)

BANK ASIA LIMITED
Scotia Branch
32, Kazi Nazrul Islam Avenue
Kawran Bazar
Dhaka-1215
Bangladesh

RIYAD BANK
PO Box 22622
King Abdulaziz Street
Riyadh 11416
SAUDI ARABIA