MAUBANK LTD

Financial Statements
for the year ended 30 June 2017

MauBank Ltd

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MauBank Ltd

CORPORATE INFORMATION

DIRECTORS:

Non-Executive Directors	Appointed on
Mr Lalloo Said (Chairman)	20 January 2016
Dr Paligadu Dharamraj	07 March 2015
Mr Nicolas Jean Marie Cyril	13 March 2015
Mr Putchay Vassoo Allymootoo	20 January 2016
Mr Gokhool Ashvin Jain	23 February 2016
Mr Nilamber Anoop Kumar	22 March 2016
Mr Codabux Muhammad Javed	10 March 2017

Executive Directors	Appointed on
Mr Sridhar Nagarajan	24 September 2015

MauBank Ltd

CORPORATE INFORMATION (Contd)

KEY MANAGEMENT TEAM:

	Position
Mr Sridhar Nagarajan *(As from 24 September 2015)*	Chief Executive Officer
Mr Vishuene Vydelingum *(As from 01 July 2016)*	Executive Head – Corporate Banking and Treasury
Mr Yougeshsingh Toynoo (Asish) *(As from 03 October 2016)*	Chief Financial Officer
Mr Ramesh Motee *(As from 03 February 2016)*	Chief Risk Officer
Mr Mardaymootoo Pillay Chedumbrum (Nanda) *(As from 03 February 2016)*	Executive Head – Operations
Mr Yasdeo Rawoteea (Rajesh)	Executive Head – Human Resources *(As from 01 February 2017)* Executive Head – Information & Technology Services *((As from 03 February 2016 until 31 January 2017)*
Mrs Luximon-Mathur Jessma *(As from 1 November 2016)*	Head of compliance
Mr Kundan Anil Kumar *(As from 02 February 2017)*	Executive Head – SME Banking
Miss Saddul Anouchka *(As from 03 January 2017)*	Head of Corporate Affairs, Brand Management and Marketing
Mr Muhem Dharmarajan *(As from 01 February 2017)*	Acting Executive Head – Information & Technology Services
Mr Soobroyen Dheebaven *(As from 03 February 2016)*	Senior Manager Compliance & MLRO
Mr Steven Howard Parish *(As from 03 February 2016 to 31 January 2017)*	Executive Head – Human Resources *(Resigned on 28 April 2017)*
Mr Nirish Beeharry *(As from 03 February 2016 to 31 March 2017)*	Executive Head – Consumer Banking *(Resigned on 31 March 2017)*
Mrs Iqra Maudarbocus *(As from 03 February 2016 to 31 October 2016)*	Executive Head – Legal & Compliance *(Resigned on 31 October 2016)*

INTERNAL AUDIT:

Mr Hurrydutt Rambojun *(As from 03 February 2016)*	Head of Internal Audit

CORPORATE INFORMATION (Contd)

SECRETARY:

(As from 25 January 2016 to 30 March 2017)	Prime Partners Ltd 15th, Air Mauritius Centre 6, President John Kennedy Street Port Louis
(As from 27 October 2016)	Ms Ashiti Prosand MauBank Ltd 25 Bank Street Cybercity Ebene 72201 Republic of Mauritius
REGISTERED OFFICE:	MauBank Building 25 Bank Street Cybercity Ebene 72201 Republic of Mauritius
AUDITOR:	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street Cybercity Ebene 72201 Republic of Mauritius

DIRECTORS' REPORT

The Board of Directors of MauBank Ltd, the "Bank", is pleased to present its fourteenth Annual Report together with the financial statements of the Bank and its subsidiary for the financial year ended 30 June 2017. 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 Ltd "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").

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GLOBAL ECONOMIC OUTLOOK

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges.

Source: IMF World Economic Outlook

REVIEW OF THE MAURITIAN ECONOMY

The domestic economy recovered in the second half of 2016, but more strikingly, investment experienced a major turnaround as private investment grew for the first time in five years. The economic outlook is expected to brighten somewhat, supported by major infrastructural projects.

Statistics Mauritius expects real GDP to grow by 3.8 per cent in 2017, supported by a significant rebound in the construction sector. The Central Bank forecasts that the real GDP growth rate would be in the range of 3.8 to 4.0 per cent conditional on the timely implementation of major public sector infrastructural projects.
The domestic economy gathered momentum in the second half of 2016, supported by sustained final consumption expenditure and a substantial pickup in investment. After growing by 2.3 per cent in the second quarter of 2016, real GDP accelerated by 3.7 per cent in the third quarter 2016 and grew by a further 4.1 per cent in the last quarter of 2016.

Household consumption expenditure, which makes up about 75 per cent of GDP, remained resilient in the second half of 2016 and rose by 3.1 per cent in real terms, unchanged from the second half of 2015. Government consumption expenditure growth increased from 0.8 per cent in the second half of 2015 to 1.1 per cent in the second half of 2016. A revival in overall investment spending in the second half of 2016 – attributable to increased building and construction activities as well as robust capital spending on machinery and equipment, especially in the third quarter of 2016 – gave extra impetus to real GDP growth.

The drags from external demand would be expected to subside gradually in 2017, with a better growth outlook of major trading partners. The 'National Export Strategy 1' should also give a boost to domestic exports through the identification of niche markets. However, the prospects for a sustained recovery in domestic exports remain subject to uncertainty. A lingering weakness of the European economies, together with a sluggish performance of the UK due to Brexit, could pose some downside risks to the export sector.

REVIEW OF THE MAURITIAN ECONOMY (contd)

Domestically, household consumption expenditure should continue to lend support to growth in real activity, and large-scale infrastructure works and building activities are expected to hold up quite well given the substantial increase in public investment. Inbound tourism and financial services are also expected to be supportive to domestic growth momentum.

GDP by Sector

The **'Agriculture'** sector grew by 3.0 per cent in 2016, after expanding by 1.4 per cent in 2015, reflecting a higher sugar production of 386,277 tonnes in 2016 compared to 366,070 tonnes in 2015 and higher sugar prices. The **'Sugar cane'** sub-sector grew by 5.8 per cent in 2016 as against a contraction of 6.0 per cent in 2015. The share of sugar exports in total exports rose from 9.1 per cent in 2015 to 10.8 per cent in 2016.

The **'Manufacturing'** sector recovered slightly in 2016, echoing a better performance of the 'Sugar milling' sub-sector. 'Manufacturing' grew by 1.4 per cent in 2016 compared to a growth of 0.4 per cent in 2015. The 'Sugar milling' sub-sector expanded by 7.0 per cent in 2016 as against a contraction of 8.9 per cent in 2015.

However, **'Textile'** experienced again a poor performance as it contracted by 2.5 per cent after a decline of 1.1 per cent in 2015H2. For the year 2016, value added by the manufacturing sector represented nearly 14.0 per cent of total value added in the economy.

The **'Construction'** sector recorded a significant rebound in the second half of 2016. After shrinking by 2.3 per cent in 2015H2, the sector registered a commendable growth of 6.8 per cent in the second half of 2016. While the number of building permits for residential buildings fell from 3,334 in 2015 to 3,239 in 2016, those for nonresidential buildings rose from 165 to 230 over the same period, which would be expected to support the sector.

The **'Accommodation and food service activities'** sector grew by 9.7 per cent in 2016, as the sector reaped the benefit of improved air access and market diversification efforts. Tourist arrivals were higher in 2016, reaching 688,763 compared to 617,471 in 2015. Total tourist nights also went up from 6,059,625 in the second half of 2016 to 6,626,375 in same period during 2016. The upbeat performance of the tourism industry, as reflected by a higher number of tourist arrivals in the first quarter of 2017, would surely consolidate the sector's contribution to the domestic growth performance.

In the **'Information and communication'** sector, growth remained robust, supported by continued demand for data communication services. The sector grew by 5.9 per cent in 2016, up from 5.6 per cent in 2015.

Among other key services sectors, **'Financial and insurance activities'** grew by 5.6 per cent in 2016 while **'Professional, scientific and technical activities'** and **'Wholesale and retail trade'** registered growth of 5.8 per cent and 3.0 per cent, respectively.

The domestic economy is projected to grow faster at a close-to-trend rate in 2017. According to Statistics Mauritius, the **'Construction'** sector is expected to experience a strong recovery in 2017 with major projects planned for take-off.

The spillover effects in the '**Construction'** sector to other activities such as architectural services, engineering and quantity surveying would also be supportive to domestic economic activity.

The **'Manufacturing', 'Professional, scientific and technical activities', 'Administrative and support service activities' and 'Information and communication'** sectors are all anticipated to perform better in 2017 compared to 2016.

REVIEW OF THE MAURITIAN ECONOMY (contd)

The **'Accommodation and food service activities'** sector is forecast to grow at a relatively lower rate mainly due to base effects arising from a high growth rate in the previous year. Nonetheless, the sector would benefit from higher tourist arrivals of around 1,350,000 and tourism earnings of about Rs58 billion.

Overall, for 2017, Statistics Mauritius projects GDP growth to pick up to 3.8 per cent. Private sector analysts project the economy to grow by a slightly higher rate of 3.9 per cent. The IMF also sees growth strengthening to 3.9 per cent in 2017.

The Central Bank estimates domestic output growth for 2017 ranging between 3.8 per cent and 4.0 per cent. Supportive monetary conditions, improving business confidence and considerable public investment programmes are expected to back domestic output in 2017. Nonetheless, headwinds to domestic growth prospects still prevail, as the materialisation of the real GDP growth forecasts depends much on the implementation of announced public investment projects. In addition, continued uncertainties in the global environment, including political uncertainties, could impact negatively on external demand.

Source: Monetary Policy and Financial Stability Report Bank of Mauritius

BANKING SECTOR IN MAURITIUS

The banking sector remained adequately capitalised and supported by a gradual improvement of profitability ratios that was attributable mainly to the performance of domestic-owned banks. Growth in total banking assets remained moderate, with accumulation of domestic assets by local banks largely offsetting the contraction in foreign assets held by branches and subsidiaries of foreign-owned banks.

However, financial soundness indicators point to lingering weaknesses associated with high non-performing loans ratios pertaining to both domestic and cross border credit, a decline in the coverage ratios, and bank claims on the private sector being contingent to credit concentration risk. Non-bank deposit-taking institutions have also reported average rates of growth in total assets although the strengthening of the aggregate capital adequacy ratio points to increased resilience of the non-bank deposit-taking sector to withstand balance sheet shocks.

During the second half of 2016, the payment and clearing systems regulated and supervised by the Bank of Mauritius remained resilient, and payments were processed and settlement effected within the prescribed parameters and with high degree of technical reliability. The Mauritius Automated Clearing and Settlement System and the Port Louis Automated Clearing House operated smoothly without any significant downtime, confirming their robust capacity to process high volumes of transactions based on Real Time Gross Settlement principles.

Source: Monetary Policy and Financial Stability Report Bank of Mauritius

FINANCIAL RESULTS AND BUSINESS ACTIVITIES

The Bank's total assets was Rs 26.23 billion as at 30 June 2017 against Rs 28.48 billion as at 30 June 2016 whilst gross loans and advances to customers stood at Rs 18.47 billion as at 30 June 2017 compared to Rs 18.11 billion at 30 June 2016 representing an increase of 1.99%. The Bank has experienced a decrease in its deposit base from Rs 28.22 billion at 30 June 2016 to Rs 21.95 billion in line with its strategy of doing away with high cost term deposits.

The Bank ended the year ended 30 June 2017 with a profit after tax of Rs 141.37 million against a profit after tax of Rs 97.97 million for the year ended 30 June 2016. Furthermore, total interest income for the year ended 30 June 2017 was Rs 1.41 billion against Rs 1.26 billion for the comparative year 30 June 2016. Interest expense decreased to Rs 784.94 million for the year ended 30 June 2017 against Rs 805.66 million for the year ended 30 June 2016. Net interest income improved from Rs 457.81 million for the year ended 30 June 2016 to Rs 623.89 million for the financial year ended 30 June 2017.
Please refer to the Management Discussion and Analysis on page 162 for more details.

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, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank.

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

Moreover, the Bank 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). An Anti-Money Laundering Unit, forming part of the Compliance department, is specifically mandated to safeguard the reputation and integrity of the Bank by safeguarding against any money laundering offence.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2017, the major shareholding of the Bank was as follows:

MauBank Holdings Ltd	99.96 %
Other Shareholders	0.04 %

DIRECTORS' REMUNERATION

The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 15,480,074** for year ended 30 June 2017 compared to Rs 9,378,689 for the year ended 30 June 2016 and Rs 23,620,733 for the period ended 30 June 2015.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REPORT (Contd)

DIRECTORS' SHARE INTERESTS

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

AUDITOR

Deloitte acted as external auditor of the Group and the Bank for the years ended 30 June 2017 and 30 June 2016 and the remuneration for audit services is inclusive of Value Added Tax as follows:

	The Group			The Bank		
	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**3,220,000**	3,105,000	2,975,000	**3,105,000**	2,875,000	2,875,000
Other services #	**-**	2,990,000	-	**-**	2,990,000	-
TOTAL	**3,220,000**	6,095,000	2,975,000	**3,105,000**	5,865,000	2,875,000

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.

The audit for the period ended 30 June 2015 were conducted by 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 International Banking and continues 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.

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 and Executive Director
On behalf of Board of Directors

Date: 29 SEP 2017

MauBank Ltd

CORPORATE GOVERNANCE REPORT

Following the transfer of undertakings of National Commercial Bank Ltd to ex 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 (99.96%) which is a wholly owned state 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 Code of Corporate Governance and other prevailing laws such as the Banking Act 2004 and 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 Bank and overall 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.

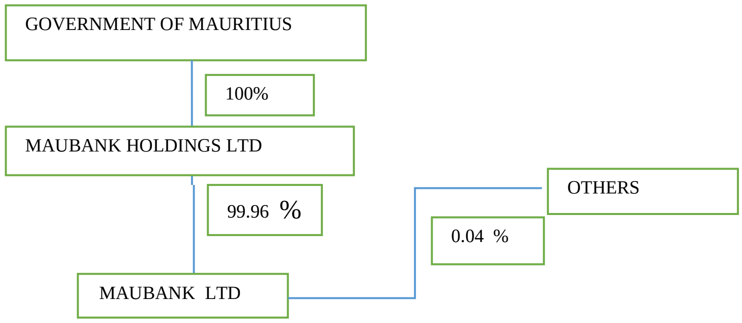
2. SHAREHOLDING

At 30 June 2017, the share capital of the Bank stood at Rs 6,670,858,232 represented by 6,801,813,502 ordinary shares. There are twelve (12) shareholders on the shares register with MauBank Holdings Ltd holding 99.96% interest in the Bank and 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.

CORPORATE GOVERNANCE REPORT (Contd)

2. SHAREHOLDING (Contd)

The holding structure of the Bank as at 30 June 2017 is shown below:



The shareholder holding more than 5% of the Bank are detailed in the Directors' Report. The last annual meeting was held on 10 March 2017.

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 (Resigned on 30 August 2017)
Mr. Radhakrishna Chellapermal

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

Details of the appointment for the Financial Year 2016 / 2017 are as follows:

	Appointment date
Mr. Codabux Muhammad Javed	10 March 2017

There was no resignation / cessation for the aforementioned period.

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 2016 - 2017	Date of Appointment
Mr. Codabux Muhammad Javed (Independent Director)	10-Mar-17

Continuing Directors	Date of Appointment
Mr. Lalloo Said (Independent Director & Chairman)	20-Jan-16
Mr. Dharamraj Paligadu (Non-Executive Director)	07-Mar-15
Mr. Nicolas Jean Marie Cyril (Independent Director)	13-Mar-15
Mr. Nagarajan Sridhar (Executive Director)	24-Sep-15
Mr. Putchay Vassoo Allymootoo (Non Executive Director)	20-Jan-16
Mr. Gokhool Ashvin Jain (Independent Director)	23 - Feb-16
Mr. Nilamber Anoop Kumar (Non Executive Director)	22-Mar-16

The Corporate Governance report will cover the governance structure and operating model of the Bank .

As at 30 June 2017, the Board was made up of seven non-executive directors, including four independent directors and one executive director. The directors' profile is described in the "Administrative Information" Section.

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;
- Ensure that there is 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**;**
- Appoint the Chief Executive Officer 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.

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, Conduct Review Committee, Nomination and Remuneration Committee, Board Credit Committee, Risk Management Committee and Corporate Governance Committee were reconstituted on 31 March 2016

The main objectives, responsibilities and the membership of the Board Committees, as at 30 June 2017, are set out below:

Audit Committee

The Audit Committee met eight times for the year ended 30 June 2017 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 2017, were as follows:

Mr. Ashvin Jain Gokhool *(Chairman)*	(As from 31 March 2016)
Mr. Javed Codabux	(As from 6 April 2017)
Mr. Jean Marie Cyril Nicolas	(As from 13 March 2015)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

4.1.3 Committees of the Board (Contd)

Audit Committee (Contd)

Mr. Said Lalloo was a member of the Bank's Audit Committee in 2016 up to April 2017.

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.

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. During the period 2016/2017, five CRC meetings were held.

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 2017 were as follows:

Mr. Javed Codabux (Chairman)	Member and Chairman as from 6 April 2017
Mr Cyril Nicolas	Member as from 23 June 2015 and Chairman as from 31 March 2016 to 6 April 2017
Dr Dharamraj Paligadu	Member as from 07 March 2015

Mr Ashvin Gokhool	Member as from 31 March 2016
Mr Sridhar Nagarajan	Member as from 31 March 2016

Mr Said Lalloo was a member of the Conduct Review Committee from 31 March 2016 up to April 2017.

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. For the period ended 30 June 2017, six Committee meetings were held. The membership of the Nomination and Remuneration Committee members, as at 30 June 2017, 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 2017, 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. Anoop Nilamber	(Replacement member since 29 November 2016)

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 2017 was as follows:

Mr Anoop Nilamber	(Member as from 31 March 2016 and Chairman as from 28 June 2016)
Mr Sridhar Nagarajan	(As from 31 March 2016)
Mr Cyril Nicolas	(As from 31 March 2016)
Mr Ashvin Jain Gokhool	(As from 6 April 2017)
Mr. Javed Codabux	(As from 6 April 2017)

Messrs Said Lalloo and Vassoo Putchay were members of the Risk Management Committee from 31 March 2016 up to April 2017. During the period 2016/2017, six Risk Management Committee meetings were held.

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 one meeting was held by 30 June 2017.

CORPORATE GOVERNANCE REPORT (Contd)

4. BOARD OF DIRECTORS AND MANAGEMENT (Contd)

4.1 BOARD OF DIRECTORS (Contd)

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 2017.

	Board	Audit Committee	Conduct Review Committee	Risk Management Committee	Board Credit Committee	Nomination and Remuneration Committee	Corporate Governance Committee
Number of meetings held during FY 2016/2017	15	8	5	6	25	6	1
Meetings Attended by:							
Mr Said Lalloo	12	6	3	3		4	
Mr. Ashvin Jain Gokhool	15	8	5	3			
Mr. Cyril Nicolas	12	8	5	6			1
Mr Sridhar Nagarajan	13		4	5	24	6	
Mr Anoop Kumar Nilamber	11			6	5		1
Dr. Dharamraj Paligadu	14		4		24	5	
Mr Vassoo Allymootoo Putchay	9			3	23	6	
Mr. Javed Codabux	4	2	2	3			

Membership status of directors (Independent, Non Executive or Executive) has been provided in "Administrative Information" Section where their profiles have also been provided.

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 15,480,074** for year ended 30 June 2017 compared to Rs 9,378,689 for the period ended 30 June 2016 and Rs 23,620,733 for the period ended 30 June 2015.

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	10 March 2017
Board approval for dividend payment	Not applicable for the financial year ended 30 June 2017
Dividend payment date	Not applicable for the financial year ended 30 June 2017

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.

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, Conduct Review, Risk Management and Corporate Governance Committees.

Exposure of the Bank's top six related parties as at 30 June 2017 were Rs 240.15 Mn, Rs 42.35 Mn, Rs 32.96 Mn, Rs 22.54 Mn, Rs 12.43 Mn and Rs 6.13 Mn. These balances represented 11.14%, 1.96%, 1.53%, 1.05%, 0.58% and 0.28% respectively of the Bank's Tier 1 capital. The total top six related parties represented Rs 356.56 Mn or 16.54 % of Tier 1 capital.

5. RELATED PARTY TRANSACTIONS AND PRACTICES (Contd)

CREDIT EXPOSURES TO RELATED PARTIES	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs'000	Rs'000	Rs'000
Total Related Party Exposures	**381,352**	778,312	453,593
Total Exposures	**18,466,634**	18,106,231	12,757,565
Percentage to total exposures	**2.07%**	4.30%	3.56%

Refer to Note 40 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.

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 2016/2017, 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' for the public.

Furthermore, MauBank extended its financial support to some other local NGOs which are implementing projects for the welfare of children, the elderly and even animal such as Association of Disability of Service Providers, Association Oeuvre Hospitaliere Saint Jean de Dieu and Paws Mauritius. Since June 2016, MauBank has opened its first branch in Port Mathurin. Since then, it has extended its CSR support to the Trevor Huddleston Association for the disabled.

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 seven 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.

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 with a time frame for execution 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 2016/2017.

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 seven 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 years ended 30 June 2017 and 30 June 2016. The remuneration for audit services, inclusive of Value Added Tax, is as follows:

	The Group			The Bank		
	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs
Audit fees	**3,220,000**	3,105,000	2,975,000	**3,105,000**	2,875,000	2,875,000
Other services #	**-**	2,990,000	-	**-**	2,990,000	-
TOTAL	**3,220,000**	6,095,000	2,975,000	**3,105,000**	5,865,000	2,875,000

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. .

The audit for the period ended 30 June 2015 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.

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 5,181,778** (Year ended 30 June 2016: Rs 8,184,069; Period ended 30 June 2015: Rs 5,481,759).

15 POLITICAL DONATIONS

No political donation was made by the Bank during the year under review (Year ended 30 June 2016: Rs Nil; Period ended 30 June 2015: 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.

Ms. Ashiti Prosand
LLB (Hons), LLM in International Business Law, ACIS
Secretary

Date: 29 SEP 2017

Ebene, Republic of Mauritius

(Section 75 (3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ('PIE'): MauBank Ltd
Reporting Period: Year ended 30 June 2017

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 26.

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** **On behalf of Board of Directors**

Date: 29 SEP 2017

Ebene 72201, Republic of Mauritius

Appendix I to the statement of compliance

Non-compliance with the code of corporate governance

1. Board composition

Section 2.2.3

All Boards should have a strong executive management presence with at least two executives as members. The Board currently comprises of one executive director who is the CEO. The need to appoint a second executive is currently being reviewed.

2. 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.

3. Composition of the Audit Committee

Section 3.9.1 (b)

The Bank had only three independent directors including the Chairman of the Board, until the appointment of Mr. Codabux on 10 March 2017 on the Board of Directors. Mr. Codabux was appointed as member of the Audit Committee on 6 April 2017. The Bank became compliant with the section 3.9.1(b) of the Code as from the aforementioned date.

MauBank Ltd

Statement of management's responsibility for financial reporting

For the year ended 30 June 2017

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 Auditor, Deloitte, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as its observations on the fairness of financial reporting and the adequacy of internal controls.

Ms. Ashiti Prosand
LLB (Hons), LLM in International Business Law, ACIS
Secretary

Date: 29 SEP 2017

Ebene, Republic of Mauritius

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 2017.

Ms. Ashiti Prosand
LLB (Hons), LLM in International Business Law, ACIS
Secretary

Date: 29 SEP 2017

Ebene, Republic of Mauritius

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of MauBank Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **MauBank Ltd** (the "Bank") and its subsidiary (collectively referred to as the "Group") set out on pages 31 to 161, which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 30 June 2017, and of their consolidated and separate financial performance and consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements of the IESBA Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

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 capacity as auditor 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, 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.

Other information

The directors are responsible for the other information. The other information comprises of the Corporate information, Directors' report, Statement of management's responsibility for financial reporting, Report from the Secretary and the management discussion and analysis but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of MauBank Ltd (cont'd)

Responsibilities of directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or its subsidiary or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte

Deloitte

Chartered Accountants

29 September 2017

R. Srinivasa

R. Srinivasa Sankar, FCA

Licensed by FRC

Statements of financial position as at

	Notes	The Group 30 June 2017 Rs	The Group 30 June 2016 Rs	The Group 30 June 2015 (Restated) Rs	The Bank 30 June 2017 Rs	The Bank 30 June 2016 Rs	The Bank 30 June 2015 (Restated) Rs
ASSETS							
Cash and cash equivalents	8	**1,010,739,364**	1,698,430,216	1,348,161,042	**1,010,739,364**	1,698,430,216	1,348,161,042
Loans to and placements with banks	9	**31,882,936**	51,854,597	4,231,833	**31,882,936**	51,854,597	4,231,833
Trading assets	10	**2,104,995,098**	3,586,299,612	537,967,166	**2,104,995,098**	3,586,299,612	537,967,166
Investment securities	11	**2,451,527,737**	2,289,211,089	1,493,479,619	**2,451,527,737**	2,289,211,089	1,493,479,619
Loans and advances to customers	12	**16,356,199,941**	15,878,082,285	10,382,723,969	**16,596,257,505**	16,132,282,752	10,650,020,246
Property, plant and equipment	13(a)	**1,870,866,045**	1,440,113,315	485,272,862	**1,610,833,207**	1,164,688,637	218,305,911
Intangible assets	13(b)	**197,966,229**	191,319,095	125,832,589	**197,966,229**	191,319,095	125,832,589
Investment properties	14	**66,460,000**	69,350,000	-	**66,460,000**	69,350,000	-
Investment in subsidiary	15	-	-	-	**100,000**	100,000	100,000
Deferred tax assets	37 (d)	**389,291,055**	486,291,220	-	**388,733,705**	486,291,220	-
Tax receivable	37(c)	**17,544,346**	24,546,102	-	**15,834,563**	23,152,238	-
Other assets	16	**1,718,707,837**	2,765,791,542	1,449,257,294	**1,754,586,898**	2,791,054,015	1,449,715,749
Total assets		**26,216,180,588**	28,481,289,073	15,826,926,374	**26,229,917,242**	28,484,033,471	15,827,814,155
LIABILITIES							
Deposits from customers	17	**21,942,251,035**	28,213,435,943	15,329,542,015	**21,949,484,950**	28,217,283,658	15,331,098,698
Other borrowed funds	18	**330,578,652**	420,260,638	15,458,383	**330,578,652**	420,260,638	15,458,383
Subordinated liabilities	19	**162,622,782**	162,657,647	162,636,986	**162,622,782**	162,657,647	162,636,986
Current tax liabilities	37(c)	-	-	38,716,444	-	-	38,716,444
Deferred tax liabilities	37	-	-	18,622,010	-	-	18,622,010
Other liabilities	20	**420,637,292**	454,307,869	100,085,234	**420,170,792**	454,023,868	99,736,292
Retirement benefits obligations	21	**98,413,385**	63,516,816	-	**98,413,385**	63,516,816	-
Total liabilities		**22,954,503,146**	29,314,178,913	15,665,061,072	**22,961,270,561**	29,317,742,627	15,666,268,813
SHAREHOLDERS' EQUITY							
Stated capital	22	**6,670,858,232**	3,270,858,232	1,136,962,400	**6,670,858,232**	3,270,858,232	1,136,962,400
Statutory reserve	23	-	-	-	-	-	-
Accumulated losses	24	**(4,071,936,443)**	(4,204,437,276)	(1,075,884,712)	**(4,073,999,197)**	(4,205,256,592)	(1,076,204,672)
Net owned funds		**2,598,921,789**	(933,579,044)	61,077,688	**2,596,859,035**	(934,398,360)	60,757,728
General banking reserve	25	**90,709,840**	90,709,840	90,709,840	**90,709,840**	90,709,840	90,709,840
Fair value reserve	11(c)	**145,675,619**	-	98,410	**145,675,619**	-	98,410
Revaluation reserve	26	**426,370,194**	9,979,364	9,979,364	**435,402,187**	9,979,364	9,979,364
Total equity attributable to equity holders of the parent		**3,261,677,442**	(832,889,840)	161,865,302	**3,268,646,681**	(833,709,156)	161,545,342
Total liabilities and equity		**26,216,180,588**	28,481,289,073	15,826,926,374	**26,229,917,242**	28,484,033,471	15,827,814,155

The notes on pages 42 to 161 form an integral part of these financial statements.

Statements of financial position as at (Contd)

MauBank Ltd

Statements of financial position as at (Contd)

		The Group			The Bank		
	Notes	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015 (Restated)
			Rs	Rs	Rs	Rs	Rs
CONTINGENT LIABILITIES AND COMMITMENTS							
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	27	**1,533,123,885**	1,663,288,741	1,365,736,760	**1,533,123,885**	1,663,288,741	1,365,736,760
Credit commitments	29	**1,080,617,499**	317,098,551	314,320,920	**1,080,617,499**	317,098,551	314,320,920

Approved by the Board of Directors and authorised for issue on 29 SEP 2017 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
On behalf of Board of Directors

The notes on pages 42 to 161 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 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)
		Rs	Rs	Rs	Rs	Rs	Rs
Interest income		**1,392,054,011**	1,245,262,981	1,788,318,120	**1,408,830,982**	1,263,476,995	1,805,926,217
Interest expense		**(784,940,189)**	(805,662,891)	(1,082,567,202)	**(784,940,189)**	(805,662,891)	(1,082,567,202)
Net interest income	30	**607,113,822**	439,600,090	705,750,918	**623,890,793**	457,814,104	723,359,015
Fee and commission income		**121,792,549**	94,994,204	144,911,918	**121,792,549**	94,994,204	144,911,918
Fee and commission expense		**(3,293,164)**	(3,645,556)	-	**(3,293,164)**	(3,645,556)	-
Net Fee and commission income	31	**118,499,385**	91,348,648	144,911,918	**118,499,385**	91,348,648	144,911,918
Net trading income	32	**82,260,153**	53,333,933	66,321,004	**82,260,153**	53,333,933	66,321,004
Other income	33	**170,609,980**	21,532,306	7,442,620	**170,609,980**	21,532,306	7,442,620
		252,870,133	74,866,239	73,763,624	**252,870,133**	74,866,239	73,763,624
Operating income		**978,483,340**	605,814,977	924,426,460	**995,260,311**	624,028,991	942,034,557
Net impairment reversal/(loss) on financial assets	34	**139,275,093**	(174,516,063)	(1,859,523,212)	**139,275,093**	(174,516,063)	(1,859,523,212)
Personnel expenses	35	**(404,538,388)**	(299,026,137)	(300,183,188)	**(404,538,388)**	(299,026,137)	(300,183,188)
Operating lease expenses	43	**(66,671,969)**	(51,123,261)	(60,253,456)	**(97,619,888)**	(82,071,180)	(83,404,717)
Depreciation and amortisation	13	**(135,018,690)**	(154,851,484)	(96,844,962)	**(125,090,455)**	(143,715,757)	(92,586,146)
Other expenses	36	**(330,815,579)**	(251,747,694)	(254,173,296)	**(330,486,692)**	(250,820,225)	(253,208,908)
Profit/(loss) before income tax		**180,713,807**	(325,449,662)	(1,646,551,654)	**176,799,981**	(326,120,371)	(1,646,871,614)
Income tax (expense)/credit	37(b)	**(38,105,190)**	423,919,736	(99,298,708)	**(35,434,802)**	424,091,089	(99,298,708)
Profit/(loss) for the year/period attributable to equity holders of the parent	38	**142,608,617**	98,470,074	(1,745,850,362)	**141,365,179**	97,970,718	(1,746,170,322)
Earnings/(loss) per share	39	**0.03**	0.05	(304.52)	**0.03**	0.05	(304.58)

The notes on pages 42 to 161 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)

	Notes	The Group			The Bank		
		Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)
		Rs	Rs	Rs	Rs	Rs	Rs
Profit/(loss) for the year/period		**142,608,617**	98,470,074	(1,745,850,362)	**141,365,179**	97,970,718	(1,746,170,322)
Other comprehensive (loss)/income:							
Items that will not be reclassified subsequently to profit or loss							
Gain on revaluation of property, plant and equipment		**478,733,886**	-	-	**489,615,805**	-	-
Deferred tax on revaluation of property, plant and equipment		**(62,343,056)**	-	-	**(64,192,982)**	-	-
Items that may be classified subsequently to profit or loss:							
Gain / (reversal of gain) on fair value of available-for-sale financial assets	11	**145,675,619**	(98,410)	98,410	**145,675,619**	(98,410)	98,410
Actuarial loss for the year	21(iii)	**(12,178,053)**	(13,066,137)	-	**(12,178,053)**	(13,066,137)	-
Deferred tax on actuarial loss	37	**2,070,269**	2,221,243	-	**2,070,269**	2,221,243	-
Other comprehensive income for the year /period, net of tax		**551,958,665**	(10,943,304)	98,410	**560,990,658**	(10,943,304)	98,410
Total comprehensive income/(loss) for the year / period attributable to equity holders of the parent		**694,567,282**	87,526,770	(1,745,751,952)	**702,355,837**	87,027,414	(1,746,071,912)
Transfer to Statutory Reserve	23	-	-	-	-	-	-
Transfer to General Banking Reserve	25	-	-	-	-	-	-
Total Statutory and General Banking Reserves transferred during the year / period		-	-	-	-	-	-

Approved by the Board of Directors and authorised for issue on ....29 SEP 2017.....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 On behalf of Board of Directors

The notes on pages 42 to 161 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	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 2016	3,270,858,232	-	(4,204,437,276)	90,709,840	-	9,979,364	(832,889,840)
Issue of ordinary shares (Note 22)	3,400,000,000	-	-	-	-	-	3,400,000,000
Profit for the year	-	-	142,608,617	-	-	-	142,608,617
Gain on revaluation of property, plant and equipment	-	-	-	-	-	478,733,886	478,733,886
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	(62,343,056)	(62,343,056)
Gain on fair value of available-for-sale financial assets	-	-	-	-	145,675,619	-	145,675,619
Actuarial loss for the year	-	-	(12,178,053)	-	-	-	(12,178,053)
Deferred tax on actuarial loss	-	-	2,070,269	-	-	-	2,070,269
At 30 June 2017	6,670,858,232	-	(4,071,936,443)	90,709,840	145,675,619	426,370,194	3,261,677,442

The notes on pages 42 to 161 form an integral part of these financial statements.

Statements of changes in equity for the year/period ended

The Group	Stated capital	Statutory Reserve	Accumulated losses	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
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	-	(4,204,437,276)	90,709,840	-	9,979,364	832,889,840

The notes on pages 42 to 161 form an integral part of these financial statements

MauBank Ltd

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

The Group	Stated capital	Statutory Reserve	Retained earnings /(Accumulated losses)	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 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 42 to 161 form an integral part of these financial statements

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

The Bank	Stated Capital	Statutory Reserve	Accumulated losses	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 2016	**3,270,858,232**	-	**(4,205,256,592)**	**90,709,840**	-	**9,979,364**	**(833,709,156)**
Issue of ordinary shares (Note 22)	3,400,000,000	-	-	-	-	-	3,400,000,000
Profit for the year	-	-	141,365,179	-	-	-	141,365,179
Gain on revaluation of property, plant and equipment	-	-	-	-	-	489,615,805	489,615,805
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	-	(64,192,982)	(64,192,982)
Gain on fair value of available-for-sale financial assets	-	-	-	-	145,675,619	-	145,675,619
Actuarial loss for the year	-	-	(12,178,053)	-	-	-	(12,178,053)
Deferred tax on actuarial loss	-	-	2,070,269	-	-	-	2,070,269
At 30 June 2017	**6,670,858,232**	-	**(4,073,999,197)**	**90,709,840**	**145,675,619**	**435,402,187**	**3,268,646,681**

The notes on pages 42 to 161 form an integral part of these financial statements.

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

The Bank	Stated capital Rs	Statutory Reserve Rs	Accumulated losses 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**
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**	**-**	**(4,205,256,592)**	**90,709,840**	**-**	**9,979,364**	**(833,709,156)**

The notes on pages 42 to 161 form an integral part of these financial statements.

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

The Bank	Stated capital	Statutory Reserve	Retained earnings/ (Accumulated losses)	General Banking Reserve	Fair value reserve	Revaluation Reserve	Total
	Rs	Rs	Rs	Rs	Rs	Rs	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 42 to 161 form an integral part of these financial statements.

MauBank Ltd

Statements of cash flows for the year/period ended

	Notes	The Group			The Bank		
		Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)
		Rs	Rs	Rs	Rs	Rs	Rs
Cash from operating activities							
Profit/(loss) before income tax		**180,713,807**	(325,449,662)	(1,646,551,654)	**176,799,981**	(326,120,371)	(1,646,871,614)
Adjustments for:							
Impairment losses on loans and advances	34	**(102,911,900)**	174,516,063	1,859,523,212	**(102,911,900)**	174,516,063	1,859,523,212
Depreciation	13a	**100,795,450**	118,004,905	59,471,218	**90,867,215**	106,869,178	55,212,402
Amortisation	13b	**34,223,240**	36,846,579	37,373,744	**34,223,240**	36,846,579	37,373,744
(Profit)/loss on disposal of property, plant and equipment	33/36	**(1,160,284)**	(553,314)	129,864	**(1,160,284)**	(553,314)	129,864
Loss/(profit) on revaluation of trading assets	33	**3,231,340**	(4,329,624)	(26,620)	**3,231,340**	(4,329,624)	(26,620)
Revaluation of investment properties	14	**2,890,000**	-	-	**2,890,000**	-	-
Retirement benefit obligations		**22,718,516**	4,447,231	-	**22,718,516**	4,447,231	-
		240,500,169	3,482,178	309,919,764	**226,658,108**	(8,324,258)	305,340,988
Changes in operating assets and liabilities							
Decrease/(increase) in trading assets		**1,478,073,174**	(2,754,285,276)	307,629,343	**1,478,073,174**	(2,754,285,276)	307,629,343
(Increase)/decrease in loans and advances to customers		**(375,205,756)**	1,424,044,584	790,764,093	**(361,062,853)**	1,437,140,395	523,467,816
(Decrease)/increase in deposits from customers		**(6,271,184,908)**	(1,361,218,160)	(170,793,628)	**(6,267,798,708)**	(1,358,927,128)	(169,236,945)
Decrease/ (increase) in other assets		**1,047,083,705**	29,851,114	(48,322,528)	**1,036,467,117**	5,047,097	(48,780,982)
(Decrease)/increase in other liabilities		**(33,670,577)**	(195,576,149)	12,983,295	**(33,853,076)**	(195,511,210)	12,634,352
Cash (used in)/generated from operations		**(3,914,404,193)**	(2,853,701,709)	1,202,180,339	**(3,921,516,238)**	(2,874,860,380)	931,054,572
Tax paid	37c	**(2,528,294)**	(56,817,878)	(96,081,002)	**(834,563)**	(55,252,661)	(96,081,002)
Tax refund received	37c	**8,152,238**	-	-	**8,152,238**	-	-
Contribution to CSR activities	37c	-	(6,616,021)	(6,280,653)	-	(6,616,021)	(6,280,653)
Net cash (used in) / from operating activities		**(3,908,780,249)**	(2,917,135,608)	1,099,818,684	**(3,914,198,563)**	(2,936,729,062)	828,692,917
Cash from investing activities							
(Increase)/decrease in securities		**(16,641,029)**	129,025,899	128,169,996	**(16,641,029)**	129,025,899	128,169,996
Placements with correspondent banks		**19,971,661**	(47,622,764)	(3,313,529)	**19,971,661**	(47,622,764)	(3,313,529)
Acquisition of investment in subsidiary		-	-	-	-	-	(100,000)
Acquisition of property, plant and equipment	13a	**(54,219,052)**	(75,440,254)	(291,131,494)	**(48,800,738)**	(55,846,800)	(19,905,727)
Acquisition of intangibles	13b	**(40,870,374)**	(60,202,570)	(84,142,701)	**(40,870,374)**	(60,202,570)	(84,142,701)
Proceeds from disposal of property, plant and equipment		**2,565,042**	2,821,739	865,761	**2,565,042**	2,821,739	865,761
Net cash (used in)/from investing activities		**(89,193,752)**	(51,417,950)	(249,551,967)	**(83,775,438)**	(31,824,496)	21,573,800
Cash from financing activities							
Decrease in other borrowed funds		**(89,681,986)**	(92,180,210)	(417,625,540)	**(89,681,986)**	(92,180,210)	(417,625,540)
Proceeds from issue of shares		**3,400,000,000**	1,600,000,000	500,000,000	**3,400,000,000**	1,600,000,000	500,000,000
(Decrease)/increase in subordinated liabilities		**(34,865)**	20,661	(8,947,445)	**(34,865)**	20,661	(8,947,445)
Net cash from/(used in) financing activities		**3,310,283,149**	1,507,840,451	73,427,015	**3,310,283,149**	1,507,840,451	73,427,015
Net (decrease)/increase in cash and cash equivalents		**(687,690,852)**	(1,460,713,107)	923,693,732	**(687,690,852)**	(1,460,713,107)	923,693,732
Cash and cash equivalents, at start of the year/period		**1,698,430,216**	1,348,161,042	424,467,310	**1,698,430,216**	1,348,161,042	424,467,310
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	**1,010,739,364**	1,698,430,216	1,348,161,042	**1,010,739,364**	1,698,430,216	1,348,161,042

The notes on pages 42 to 161 form an integral part of these financial statements.

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")

Amendments to published Standards and Interpretations effective in the reporting period

In the current year, the Group and the Bank have applied all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2016.

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

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

2.1 New and revised IFRSs applied with no material effect on the financial statements (Contd)

IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IAS 16	Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortization
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

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 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 (effective 1 January 2018)
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 - Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
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 15	Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 1 January 2018)
IFRS 16	Leases - Original issue (effective 1 January 2019)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
IFRIC 23	Uncertainty over Income Tax Treatments (effective 1 January 2019)

The directors anticipate that these amendments will be applied in the Group's and the Bank's financial statements at the above effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

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.

3. Summary of significant accounting policies (Contd)

3.2 Basis of consolidation (Contd)

When the Bank 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

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.

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.

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'.

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.

Other securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

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".

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Classification and subsequent measurement of financial liabilities

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

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. Summary of significant accounting policies (Contd)

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.

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	14%
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".

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. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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.

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.

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.

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.

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. For the period from 01 January 2014 to 30 June 2015, year ended 30 June 2016 and year ended 30 June 2017, 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.

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 Hedging

The Group designates certain hedging instruments, which include derivatives in respect of interest rate risk, as cash flow hedge. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item , along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (loans and deposits) and for portfolios of financial instruments (in particular deposits and fixed rate loans)

Changes in the fair value of hedging instruments that are designated and qualify as fair value hedges are recognised in the statement of profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If a hedging relationship no longer meets the criteria for fair value hedge, the cumulative adjustment to the carrying amount of the hedged item is amortised to the statement of profit or loss over the residual period to maturity based on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is released to the statement of profit or loss immediately.

3. Summary of significant accounting policies (Contd)

3.24 Hedging (Contd)

Derivative financial instruments

Derivative financial instruments are initially recorded at fair value and are remeasured at fair value at subsequent reporting dates. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timimg of the recognition in profit or loss depends on the nature of the hedge relationship.

3.25 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.

3.26 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.

3.27 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.

3. Summary of significant accounting policies (Contd)

3.28 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 2016 to 30 June 2017. The comparative figures are for the period of twelve months from 01 July 2015 to 30 June 2016 and for the 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 and the Bank 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 Group and the Bank and believe that they are still a going concern.

Also refer to note 41.

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) 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).

(v) 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.

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 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Financial assets						
Financial assets at fair value through profit or loss:						
Trading assets	**2,104,995,098**	3,586,299,612	537,967,166	**2,104,995,098**	3,586,299,612	537,967,166
Held-to-maturity investments:						
Government securities	**-**	2,286,868,865	389,246,711	**-**	2,286,868,865	389,246,711
Available-for-sale financial assets						
Government securities	**2,426,640,674**	-	1,104,232,908	**2,426,640,674**	-	1,104,232,908
Other securities	**24,887,063**	2,342,224	-	**24,887,063**	2,342,224	-
	2,451,527,737	2,342,224	1,104,232,908	**2,451,527,737**	2,342,224	1,104,232,908
Loans and receivables:						
Cash and cash equivalents	**1,010,739,364**	1,698,430,216	1,348,161,042	**1,010,739,364**	1,698,430,216	1,348,161,042
Loans to and placements with banks	**31,882,936**	51,854,597	4,231,833	**31,882,936**	51,854,597	4,231,833
Loans and advances to customers	**16,356,199,941**	15,878,082,285	10,382,723,969	**16,596,257,505**	16,132,282,752	10,650,020,246
Other assets	**121,631,142**	340,286,543	129,765,008	**158,951,845**	370,873,563	137,311,391
	17,520,453,383	17,968,653,641	11,864,881,852	**17,797,831,650**	18,253,441,128	12,139,724,512
Total financial assets	**22,076,976,218**	23,844,164,342	13,896,328,637	**22,354,354,485**	24,128,951,829	14,171,171,297
Financial liabilities						
Financial liabilities measured at amortised cost:						
Deposits from customers	**21,942,251,035**	28,213,435,943	15,329,542,015	**21,949,484,950**	28,217,283,658	15,331,098,698
Other borrowed funds	**330,578,652**	420,260,638	15,458,383	**330,578,652**	420,260,638	15,458,383
Subordinated liabilities	**162,622,782**	162,657,647	162,636,986	**162,622,782**	162,657,647	162,636,986
Other liabilities	**420,307,081**	453,248,198	99,745,893	**419,840,581**	452,964,198	99,396,950
Total financial liabilities	**22,855,759,550**	29,249,602,426	15,607,383,277	**22,862,526,965**	29,253,166,141	15,608,591,017

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.

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

The Group and the Bank'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 and the Bank regularly review 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 and the Bank'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 and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group and the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Group and the Bank'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 and the Bank's revised credit policy deals with credit concentration limits, exposure limits, diversification strategy, and the Group and the Bank's risk based pricing of loans and advances based on its credit risk appetite and the size of its capital.

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 and the Bank have 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 and the Bank manage, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

The Group and the Bank structure 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 and the Bank employ 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 and the Bank 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 and the Bank on behalf of a customer authorising a third party to draw drafts on the Group and the Bank 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 and the Bank are 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 and the Bank monitor 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 and the Bank have its Credit Impairment and Income Recognition Policy, where the impairment and provisioning policies are defined. The Group and the Bank assess at each reporting date whether there is objective evidence that loans and advances are impaired. The criteria that the Group and the Bank use 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.

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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 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Cash and cash equivalents	**759,505,060**	1,346,593,629	1,116,968,420	**759,505,060**	1,346,593,629	1,116,968,420
Trading assets	**2,104,995,098**	3,586,299,612	537,967,166	**2,104,995,098**	3,586,299,612	537,967,166
Investment securities	**2,451,527,737**	2,289,211,089	1,493,479,619	**2,451,527,737**	2,289,211,089	1,493,479,619
Loans to and placements with banks	**31,882,936**	51,854,597	4,231,833	**31,882,936**	51,854,597	4,231,833
Loans and advances to customers	**16,356,199,941**	15,878,082,285	10,382,723,969	**16,596,257,505**	16,132,282,752	10,650,020,246
Other assets*	**121,631,142**	340,286,543	39,607,383	**158,951,845**	370,873,563	47,153,765
	21,825,741,914	23,492,327,755	13,574,978,390	**22,103,120,181**	23,777,115,242	13,849,821,049

**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 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	**1,533,123,885**	1,663,288,741	1,365,736,760	**1,533,123,885**	1,663,288,741	1,365,736,760
Credit commitments	**1,080,617,499**	317,098,551	314,320,920	**1,080,617,499**	317,098,551	314,320,920

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2017, 30 June 2016 and 30 June 2015, 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:

- **89.09%** (2016:93.30%; 2015: 90.26%) of the loans and advances portfolio is backed by collaterals;
- **50.07%** (2016:57.91%; 2015: 65.77%) of the loans and advances portfolio is considered to be neither past due nor impaired; and
- of the **Rs 9,221Mn** (2016: Rs 7,621Mn; 2015: Rs 4,367Mn) loans and advances assessed on an individual basis, **Rs 5,963Mn** (2016:Rs 4,668Mn; 2015: Rs 3,559Mn) is considered impaired.

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 2017	30 June 2016	30 June 2015 (Restated)	30 June 2017	30 June 2016	30 June 2015 (Restated)
		Rs	Rs	Rs	Rs	Rs
Neither past due nor impaired	**9,005,334,289**	10,230,990,229	8,122,957,312	**9,245,391,853**	10,485,190,696	8,390,253,589
Past due but not impaired	**3,257,900,324**	2,953,056,511	808,316,587	**3,257,900,324**	2,953,056,511	808,316,587
Individually impaired	**5,963,341,700**	4,667,983,922	3,558,994,581	**5,963,341,700**	4,667,983,922	3,558,994,581
Gross amount	**18,226,576,313**	17,852,030,662	12,490,268,480	**18,466,633,877**	18,106,231,129	12,757,564,757
Less allowance for credit impairment	**(1,870,376,372)**	(1,973,948,377)	(2,107,544,511)	**(1,870,376,372)**	(1,973,948,377)	(2,107,544,511)
Net amount	**16,356,199,941**	15,878,082,285	10,382,723,969	**16,596,257,505**	16,132,282,752	10,650,020,246

At 30 June 2017, the total impairment provision for loans and advances was **Rs 1,870,376,3**72 (2016: Rs 1,973,948,377 and 2015: Rs 2,107,544,511) of which **Rs 1,669,610,494** (2016: Rs 1,773,577,417 and 2015: Rs 1,992,892,791) represented the specific provision on impaired loans and the remaining amount of **Rs 200,765,878** (2016: Rs 200,370,960 and 2015: Rs 114,651,720) represented the portfolio provision and restructuring allowance. 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 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Past due up to 90 days	**3,110,707,453**	2,724,346,990	759,226,564
Past due 91-180 days	**147,112,740**	119,413,826	49,090,023
Past due more than 180 days	**80,131**	109,295,695	-
	3,257,900,324	2,953,056,511	808,316,587

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 2017 Rs**	**30 June 2016 Rs**	**30 June 2015 Rs**
Individually impaired loans	**5,963,341,700**	4,667,983,922	3,688,274,418
Fair value of collaterals	**9,788,195,977**	6,350,226,702	4,054,921,084

(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 Rs480,455,097 (30 June 2016: Rs 363,807,269 and 30 June 2015: Rs 261,759,595) 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 2017 Rs**	**30 June 2016 Rs**	**30 June 2015 Rs**
Land	**1,920,000**	11,225,000	1,350,000
	1,920,000	11,225,000	1,350,000

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 2017

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 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
			(Restated)			(Restated)
	Rs	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	**726,991,832**	456,010,032	263,340,652	**726,991,832**	456,010,032	263,340,652
Manufacturing	**1,379,539,441**	1,285,326,979	903,874,460	**1,379,539,441**	1,285,326,979	903,874,460
Tourism	**2,189,304,920**	1,849,655,427	777,117,109	**2,189,304,920**	1,849,655,427	777,117,109
Transport	**409,138,052**	538,795,960	388,153,069	**409,138,052**	538,795,960	388,153,069
Construction	**7,088,001,098**	7,356,009,669	5,419,447,387	**7,328,058,662**	7,610,210,136	5,686,743,664
Financial and Business Services	**950,357,151**	189,282,765	144,785,069	**950,357,151**	189,282,765	144,785,069
Traders	**2,492,488,024**	2,564,335,752	2,337,449,300	**2,492,488,024**	2,564,335,752	2,337,449,300
New Economy	**56,868,921**	64,231,830	10,704,447	**56,868,921**	64,231,830	10,704,447
Personal	**1,349,356,505**	1,588,033,084	785,460,896	**1,349,356,505**	1,588,033,084	785,460,896
Education	**259,719,055**	276,964,063	280,592,370	**259,719,055**	276,964,063	280,592,370
Professional	**134,665,382**	163,430,666	97,512,728	**134,665,382**	163,430,666	97,512,728
Others	**1,190,145,932**	1,519,954,435	1,081,830,993	**1,190,145,932**	1,519,954,435	1,081,830,993
	18,226,576,313	17,852,030,662	12,490,268,480	**18,466,633,877**	18,106,231,129	12,757,564,757

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 2017, 37.47% of the risk weighted exposures were in AA+ countries, 23.96% were in AAA countries, 31.54% were in BBB- countries and the remaining 7.03% spread between AA- to A+. The highest exposures were in North America represented by 38.23%, 31.52% in Africa, 27.08% in Europe and the remaining were spread among East Asia (2.94%), India (0.03%) and Middle East (0.20%).

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1.8 Country risk management (Contd)

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.

At 30 June 2015, 67.47% of the risk weighted exposures were in AA+ countries, 28.72% were in AA countries and the remaining 3.81% spread between AA- to BBB-. The highest exposures were in North America represented by 68.84%, 29.85% were found in Europe and the remaining were spread between East Asia and Middle East/Africa, 0.89% and 0.42% respectively.

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 2017.

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 2017, 30 June 2016 and 31 December 2015.

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 2017 (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	418,456	42,957	375,505	141,618	32,203	1,010,739
Loans to and placements with banks	21,551	-	-	-	10,332	31,883
Trading assets	2,104,995	-	-	-	-	2,104,995
Investment securities	2,450,808	-	720	-	-	2,451,528
Loan and advance to customers	16,428,374	1,090,162	584,438	123,539	63	18,226,576
Other assets	95,701	-	25,930	-	-	121,631
Total assets	21,519,885	1,133,119	986,593	265,157	42,598	23,947,352
Less allowance for credit impairment	(1,870,376)	-	-	-	-	(1,870,376)
	19,649,509	1,133,119	986,593	265,157	42,598	22,076,976
Liabilities						
Deposits from customers	19,970,947	672,508	1,002,384	263,301	33,111	21,942,251
Other borrowed funds	2,238	299,340	2,155	26,846	-	330,579
Other liabilities	371,231	5,349	4,579	39,068	80	420,307
Subordinated liabilities	162,623	-	-	-	-	162,623
Total liabilities	20,507,039	977,197	1,009,118	329,215	33,191	22,855,760
Net on-balance sheet position	(857,530)	155,922	(22,525)	(64,058)	9,407	(778,784)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,533,124
Credit commitments						1,080,617
Total off-balance sheet amount						2,613,741

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For the year ended 30 June 2017

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						1,663,289
Credit commitments						317,098
Total off-balance sheet amount						1,980,387

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						1,365,737
Credit commitments						314,321
Total off-balance sheet amount						1,680,058

Notes to the financial statements

For the year ended 30 June 2017

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 2017 (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	418,456	42,957	375,505	141,618	32,203	1,010,739
Loans to and placements with banks	21,551	-	-	-	10,332	31,883
Trading assets	2,104,995	-	-	-	-	2,104,995
Investment securities	2,450,808	-	720	-	-	2,451,528
Loan and advance to customers	16,668,433	1,090,161	584,438	123,539	63	18,466,634
Other assets	133,021	-	25,931	-	-	158,952
Total assets	21,797,264	1,133,118	986,594	265,157	42,598	24,224,731
Less allowance for credit impairment	(1,870,376)	-	-	-	-	(1,870,376)
	19,926,888	1,133,118	986,594	265,157	42,598	22,354,355
Liabilities						
Deposits from customers	19,978,182	672,508	1,002,384	263,300	33,111	21,949,485
Other borrowed funds	2,238	299,340	2,155	26,846	-	330,579
Other liabilities	370,764	5,349	4,579	39,069	80	419,841
Subordinated liabilities	162,623	-	-	-	-	162,623
Total liabilities	20,513,807	977,197	1,009,118	329,215	33,191	22,862,528
Net on-balance sheet position	(586,919)	155,921	(22,524)	(64,058)	9,407	(508,173)
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers						1,533,124
Credit commitments						1,080,617
Total off-balance sheet amount						2,613,741

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For the year ended 30 June 2017

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						1,663,289
Credit commitments						317,098
Total off-balance sheet amount						1,980,387

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						1,365,737
Credit commitments						314,321
Total off-balance sheet amount						1,680,058

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 financial 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 2017:

The Group and the Bank	30 June 2017 % change	30 June 2016 % change	30 June 2015 % change
United States Dollar	**4.00%**	2.00%	14.00%
EURO	**1.00%**	1.00%	5.00%
Great Britain Pound	**7.00%**	13.00%	10.00%
Australian Dollar	**1.00%**	1.00%	0.00%
Canadian Dollar	**4.00%**	1.00%	0.00%
Danish Krone	**3.00%**	2.00%	5.00%
Hong Kong Dollar	**5.00%**	2.00%	14.00%
Indian Rupee	**1.00%**	3.00%	12.00%
Japanese Yen	**12.00%**	22.00%	1.00%
New Zealand Dollar	**1.00%**	7.00%	4.00%
Norwegian Krone	**4.00%**	4.00%	10.00%
Singapore Dollar	**6.00%**	2.00%	9.00%
South African Rand	**8.00%**	17.00%	1.00%
Swedish Krona	**5.00%**	0.00%	8.00%
Swiss Franc	**2.00%**	2.00%	11.00%
Saudi Arabian Riyal	**5.00%**	2.00%	14.00%
United Arab Emirates Dirham	**4.00%**	2.00%	14.00%
Chinese Yuan	**6.00%**	4.00%	12.00%

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 profit and equity for the year ended 30 June 2017.

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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)

The Group and the Bank	30 June 2017 Impact on profit for the year and on equity		30 June 2016 Impact on loss for the period and on equity		30 June 2015 Impact on profit for the year and on equity	
	Strenghtened	Weakened	Strenghtene d	Weakened	Strenghthend	Weakened
	Rs	Rs	Rs	Rs	Rs	Rs
United States Dollar	**2,021,868**	**(2,021,868)**	554,962	(554,962)	1,640,044	(1,640,044)
EURO	**3,653**	**(3,653)**	8,593	(8,593)	109,691	(109,691)
Great Britain Pound	**2,916**	**(2,916)**	25,034	(25,034)	74,381	(74,381)
Australian Dollar	**153**	**(153)**	124	(124)	-	-
Canadian Dollar	**585**	**(585)**	658	(658)	-	-
Danish Krone	**-**	**-**	-	-	-	-
Hong Kong Dollar	**6,529**	**(6,529)**	6,668	(6,668)	12,133	(12,133)
Indian Rupee	**1,630**	**(1,630)**	6,334	(6,334)	33,389	(33,389)
Japanese Yen	**1,242**	**(1,242)**	800,797	(800,797)	719,094	(719,094)
New Zealand Dollar	**109**	**(109)**	20,268	(20,268)	3,226	(3,226)
Singapore Dollar	**28,514**	**(28,514)**	20,686	(20,686)	14,956	(14,956)
South African Rand	**461**	**(461)**	400	400	538	(538)
Swiss Franc	**606**	**(606)**	10,619	(10,619)	39,227	(39,227)
Saudi Arabian Riyal	**632**	**(632)**	1,578	(1,578)	186	(186)
United Arab Emirates Dirham	**9**	**(9)**	2,966	(2,966)	1,278	(1,278)
Chinese Yuan	**6,754**	**(6,754)**	8,011	(8,011)	6,244	(6,244)
Total	**2,075,661**	**(2,075,661)**	1,467,698	(1,467,698)	2,654,387	(2,654,387)

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

For the year ended 30 June 2017

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 2017:

At 30 June 2017 (The Group)	Floating Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1– 3 years Rs'000	Over 3 years Rs'000	Non–interest sensitive Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	-	172,405	-	-	-	-	-	838,334	1,010,739
Loans to and placements with bank	-	-	13,169	8,023	10,691	-	-	-	31,883
Trading assets	-	541,724	1,019,631	543,640	-	-	-	-	2,104,995
Investment securities	-	-	406,242	-	439,025	1,055,615	548,304	2,342	2,451,528
Loan and advances to customers	17,016,235	153,744	320,511	14,964	64,057	348,737	308,328	-	18,226,576
Other assets	-	-	-	-	-	-	-	121,631	121,631
Total Assets	17,016,235	867,873	1,759,553	566,627	513,773	1,404,352	856,632	962,307	23,947,352
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(1,870,376)
Total assets	**17,016,235**	**867,873**	**1,759,553**	**566,627**	**513,773**	**1,404,352**	**856,632**	**962,307**	**22,076,976**

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 2017	Floating	Up to 1 month	1 – 3 months	3 – 6 months	6 – 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	17,760,675	324,746	578,118	494,065	716,956	1,236,836	830,855	-	21,942,251
Other borrowed funds	-	36,864	155,322	25,170	25,958	85,627	1,638	-	330,579
Subordinated liabilities	-	82,244	-	80,379	-	-	-	-	162,623
Other liabilities	-	-	-	-	-	-	-	420,307	420,307
Total liabilities	17,760,675	443,854	733,440	599,614	742,914	1,322,463	832,493	420,307	22,855,760
	-	-	-	-	-	-	-	-	-
Net on-balance sheet interest sensitivity gap	(744,440)	424,019	1,026,113	(32,987)	(229,141)	81,889	24,139	542,000	(778,784)

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)
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	23,844,165

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)	1,587,811	(5,405,438)

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 2015:

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)
Total assets	10,982,778	1,347,385	504,014	533,732	444,729	77,109	595,651	1,518,477	13,896,330

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 Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1– 3 years Rs'000	Over 3 years Rs'000	Non–interest sensitive Rs'000	Total 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	832,623	(1,711,053)

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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 Bank's exposure to interest rate risk as at 30 June 2017.

At 30 June 2017 (The Bank)	Floating	Up to 1 month	1 – 3 months	3 – 6 months	6 – 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	-	172,405	-	-	-	-	-	838,334	1,010,739
Loans to and placements with bank	-	-	13,169	8,023	10,691	-	-	-	31,883
Trading assets	-	541,724	1,019,632	543,639	-	-	-	-	2,104,995
Investment securities	-	-	406,242	-	439,025	1,055,615	548,304	2,342	2,451,528
Loan and advances to customers	17,016,235	153,744	320,510	14,965	64,057	348,737	548,386	-	18,466,634
Other assets	-	-	-	-	-	-	-	158,952	158,952
Total Assets	17,016,235	867,873	1,759,553	566,627	513,773	1,404,352	1,096,690	999,628	24,224,731
Less allowance for credit impairment	-	-	-	-	-	-	-	-	(1,870,376)
Total assets	17,016,235	867,873	1,759,553	566,627	513,773	1,404,352	1,096,690	999,628	22,354,355

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 2017	Floating Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1– 3 years Rs'000	Over 3 years Rs'000	Non–interest sensitive Rs'000	Total Rs'000
Liabilities									
Deposits from customers	17,760,675	327,639	578,841	495,873	718,764	1,236,836	830,856	-	21,949,484
Other borrowed funds	-	36,864	155,322	25,170	25,958	85,627	1,638	-	330,579
Subordinated liabilities	-	82,244	-	80,379	-	-	-	-	162,623
Other liabilities	-	-	-	-	-	-	-	419,841	419,841
Total liabilities	17,760,675	446,747	734,163	601,422	744,722	1,322,463	832,494	419,841	22,862,527
Net on-balance sheet interest sensitivity gap	(744,440)	421,126	1,025,390	(34,795)	(230,949)	81,889	264,196	579,787	(508,172)

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)
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	24,128,952

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)	1,618,681	(5,124,215)

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)
Total assets	11,249,965	1,347,385	504,014	533,732	444,729	77,109	595,651	1,526,131	14,171,171

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	839,069	(1,437,420)

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For the year ended 30 June 2017

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 2017 given an increase or a decrease of 2% in interest rates.

	Profit and equity					
	The Group			The Bank		
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	Period ended 30 June 2015 Rs'000	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	Period ended 30 June 2015 Rs'000
Increase	**91,537**	104,755	30,581	**91,537**	104,755	35,925

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 2017				
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**	**4.13**
- Available for Sale	**N/A**	**N/A**	**N/A**	**3.24**
- Held for trading	**N/A**	**N/A**	**N/A**	**1.94**
Loans and advances to customers	**3.24**	**4.86**	**4.07**	**6.53**
Other investments	**N/A**	**N/A**	**N/A**	**N/A**
Liabilities				
Deposits	**1.23**	**1.91**	**1.28**	**3.31**
Balances with banks in Mauritius and other financial institutions	**N/A**	**N/A**	**N/A**	**N/A**
Subordinated debt	**N/A**	**N/A**	**N/A**	**10.00**
Borrowings from Central Bank	**0.70**	**2.45**	**N/A**	**N/A**

Notes to the financial statements

For the year ended 30 June 2017

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 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
- Available for sale	N/A	N/A	N/A	N/A
- 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

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

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.

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group and the Company, slotted as per the rules defined by the Bank of Mauritius.

Notes to the financial statements

For the year ended 30 June 2017

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2017 (The Group)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	1,010,739	-	-	-	-	-	-	-	1,010,739
Loans to and placements with banks	-	2,309	10,861	8,022	10,691	-	-	-	31,883
Trading assets	-	-	1,561,355	543,640	-	-	-	-	2,104,995
Investment securities	-	-	406,241	-	439,026	1,055,615	548,304	2,342	2,451,528
Loans and advances to customers	363,077	4,623,720	1,894,221	703,437	514,870	1,373,908	8,753,343	-	18,226,576
Other assets	-	-	-	-	-	-	-	121,631	121,631
	1,373,816	4,626,029	3,872,678	1,255,099	964,587	2,429,523	9,301,647	123,973	23,947,352
Less allowance for credit losses	-	-	-	-	-	-	-	-	(1,870,376)
Total assets	1,373,816	4,626,029	3,872,678	1,255,099	964,587	2,429,523	9,301,647	123,973	22,076,976
Liabilities									
Deposits from customers	592,041	814,425	1,504,719	1,951,211	3,246,051	5,166,577	8,667,227	-	21,942,251
Other borrowed funds	34,709	2,156	155,322	25,170	25,957	85,627	1,638	-	330,579
Other liabilities	-	-	-	-	-	-	-	420,307	420,307
Subordinated liabilities	-	82,244	-	80,379	-	-	-	-	162,623
Total liabilities	626,750	898,825	1,660,041	2,056,760	3,272,008	5,252,204	8,668,865	420,307	22,855,760
	-								
Net on-balance sheet liquidity gap	747,066	3,727,204	2,212,637	(801,661)	(2,307,421)	(2,822,681)	632,782	(296,334)	(778,784)

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)
Total assets	1,844,798	5,305,893	2,812,752	796,331	1,460,635	2,860,845	10,394,230	342,629	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	(110,619)	(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)
Total assets	1,612,307	2,526,318	797,712	811,269	745,184	2,053,552	3,906,788	3,550,745	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)	3,450,999	(1,711,053)

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For the year ended 30 June 2017

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2017 (The Bank)	Sight Rs'000	Up to 1 month Rs'000	2 – 3 months Rs'000	4 – 6 months Rs'000	7 – 12 months Rs'000	1 – 3 years Rs'000	Over 3 years Rs'000	Non-maturity items Rs'000	Total Rs'000
Assets									
Cash and cash equivalents	1,010,739	-	-	-	-	-	-	-	1,010,739
Loans to and placements with banks	-	2,309	10,861	8,022	10,691	-	-	-	31,883
Trading assets	-	-	1,561,355	543,640	-	-	-	-	2,104,995
Investment securities	-	-	406,241	-	439,026	1,055,615	548,304	2,342	2,451,528
Loans and advances to customers	363,077	4,623,720	1,894,221	703,437	514,870	1,373,908	8,993,401	-	18,466,634
Other assets	-	-	-	-	-	-	-	158,952	158,952
	1,373,816	4,626,029	3,872,678	1,255,099	964,587	2,429,523	9,541,705	161,294	24,224,731
Less allowance for credit losses	-	-	-	-	-	-	-	-	(1,870,376)
Total assets	1,373,816	4,626,029	3,872,678	1,255,099	964,587	2,429,523	9,541,705	161,294	22,354,355
Liabilities									
Deposits from customers	592,764	816,596	1,505,443	1,953,019	3,247,859	5,166,577	8,667,227	-	21,949,485
Other borrowed funds	34,709	2,156	155,322	25,170	25,957	85,627	1,638	-	330,579
Other liabilities	-	-	-	-	-	-	-	419,841	419,841
Subordinated liabilities	-	82,244	-	80,379	-	-	-	-	162,623
Total liabilities	627,473	900,996	1,660,765	2,058,568	3,273,816	5,252,204	8,668,865	419,841	22,862,528
Net on-balance sheet liquidity gap	746,343	3,725,033	2,211,913	(803,469)	(2,309,229)	(2,822,681)	872,840	(258,547)	(508,173)

MauBank Ltd

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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)
Total assets	1,844,799	5,305,893	2,812,752	796,331	1,460,635	2,860,845	10,648,430	373,215	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	(79,749)	(5,124,215)

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)
Total assets	1,612,307	2,526,318	797,712	811,269	745,184	2,053,552	3,906,788	3,825,586	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)	3,726,189	(1,437,420)

Notes to the financial statements

For the year ended 30 June 2017

5. Financial instrument risk (Contd)
Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

(ii) The table below shows the remaining contractual maturities of financial liabilities.

	On Demand	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
The Group									
Financial liabilities									
Deposits from customers	**12,343,663**	**419,454**	**1,016,895**	**1,049,754**	**1,761,406**	**3,576,066**	**1,775,013**	-	**21,942,251**
Other borrowed funds	-	**36,865**	**155,322**	**25,170**	**25,957**	**85,627**	**1,638**	-	**330,579**
Other liabilities	-	-	-	-	-	-	-	**420,307**	**420,307**
Subordinated liabilities	-	**82,244**	-	**80,379**	-	-	-	-	**162,623**
30 June 2017	**12,343,663**	**538,563**	**1,172,217**	**1,155,303**	**1,787,363**	**3,661,693**	**1,776,651**	**420,307**	**22,855,760**
30 June 2016	12,451,953	916,222	2,145,605	2,796,666	3,943,804	4,061,213	2,480,892	453,248	29,249,603
30 June 2015	5,629,709	318,080	884,476	1,601,349	1,968,179	3,084,773	2,021,071	99,746	15,607,383

	Demand	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
The Bank									
Financial liabilities									
Deposits from customers	**12,350,897**	**419,454**	**1,016,895**	**1,049,754**	**1,761,406**	**3,576,066**	**1,775,013**	-	**21,949,485**
Other borrowed funds	-	**36,865**	**155,322**	**25,170**	**25,957**	**85,627**	**1,638**	-	**330,579**
Other liabilities	-	-	-	-	-	-	-	**419,841**	**419,841**
Subordinated liabilities	-	**82,244**	-	**80,379**	-	-	-	-	**162,623**
30 June 2017	**12,350,897**	**538,563**	**1,172,217**	**1,155,303**	**1,787,363**	**3,661,693**	**1,776,651**	**419,841**	**22,862,528**
30 June 2016	12,455,801	916,222	2,145,605	2,796,666	3,943,804	4,061,213	2,480,892	452,964	29,253,167
30 June 2015	5,631,266	318,080	884,476	1,601,349	1,968,179	3,084,773	2,021,071	99,397	15,608,591

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Liquidity risk analysis (Contd)

At 30 June 2017, 30 June 2016 and 30 June 2015, 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 2017	Note	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Assets					
Trading assets	(ii)	-	**2,104,995,098**	-	**2,104,995,098**
Available-for-sale financial assets	(ii) and 11(b)	-	**2,449,185,513**	-	**2,449,185,513**
Fair value		-	**4,554,180,611**	-	**4,554,180,611**

30 June 2016	Note	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total 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 Rs	Level 2 Rs	Level 3 Rs	Total 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

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.

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 2017			
	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	-	-	-	-
Loans and receivables:				
Cash and cash equivalents	1,010,739,364	1,010,739,364	1,010,739,364	1,010,739,364
Loans to and placement with banks	31,882,936	31,882,936	31,882,936	31,882,936
Loans and advances to customers	16,356,199,941	16,345,543,840	16,596,257,505	16,585,601,404
Other assets	121,631,142	121,631,142	158,951,846	158,951,846
	17,520,453,383	17,509,797,282	17,797,831,651	17,787,175,550
Total financial assets	17,520,453,383	17,509,797,282	17,797,831,651	17,787,175,550
Financial liabilities				
Financial liabilities measured at amortised				
Deposits from customers	21,942,251,035	22,057,891,041	21,949,484,950	22,064,644,714
Other borrowed funds	330,578,652	330,578,652	330,578,652	330,578,652
Subordinated liabilities	162,622,782	162,622,782	162,622,782	162,622,782
Other liabilities	420,307,081	420,307,081	419,840,581	419,840,581
Total liabilities	22,855,759,550	22,971,399,556	22,862,526,965	22,977,686,729

6. Fair value measurement (Contd)

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

	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	340,286,543	370,873,563	370,873,563
	17,968,653,641	18,095,897,340	18,253,441,128	18,340,684,827
Total financial assets	20,255,522,506	20,382,766,205	20,540,309,993	20,667,553,692
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

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

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 2017:

30 June 2017 The Group	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment and investment properties:				
Land and buildings	-	-	**1,619,500,819**	**1,619,500,819**
Investment properties	-	-	**66,460,000**	**66,460,000**

6. Fair value measurement (Contd)

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

30 June 2017 **The Bank**	**Level 1** **Rs**	**Level 2** **Rs**	**Level 3** **Rs**	**Total** **Rs**
Property, plant and equipment and investment properties:				
Land and buildings	**-**	**-**	**1,368,439,633**	**1,368,439,633**
Investment properties	**-**	**-**	**66,460,000**	**66,460,000**

30 June 2016 **The Group**	**Level 1** **Rs**	**Level 2** **Rs**	**Level 3** **Rs**	**Total** **Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	1,143,073,005	1,143,073,005
Investment properties	-	-	69,350,000	69,350,000

30 June 2016 **The Bank**	**Level 1** **Rs**	**Level 2** **Rs**	**Level 3** **Rs**	**Total** **Rs**
Property, plant and equipment and investment properties:				
Land and buildings	-	-	892,115,772	892,115,772
Investment properties	-	-	69,350,0000	69,350,000

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

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.

6. Fair value measurement (Contd)

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

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.

6.4 Fair value measurement of financial assets and liabilities

30 June 2017 The Group and the Bank	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Trading assets	**-**	**2,104,995,098**	**-**	**2,104,995,098**
Investment securities	**-**	**2,449,185,513**	**-**	**2,449,185,513**
Other assets				
- Derivatives	**-**	**4,713,177**	**-**	**4,713,177**
Other liabilities				
- Derivatives	**-**	**3,688,085**	**-**	**3,688,085**

30 June 2016 The Group and the Bank	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Trading assets	-	3,586,299,612	-	3,586,299,612
Investment securities	-	2,286,868,865	-	2,286,868,865
Other assets				
- Derivatives	-	-	-	-
Other liabilities				
- Derivatives	-	-	-	-

30 June 2015 The Group and the Bank	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Trading assets	-	537,967,166	-	537,967,166
Investment securities	-	1,493,479,619	-	1,493,479,619
Other assets				
- Derivatives	-	-	-	-
Other liabilities				
- Derivatives	-	-	-	-

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 minimum total CAR plus capital conservation buffer of 10.625%. , a Common Equity Tier 1 (CET1) CAR of at least 6.5% and a Tier 1 CAR of at least 8%.

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 2017.

- 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.

7. Capital management policies and procedures (Contd)

The following table summarises the composition of regulatory capital and the ratios of the Bank as at 30 June 2017, 30 June 2016 and 30 June 2015 respectively. During the year ended 30 June 2017, the Bank complied with all of the externally imposed capital requirements to which it is subject. The Bank had a Capital Adequacy Ratio of less than 10% as at 30 June 2016 and 30 June 2015. During the year ended 30 June 2017, the Bank issued additional capital of Rs 3.4 Billion which was fully subscribed and paid by Maubank Holdings Ltd. At 30 June 2017, capital adequacy ratio was 13.29%.

	The Bank 30 June 2017 Rs'000	**The Bank 30 June 2016 Rs'000**
Tier 1 Capital		
Common Equity Tier 1 Capital: instruments and reserves		
Paid up share capital	**6,670,858**	3,270,858
Accumulated losses	**(4,063,891)**	(4,205,256)
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets)	**135,568**	-
Common equity Tier 1 Capital before regulatory adjustments	**2,742,535**	(934,398)
Common equity Tier 1 Capital: regulatory adjustments	**(587,371)**	(678,281)
Total regulatory adjustments to Common equity Tier 1 Capital	**2,155,164**	(1,612,679)
Additional Tier 1 Capital: instrument	-	-
Additional Tier 1 Capital: regulatory adjustments	-	-
Additional Tier 1 capital:	-	-
Tier 1 Capital	**2,155,164**	(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	**225,921**	209,713
Surplus arising from revaluation of land and buildings owned by the Bank	**195,931**	4,491
Tier 2 Capital before regulatory adjustments	**421,852**	244,204
Tier 2 Capital: regulatory adjustments	**(671)**	(671)
Tier 2 Capital	**421,181**	243,533
Total Regulatory Capital (Rs)	**2,576,345**	(1,369,146)
Risk Weighted Assets (Rs)	**19,384,800**	17,900,631
Common Equity Tier 1 Capital Adequacy Ratio (%)	**11.12**	(9.01)
Tier 1 Capital Adequacy Ratio (%)	**11.12**	(9.01)
Capital Adequacy Ratio (%)	**13.29**	(7.65)

7. Capital management policies and procedures (Contd)

	The Bank 30 June 2015 (Restated) Rs'000
Tier 1 Capital	
Paid up capital	1,136,962
Statutory Reserve	-
Other disclosed free reserves	(1,076,106)
Total qualifying Tier 1 Capital	60,856
Tier 2 Capital	
Revaluation Reserve	4,491
Provision and loan loss reserves	128,179
Subordinated liabilities	60,000
Total qualifying Tier 2 Capital	192,670
Total regulatory capital (Rs)	253,526
Risk Weighted Assets (Rs)	11,589,814
Capital Adequacy Ratio (%)	2.19

8. Cash and cash equivalents

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Cash in hand	**237,029,017**	331,682,032	202,463,052
Foreign currency notes and coins	**14,205,287**	20,154,555	28,729,570
Balances with banks in Mauritius and abroad	**587,099,788**	366,713,329	470,679,188
Unrestricted balances with the Central Bank (Note (a))	**-**	679,866,259	646,289,232
Loans to and placements with banks (Note (b))	**172,405,272**	300,014,041	-
	1,010,739,364	1,698,430,216	1,348,161,042

(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.

9. Loans to and placements with banks

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Placements with overseas banks	**31,882,936**	51,854,597	4,231,833
Remaining term to maturity			
- Within 3 months	**13,169,362**	1,999,705	-
- Over 3 and up to 6 months	**8,022,743**	7,502,475	4,231,833
- Over 6 months	**10,690,831**	42,352,417	-
	31,882,936	51,854,597	4,231,833

10. Trading assets

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Held-for-trading securities:			
Treasury bills	**2,104,995,098**	3,586,299,612	537,967,166
Remaining terms to maturity			
- Within 3 months	**1,561,355,307**	2,257,208,539	293,817,697
- Over 3 and up to 6 months	**543,639,791**	328,959,579	-
- Over 6 and up to 12 months	**-**	1,000,131,494	244,149,469
- Over 1 and up to 3 years	**-**	-	-
- Over 3 and up to 5 years	**-**	-	-
- Over 5 years	**-**	-	-
	2,104,995,098	3,586,299,612	537,967,166

11. Investments securities

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Held-to-maturity investments (Note (a) below)	**-**	2,286,868,865	389,246,711
Available-for-sale financial assets (Note (b) below)	**2,451,527,737**	2,342,224	1,104,232,908
	2,451,527,737	2,289,211,089	1,493,479,619
Remaining terms to maturity			
- Within 3 months	**406,241,284**	14,827,301	599,413,180
- Over 3 and up to 6 months	**-**	101,166,417	504,819,728
- Over 6 and up to 12 months	**439,024,771**	-	-
- Over 1 and up to 3 years	**1,080,502,336**	1,304,372,224	192,893,873
- Over 3 and up to 5 years	**-**	358,376,216	-
- Over 5 years	**525,759,346**	510,468,931	196,352,838
	2,451,527,737	2,289,211,089	1,493,479,619

11. Investments securities (Contd)

		30 June 2017 The Group and the Bank	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank
		Rs	Rs	Rs
(a)	**Held-to-maturity investments**			
	Government stocks	**-**	731,184,320	196,352,838
	Treasury Notes	**-**	1,555,684,545	192,893,873
		-	2,286,868,865	389,246,711

During the year, part of the held to maturity securities was disposed before its maturity date and the remaining portfolio were therefore considered as tainted and reclassified to available for sale.

		30 June 2017 The Group and the Bank	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank
		Rs	Rs	Rs
(b)	**Available-for-sale financial assets**			
	Treasury bills	**-**	-	1,104,232,908
	Government Stocks	**525,759,346**	-	-
	Treasury Notes	**1,900,881,328**	-	-
	Corporate Bonds	**22,544,839**	-	-
	Other securities	**2,342,224**	2,342,224	-
		2,451,527,737	2,342,224	1,104,232,908

		30 June 2017 The Group and the Bank	30 June 2016 The Group and the Bank	30 June 2015 The Group and 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	**145,675,619**	-	98,410
	Reversal of gain on fair value of available-for-sale financial assets	**-**	(98,410)	-
	Balance at year/period end	**145,675,619**	-	98,410

12. Loans and advances to customers

	The Group			The Bank		
	30 June 2017	30 June 2016	30 June 2015 (Restated)	30 June 2017	30 June 2016	30 June 2015 (Restated)
	Rs	Rs	Rs	Rs	Rs	Rs
Retail customers						
Credit cards	**118,110,880**	111,530,239	65,685,961	**118,110,880**	111,530,239	65,685,961
Mortgages	**3,547,739,259**	3,741,725,604	2,444,767,936	**3,547,739,259**	3,741,725,604	2,444,767,936
Other retail loans	**1,339,325,441**	1,625,258,630	795,058,877	**1,339,325,441**	1,625,258,630	795,058,877
Corporate customers	**12,192,507,229**	11,241,928,526	8,602,046,321	**12,432,564,793**	11,496,128,993	8,869,342,598
Entities outside Mauritius	**216,606,981**	224,451,744	48,693,518	**216,606,981**	224,451,744	48,693,518
Other	**812,286,523**	907,135,919	534,015,867	**812,286,523**	907,135,919	534,015,867
	18,226,576,313	17,852,030,662	12,490,268,480	**18,466,633,877**	18,106,231,129	12,757,564,757
Less allowance for credit impairment	**(1,870,376,372)**	(1,973,948,377)	(2,107,544,511)	**(1,870,376,372)**	(1,973,948,377)	(2,107,544,511)
Net	**16,356,199,941**	15,878,082,285	10,382,723,969	**16,596,257,505**	16,132,282,752	10,650,020,246

(a) Remaining term to maturity

	The Group			The Bank		
	30 June 2017	30 June 2016	30 June 2015 Restated	30 June 2017	30 June 2016	30 June 2015 Restated
	Rs	Rs	Rs	Rs	Rs	Rs
- Within 3 months	**6,881,018,344**	5,200,313,257	3,442,355,265	**6,881,018,344**	5,200,313,257	3,442,355,265
- Over 3 and up to 6 months	**703,437,135**	459,868,612	438,209,635	**703,437,135**	459,868,612	438,209,635
- Over 6 and up to 12 months	**514,869,613**	418,150,760	513,653,640	**514,869,613**	418,150,760	513,653,640
- Over 1 and up to 3 years	**1,373,907,515**	1,558,798,928	672,375,255	**1,373,907,515**	1,558,798,928	672,375,255
- Over 3 and up to 5 years	**1,825,916,097**	2,138,792,888	1,619,991,834	**1,825,916,097**	2,138,792,888	1,619,991,834
- Over 5 years	**6,927,427,609**	8,076,106,217	5,803,682,851	**7,167,485,173**	8,330,306,684	6,070,979,128
	18,226,576,313	17,852,030,662	12,490,268,480	**18,466,633,877**	18,106,231,129	12,757,564,757

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For the year ended 30 June 2017

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
2017				
Gross investment in finance leases	**497,116,074**	**513,866,083**	**27,014,981**	**1,037,997,138**
Less unearned finance income	**(56,244,596)**	**(52,829,619)**	**(2,175,455)**	**(111,249,670)**
Net investment in finance leases	**440,871,478**	**461,036,464**	**24,839,526**	**926,747,468**
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

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 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Name of sector						
Agriculture and Fishing	**325,137**	558,243	404,593	**325,137**	558,243	404,593
Manufacturing	**351,755**	508,626	663,066	**351,755**	508,626	663,066
Of which EPZ	**-**	*184,463*	*92,003*	**-**	*184,463*	*92,003*
Tourism	**1,046,577**	768,136	651,964	**1,046,577**	768,136	651,964
Construction	**897,857**	1,217,484	3,291,659	**1,138,004**	1,471,784	3,558,847
Financial and Business Services	**-**	125,000	112,459	**-**	125,000	112,459
Traders	**100,476**	197,289	1,855,815	**100,476**	197,289	1,855,815
Professional	**-**	81,073	32,475	**-**	81,073	32,475
Education	**-**	-	16,489	**-**	-	16,489
Others (Infrastructure, public non-financial, Personal, transport & Other Customers)	**163,318**	525,552	1,249,538	**163,317**	525,552	1,249,538
	2,885,120	3,981,403	8,278,058	**3,125,266**	4,235,703	8,545,246

12. Loans and advances to customers (Contd)

(d) Allowance for credit impairment

	Specific allowances for impairment	Portfolio allowance and general provision for impairment	Rescheduled advances allowance	Total
	Rs	Rs	Rs	Rs
The Group and the Bank				
Balance at 01 January 2014 (Restated)	143,752,472	123,273,244	-	267,025,716
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**
(Reversal of)/Provision for credit impairment for the year (Note (d) (i) and (ii) below)	**(103,966,923)**	**(889,364)**	**1,284,282**	**(103,572,005)**
Balance at 30 June 2017	**1,669,610,494**	**199,481,596**	**1,284,282**	**1,870,376,372**

(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 2017	30 June 2016	30 June 2015
	%	%	%
Construction Housing	**1.505**	1.505	1.505
Commercial, Residential & Land parcelling	**2.005**	2.005	1.505
Tourism	**2.005**	2.005	1.505
Personal	**2.005**	2.005	1.505
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.

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	Rescheduled advances allowances	Total allowances for credit impairment 30 June 2017	Total allowances for credit impairment 30 June 2016	Total allowances for credit impairment 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	726,991,831	175,395,853	65,390,915	5,490,055	-	70,880,970	78,409,041	76,139,105
Manufacturing	1,379,539,441	883,233,229	83,282,479	4,758,518	-	88,040,997	32,480,193	126,451,184
Tourism	2,189,304,920	403,443,927	42,802,520	39,885,253	-	82,687,773	71,549,402	22,078,382
Transport	409,138,052	117,379,862	22,676,733	2,749,954	13,148	25,439,835	14,326,083	12,439,778
Construction	7,088,001,097	2,085,514,245	603,296,771	94,149,487	1,094,954	698,541,212	880,574,926	551,965,993
Financial and Business Services	950,357,151	86,553,474	30,367,709	8,679,596	-	39,047,305	39,968,274	31,285,834
Traders	2,492,488,024	1,303,345,849	629,682,586	11,306,730	-	640,989,316	701,289,358	1,006,972,776
Information Technology	56,868,921	24,723,849	2,307,136	161,099	-	2,468,235	2,807,745	25,860
Personal	1,349,356,505	329,298,079	160,590,540	19,707,748	85,779	180,384,067	121,593,430	48,554,681
Education	259,719,055	28,343,946	7,701,650	2,301,421	-	10,003,071	5,087,705	4,875,377
Professional	134,665,382	37,125,726	6,206,389	923,471	26,492	7,156,352	5,223,436	2,871,783
Others	1,190,145,933	488,983,660	15,305,066	9,368,264	63,909	24,737,239	20,638,784	223,883,758
	18,226,576,313	5,963,341,700	1,669,610,494	199,481,596	1,284,282	1,870,376,372	1,973,948,377	2,107,544,511

12. Loans and advances to customers (Contd)

(d) Allowance for credit impairment (Contd)

(iii) Allowance for credit impairment by industry sectors (Contd)

The Bank	Gross amount of loans	Non-Performing loans	Specific allowances for credit impairment	Portfolio allowances for credit impairment	Rescheduled advances allowances	Total allowances for credit impairment 30 June 2017	Total allowances for credit impairment 30 June 2016	Total allowances for credit impairment 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Agriculture and Fishing	**726,991,831**	**175,395,853**	**65,390,915**	**5,490,055**	-	**70,880,970**	78,409,041	76,139,105
Manufacturing	**1,379,539,441**	**883,233,229**	**83,282,479**	**4,758,518**	-	**88,040,997**	32,480,193	126,451,184
Tourism	**2,189,304,920**	**403,443,927**	**42,802,520**	**39,885,253**	-	**82,687,773**	71,549,402	22,078,382
Transport	**409,138,052**	**117,379,862**	**22,676,733**	**2,749,954**	**13,148**	**25,439,835**	14,326,083	12,439,778
Construction	**7,328,058,662**	**2,085,514,245**	**603,296,771**	**94,149,487**	**1,094,954**	**698,541,212**	880,574,926	551,965,993
Financial and Business Services	**950,357,151**	**86,553,474**	**30,367,709**	**8,679,596**	-	**39,047,305**	39,968,274	31,285,834
Traders	**2,492,488,024**	**1,303,345,849**	**629,682,586**	**11,306,730**	-	**640,989,316**	701,289,358	1,006,972,776
Information Technology	**56,868,921**	**24,723,849**	**2,307,136**	**161,099**	-	**2,468,235**	2,807,745	25,860
Personal	**1,349,356,505**	**329,298,079**	**160,590,540**	**19,707,748**	**85,779**	**180,384,067**	121,593,430	48,554,681
Education	**259,719,055**	**28,343,946**	**7,701,650**	**2,301,421**	-	**10,003,071**	5,087,705	4,875,377
Professional	**134,665,382**	**37,125,726**	**6,206,389**	**923,471**	**26,492**	**7,156,352**	5,223,436	2,871,783
Others	**1,190,145,932**	**488,983,660**	**15,305,066**	**9,368,264**	**63,909**	**24,737,239**	20,638,784	223,883,758
	18,466,633,877	**5,963,341,700**	**1,669,610,494**	**199,481,596**	**1,284,282**	**1,870,376,372**	1,973,948,377	2,107,544,511

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For the year ended 30 June 2017

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 2016	**1,194,266,018**	**500,346,282**	**466,248,429**	**19,152,822**	**2,180,013,551**
Additions during the year	**5,354,466**	**42,869,661**	**5,244,925**	**750,000**	**54,219,052**
Revaluation	**408,998,416**	**-**	**-**	**-**	**408,998,416**
Disposal	**-**	**-**	**-**	**(4,261,531)**	**(4,261,531)**
At 30 June 2017	**1,608,618,900**	**543,215,943**	**471,493,354**	**15,641,291**	**2,638,969,488**
Depreciation					
At 01 July 2016	**51,193,013**	**391,031,158**	**288,877,790**	**8,798,275**	**739,900,236**
Charge for the year	**18,542,457**	**37,138,631**	**42,730,558**	**2,383,804**	**100,795,450**
Disposal	**-**	**-**	**-**	**(2,856,773)**	**(2,856,773)**
Revaluation	**(69,735,470)**	**-**	**-**	**-**	**(69,735,470)**
At 30 June 2017	**-**	**428,169,789**	**331,608,348**	**8,325,306**	**768,103,443**
Carrying amount					
At 30 June 2017	**1,608,618,900**	**115,046,154**	**139,885,006**	**7,315,985**	**1,870,866,045**

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

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

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 2016	935,738,564	482,260,999	454,399,904	16,794,863	1,889,194,330
Additions during the year	-	42,805,813	5,244,925	750,000	48,800,738
Revaluation	432,701,069	-	-	-	432,701,069
Disposal	-	-	-	(4,261,531)	(4,261,531)
At 30 June 2017	**1,368,439,633**	**525,066,812**	**459,644,829**	**13,283,332**	**2,366,434,606**
Depreciation					
At 01 July 2016	43,622,792	385,761,467	286,488,846	8,632,588	724,505,693
Charge for the year	13,291,944	34,035,293	41,156,174	2,383,804	90,867,215
Disposal	-	-	-	(2,856,773)	(2,856,773)
Revaluation	(56,914,736)	-	-	-	(56,914,736)
At 30 June 2017	**-**	**419,796,760**	**327,645,020**	**8,159,619**	**755,601,399**
Carrying amount					
At 30 June 2017	**1,368,439,633**	**105,270,052**	**131,999,809**	**5,123,713**	**1,610,833,207**

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 2017

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**

The Bank's freehold land and buildings have been revalued by Prime Pillar Valuation Services ltd, in April 2017. 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 value would be as follows:

	2017 Rs	2016 Rs	2015 Rs
Cost	**887,068,170**	887,068,170	84,261,053
Accumulated depreciation	**(57,499,315)**	(43,511,597)	(3,208,828)
At 30 June	**829,568,855**	843,556,573	81,052,225

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For the year ended 30 June 2017

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**
Additions during the year	**40,870,374**	**40,870,374**
At 30 June 2017	**601,093,225**	**601,093,225**
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**
Charge for the year	**34,223,240**	**34,223,240**
At 30 June 2017	**403,126,996**	**403,126,996**,
Carrying amount		
At 30 June 2017	**197,966,229**	**197,966,229**
At 30 June 2016	191,319,095	191,319,095
At 30 June 2015	125,832,589	125,832,589

13(b) Intangible assets

The Bank	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**
Additions during the year	**40,870,374**	**40,870,374**
At 30 June 2017	**601,093,225**	**601,093,225**
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**
Charge for the year	**34,223,240**	**34,223,240**
At 30 June 2017	**403,126,996**	**403,126,996**
Carrying amount		
At 30 June 2017	**197,966,229**	**197,966,229**
At 30 June 2016	191,319,095	191,319,095
At 30 June 2015	125,832,589	125,832,589

14. Investment properties

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Balance at start of year / period	**69,350,000**	-	-
On transfer of undertaking (Note 45)	**-**	69,350,000	-
Revaluation loss (Note 33)	**(2,890,000)**	-	-
Balance at end of year / period	**66,460,000**	69,350,000	-

No Rental income was received and no operation expenses were incurred during the year under review towards the investment property (Year ended 30 June 2016 and period ended 30 June 2015: Rs Nil). The investment properties were revalued independently by Prime Pillar Valuation Services Ltd, Chartered Valuer, during the year ended 30 June 2017 on a market value basis except for the property situated at Plaine Lauzun which has been revalued on a forced sales basis to be prudent due to absence of a seller's market.

15. Investment in subsidiary

15.1 Unquoted and at cost

	30 June 2017 The Bank Rs	30 June 2016 The Bank Rs	30 June 2015 The Bank Rs
Balance at end of year /period	**100,000**	100,000	100,000

15.2 Details of the subsidiary are as follows:

Name of subsidiary	Principal activity	Type of shares	% holding	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
MauBank Investment Ltd	Land promoter and property developer	Ordinary shares	100	**100,000**	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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16. Other assets

	The Group			The Bank		
	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Mandatory balances with Central Bank (Note (i) below)	**1,504,483,720**	2,358,391,984	1,273,146,620	**1,504,483,720**	2,358,391,984	1,273,146,620
Due from the subsidiary (Note (ii) below)	**-**	-	-	**32,103,312**	25,369,629	12,173,201
Due from holding company (Note (ii) below)	**33,750**	-	-	**33,750**	-	-
Balances due in clearing	**41,503,350**	226,892,691	23,814,090	**41,503,350**	226,892,691	23,814,090
Capital work in progress	**-**	-	6,731,497	-	-	-
Project costs	**43,272,615**	19,932,013	-	**43,272,615**	19,932,013	-
Prepayments	**37,079,951**	43,627,367	30,766,504	**37,079,951**	38,302,820	30,410,074
Receivables	**54,818,652**	48,183,467	15,793,293	**58,594,400**	53,400,858	11,166,474
Repossessed properties	**22,127,456**	65,210,385	90,157,625	**22,127,456**	65,210,385	90,157,625
Derivative assets (Note 28)	**4,713,177**	-	-	**4,713,177**	-	-
Others	**10,675,166**	3,553,635	8,847,665	**10,675,167**	3,553,635	8,847,665
	1,718,707,837	2,765,791,542	1,449,257,294	**1,754,586,898**	2,791,054,015	1,449,715,749

(i) At 30 June 2017, the minimum average cash balance to be maintained by the Bank as per the Banking Act 2004 amounted to **Rs 1,504,483,720** (2016: Rs 2,358,391,984 and 2015: Rs 1,273,146,620). These funds are not available for daily business.

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

(iii) The receivables above include an amount of **Rs 700,344,387** (2016: 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 made. The receivables are interest free with no specific repayment date.

17. Deposits from customers

Retail, corporate and government

		The Group			The Bank		
		30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
		Rs	Rs	Rs	Rs	Rs	Rs
(a)	Demand	**1,713,477,544**	2,256,289,600	604,403,226	**1,720,711,459**	2,260,137,315	605,959,909
	Savings	**10,630,184,951**	10,195,664,099	5,025,306,001	**10,630,184,951**	10,195,664,099	5,025,306,001
	Time deposits	**9,598,588,540**	15,761,482,244	9,699,832,788	**9,598,588,540**	15,761,482,244	9,699,832,788
		21,942,251,035	28,213,435,943	15,329,542,015	**21,949,484,950**	28,217,283,658	15,331,098,698
(b)	Time deposits with remaining term to maturity:						
	- Within 3 months	**1,436,349,355**	3,001,810,035	1,202,555,508	**1,436,349,355**	3,001,810,035	1,202,555,508
	- Over 3 and up to 6 months	**1,049,753,815**	2,796,194,703	1,601,349,363	**1,049,753,815**	2,796,194,703	1,601,349,363
	- Over 6 and up to 12 months	**1,761,406,085**	3,924,689,749	1,968,178,560	**1,761,406,085**	3,924,689,749	1,968,178,560
	- Over 1 and up to 3 years	**3,576,066,241**	3,771,184,511	3,069,314,763	**3,576,066,241**	3,771,184,511	3,069,314,763
	- Over 3 and up to 5 years	**1,730,834,295**	2,202,418,254	1,854,591,990	**1,730,834,295**	2,202,418,254	1,854,591,990
	- Over 5 years	**44,178,749**	65,184,992	3,842,604	**44,178,749**	65,184,992	3,842,604
		9,598,588,540	15,761,482,244	9,699,832,788	**9,598,588,540**	15,761,482,244	9,699,832,788

18. Other borrowed funds

	30 June 2017 The Group and the Bank	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank
	Rs	Rs	Rs
Borrowings from the Central Bank	**293,631,622**	354,082,932	15,458,383
Borrowings from banks in Mauritius	**34,709,455**	48,207,000	-
Borrowings from non-bank financial institution	**2,237,575**	17,970,706	-
	330,578,652	420,260,638	15,458,383
Remaining term to maturity			
- Within 3 months	**192,297,112**	52,506,670	3,683,788
- Over 3 and up to 6 months	**25,059,043**	471,252	-
- Over 6 and up to 12 months	**25,957,610**	13,965,747	3,683,787
- Over 1 and up to 3 years	**85,626,720**	140,027,633	8,090,808
- Over 3 and up to 5 years	**1,638,167**	213,289,336	-
- Over 5 years	**-**	-	-
	330,578,652	420,260,638	15,458,383

19. Subordinated liabilities

	30 June 2017 The Group and the Bank	30 June 2016 The Group and the Bank	30 June 2015 The Group and the Bank
	Rs	Rs	Rs
Subordinated liabilities	**162,622,782**	162,657,647	162,636,986
Remaining term to maturity			
- Within 3 months	**82,243,768**	-	-
- Over 3 and up to 6 months	**80,379,014**	-	-
- Over 6 and up to 12 months	**-**	-	-
- Over 1 and up to 3 years	**-**	162,657,647	162,636,986
- Over 3 and up to 5 years	**-**	-	-
- Over 5 years	**-**	-	-
	162,622,782	162,657,647	162,636,986

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 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
			Rs	Rs	Rs	Rs
Cheques in clearance	**50,710,378**	53,083,541	28,865,105	**50,710,378**	53,083,541	28,865,105
Derivative liabilities (Note 28)	**3,688,085**	-	-	**3,688,085**	-	-
Other payables and accruals	**366,238,829**	401,224,328	71,220,129	**365,772,329**	400,940,327	70,871,187
	420,637,292	454,307,869	100,085,234	**420,170,792**	454,023,868	99,736,292

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. Employee benefits obligations have been based on reports from Swan Life and Aon Hewitt dated 11 August 2017 and 15 September 2017 respectively.

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

The Group and the Bank	30 June 2017 Rs	30 June 2016 Rs
Present value of funded obligations	**(158,067,070)**	(113,980,692)
Fair value of plan assets	**59,653,685**	50,463,876
Liabilities in the statement of financial position	**(98,413,385)**	(63,516,816)

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

The Group and the Bank	30 June 2017 Rs	30 June 2016 Rs
Current service cost	**7,337,934**	2,793,092
Past service cost	**20,231,000**	-
Scheme expenses	**291,546**	-
Cost of insuring benefits	**218,550**	-
Interest cost	**5,413,760**	3,342,841
Expected return on plan assets	**(3,357,078)**	(1,688,702)
Total included in pension and other costs	**30,135,712**	4,447,231
Actual return on plan assets	**2,282,709**	1,855,958

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

The Group and the Bank	30 June 2017 Rs	30 June 2016 Rs
At Start	**(63,516,816)**	-
On transfer of undertaking (Note 45)	**-**	(46,003,448)
Total expenses as above	**(30,135,712)**	(4,447,231)
Actuarial losses recognised in other comprehensive income following adoption of revised IAS 19	**(12,178,053)**	(13,066,137)
Employer contributions	**7,417,196**	-
At end	**(98,413,385)**	(63,516,816)

21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(iv) Movements in defined benefit obligations:

The Group and the Bank	30 June 2017 Rs	30 June 2016 Rs
At Start	**(113,980,692)**	-
On transfer of undertaking	**-**	(94,704,366)
Current service cost	**(7,337,934)**	(2,793,092)
Interest cost	**(5,413,760)**	(3,342,841)
Actuarial losses	**(11,103,684)**	(13,233,393)
Past service cost	**(20,231,000)**	-
Benefits paid	**-**	93,000
At end	**(158,067,070)**	(113,980,692)

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

The Group and the Bank	30 June 2017 Rs	30 June 2016 Rs
At Start	**50,463,876**	-
On transfer of undertaking	**-**	48,700,918
Expected return on plan assets	**3,357,078**	1,688,702
Actuarial gain	**(1,074,369)**	167,256
Employer contributions	**7,417,196**	-
Scheme expenses	**(291,546)**	-
Cost of insuring risks benefits	**(218,550)**	-
Benefits paid	**-**	(93,000)
At end	**59,653,685**	50,463,876

(vi) Analysis of amount recognized in Other Comprehensive Income:

The Group and the Bank	30 June 2017 Rs	30 June 2016 Rs
Gains/(losses) on pension scheme assets	**(1,074,369)**	167,256
Experience gains/ (losses) on the liabilities	**(1,918,958)**	(13,404,758)
Changes in assumptions underlying the present value of the scheme	**(9,184,726)**	171,365
	(12,178,053)	(13,066,137)

21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(vii) 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.

(viii) Description of the pension plan

The Bank participates in a defined contribution (DC) pension plan which is administered by SICOM. Its contributions for DC employees are expensed to the income statement.

The Bank also operates a defined benefit pension plan administered by the trustees of Ex BAI Group Pension Fund. The Bank has recognised a net defined benefit liability of **Rs 25,667,000** in its balance sheet as at 30 June 2017 (30 June 2016: Rs 10,073,000).

Certain employees of the Bank, whose employment from Ex-National Commercial Bank (NCB) has been transferred to the Bank during the year ended 30 June 2016 pursuant to a transfer of undertaking, are previously covered under DBBA and DBML Plans, Defined Benefit Schemes held with the BAI Group Pension Funds. The Bank has not contributed any amount to the BAI Group Pension Funds of the Schemes since April 2015 and is considering a deferred pension buy-out by an insurance company. The Bank intends to move these employees to the Bank's defined contribution scheme and has initiated steps to obtain relevant approval from the regulators. Once approval is received the Bank will engage with the relevant employees.

Pending receipt of the approval and consents, a sum of **Rs 11,321,000** estimated through an actuarial valuation has been accrued as at 30 June 2017 towards a possible pension buy-out arrangement.

In addition, the Company has recognised a defined benefit liability of **Rs 17,710,000** in its balance sheet as at 30 June 2017 (30 June 2016: Rs 6,423,000) in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act (ERA) 2008.

21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(viii) Description of the pension plan (Continued)

The Bank operates a final salary defined benefit pension plan for some of its employees. The plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

Investment risk (where the plan is funded)**:** The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Bank has a residual obligation imposed by ERA 2008 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year except for the past service costs recognised during the year in respect of deferred pensions accrued on a buyout basis for the 2 years ending 30 June 2017.

In addition to above defined benefit plan, the Bank also has a defined plan administered by Swan Life. The Bank has recognised a net defined benefit liability of **Rs 55,036,385** in its balance sheet as at 30 June 2017 (30 June 2016: Rs 47,020,816).

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(ix) Pension schemes

(a) DBBA Pension Scheme

The Group and the Bank	30 June 2017	30 June 2016
Reconciliation of the Effectof the Asset Ceiling	**Rs**	**Rs**
- Opening balance	**-**	-
- Amount recognised in P&L	**-**	-
- Amount recognized in OCI	**-**	-
- Closing balance	**-**	-
Allocation of Plan assets at End of Year	%	%
- Equity – Overseas quoted	**3**	3
- Equity – Overseas unquoted	**0**	1
- Equity – Local quoted	**19**	20
- Equity – Local unquoted	**0**	0
- Debt – Overseas quoted	**0**	0
- Debt – Overseas unquoted	**0**	0
- Debt – Local quoted	**0**	0
- Debt – Local unquoted	**7**	8
- Property – Overseas	**0**	0
- Property – Local	**4**	4
- Investment Funds	**14**	28
- Cash and other	**53**	36
Total	**100**	100
Allocation of Plan assets at End of Year	%	%
- Reporting entity's own transferable financial instruments	**-**	-
- Property occupied by reporting entity	**-**	-
- Other assets used by reporting entity	**-**	-
Principal Assumptions used at End of Year		
- Discount rate	**3.5%**	7.0%
- Rate of salary increases	**0.0%**	5.5%
- Rate of pension increases	**0.0%**	0.5%
- Average retirement age (ARA)	**60**	60
- Average life expectancy for:		
- Male at ARA	**19.5 years**	19.5 years
- Female at ARA	**24.2 years**	24.2 years

21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(ix) Pension schemes (Contd)

(a) DBBA Pension Scheme (Contd)

Sensitivity Analysis on Defined Benefit Obligation at End of year

The Group and the Bank	**30 June 2017**	**30 June 2016**
	Rs	Rs
- Increase due to 1% decrease in discount rate	**N/A**	5,236,000
- Decrease due to 1% increase in discount rate	**N/A**	3,979,000

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

Future cashflows

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

- Expected employer contribution for the next year	**Rs 11,883,000**	Rs 1,052,000
- Weighted average duration of the defined benefit obligation	**0 year**	23 years

(b) DBML Pension Scheme

The Group and the Bank	**30 June 2017**	**30 June 2016**
Reconciliation of the Effectof the Asset Ceiling	**Rs**	**Rs**
- Opening balance	**-**	-
- Amount recognised in P&L	**-**	-
- Amount recognized in OCI	**-**	-
- Closing balance	**-**	-
Allocation of Plan assets at End of Year	%	%
- Equity – Overseas quoted	**3**	3
- Equity – Overseas unquoted	**0**	1
- Equity – Local quoted	**19**	20
- Equity – Local unquoted	**0**	-
- Debt – Overseas quoted	**0**	-
- Debt – Overseas unquoted	**0**	-
- Debt – Local quoted	**0**	-
- Debt – Local unquoted	**7**	8
- Property – Overseas	**0**	-
- Property – Local	**4**	4
- Investment Funds	**14**	28
- Cash and other	**53**	36
Total	**100**	100

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21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(ix) Pension schemes (Contd)

(b) DBML Pension Scheme (Contd)

The Group and the Bank	**30 June 2017**	**30 June 2016**
Allocation of Plan assets at End of Year	%	%
- Reporting entity's own transferable financial instruments	**-**	-
- Property occupied by reporting entity	**-**	-
- Other assets used by reporting entity	**-**	-

Principal Assumptions used at End of Year		
- Discount rate	**3.5%**	7.0%
- Rate of salary increases	**0.0%**	5.5%
- Rate of pension increases	**0.0%**	0.5%
- Average retirement age (ARA)	**60**	60
- Average life expectancy for:		
- Male at ARA	**19.5 years**	19.5 years
- Female at ARA	**24.2 years**	24.2 years

Sensitivity Analysis on Defined Benefit Obligation at End of Year		
	Rs	Rs
- Increase due to 1% decrease in discount rate	**N/A**	2,921,000
- Decrease due to 1% increase in discount rate	**N/A**	2,373,000

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

Future cashflows

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

- Expected employer contribution for the next year	**Rs 13,784,000**	Rs 1,134,000
- Weighted average duration of the defined benefit obligation	**0 year**	16 years

(c) Retirement Gratuities

The Group and the Bank	**30 June 2017**	**30 June 2016**
Principal Assumptions used at End of Year		
- Discount rate	**6.0%**	7.0%
- Rate of salary increases	**4.0%**	5.5%
- Rate of pension increases	**1.0%**	0.5%
- Average retirement age (ARA)	**65**	65
- Average life expectancy for:		
- Male at ARA	**15.9 years**	15.9 years
- Female at ARA	**20.0 years**	20.0 years

21. Retirement benefits Obligations (Contd)

Pension plan (Contd)

(ix) Pension schemes (Contd)

(c) Retirement Gratuities (Contd)

The Group and the Bank	30 June 2017	30 June 2016
Sensitivity Analysis on Defined Benefit Obligation at End of Year		
	Rs	Rs
- Increase due to 1% decrease in discount rate	**9,243,000**	2,561,000
- Decrease due to 1% increase in discount rate	**5,671,000**	1,925,000

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.		
- Expected employer contribution for the next year	**Rs 480,000**	Rs Nil
- Weighted average duration of the defined benefit obligation	**23 years**	22 years

(d) Defined benefit plan with Swan Life

The Group and the Bank	30 June 2017	30 June 2016
Principal Assumptions used at End of Year		
- Discount rate	**6.00%**	6.50%
- Future long-term salary increase	**4.00%**	5.00%
- Future guaranteed increase	**0.00%**	0.00%
- Post retirement mortality tables	**Swan Annuity Rates**	Swan Annuity Rates
Sensitivity Analysis on Defined Benefit Obligation at End of Year		
	Rs	Rs
- Increase due to 1% increase in future long term salary assumption	**7,392,892**	6,385,798
- Decrease due to 1% increase in discount rate	**5,933,984**	5,314,015

The sensitivity analysis 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.

Future cashflows

- Expected employer contribution for the next year	**Rs 9,000,000**	Rs 9,000,000
- Weighted average duration of the defined benefit obligation	**7 years**	8 years

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22. Stated capital

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Issued, subscribed and paid up			
At start and of year/period	**3,270,858,232**	1,136,962,400	383,962,400
Issued on transfer of undertaking (Note 45)	**-**	533,895,832	-
Issued during the year for cash (Note (i) below)	**3,400,000,000**	1,600,000,000	753,000,000
At end of year / period	**6,670,858,232**	3,270,858,232	1,136,962,400

(i) During the year, the Government of Mauritius ("GOM"), through MauBank Holdings Ltd, injected Rs 3,400M in the form of new equity capital. MauBank Holdings Ltd is thus the main shareholder of the Bank with a holding of 99.96%.

	30 June 2017 The Group and the Bank Number	30 June 2016 The Group and the Bank Number	30 June 2015 The Group and 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	**3,397,973,878**	753,000,000	-
Number of shares of no par value issued during the year/ period	**3,400,000,000**	2,644,973,878	753,000,000
	6,797,973,878	3,397,973,878	753,000,000
Total number of shares in issue	**6,801,813,502**	3,401,813,502	756,839,624

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.

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. However, if there are accumulated losses, this transfer is not applicable.

The Group and the Bank	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Balance at start of year/period	**-**	-	115,782,554
Absorption of accumulated losses	**-**	-	(115,782,554)
Transfer from profit or loss for the year	**-**	-	-
Balance at end of year/period	**-**	-	-

The balance at start of period ending 30 June 2015 has been used, in priority, to absorb the accumulated losses.

24. (Accumulated losses)/retained earnings

	The Group			The Bank		
	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Balance at start of year / period	**(4,204,437,276)**	(1,075,884,712)	554,183,096	**(4,205,256,592)**	(1,076,204,672)	554,183,096
Adjustment on transfer of undertaking	**-**	(3,216,177,744)	-	**-**	(3,216,177,744)	-
	(4,204,437,276)	(4,292,062,456)	554,183,096	**(4,205,256,592)**	(4,292,382,416)	554,183,096
Profit/(loss) for the year / period	**142,608,617**	98,470,074	(1,745,850,362)	**141,365,179**	97,970,718	(1,746,170,322)
Actuarial loss for the year	**(12,178,053)**	(13,066,137)	-	**(12,178,053)**	(13,066,137)	-
Deferred tax on actuarial loss	**2,070,269**	2,221,243	-	**2,070,269**	2,221,243	-
Net income/(loss) available to shareholders	**132,500,833**	87,625,180	(1,745,850,362)	**131,257,395**	87,125,824	(1,746,170,322)
Balance before absorption of losses	**(4,071,936,443)**	(4,204,437,276)	(1,191,667,266)	**(4,073,999,197)**	(4,205,256,592)	(1,191,987,226)
Absorbed by statutory reserve (Note 23)	**-**	-	115,782,554	**-**	-	115,782,554
Balance at end of year / period	**(4,071,936,443)**	(4,204,437,276)	(1,075,884,712)	**(4,073,999,197)**	(4,205,256,592)	(1,076,204,672)

25. General Banking Reserve

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and 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.

26. Revaluation Reserve

	30 June 2017 The Group Rs	30 June 2016 The Group Rs	30 June 2017 The Bank Rs	30 June 2016 The Bank Rs	30 June 2015 The Bank Rs
Balance at beginning of year/period	**9,979,364**	9,979,364	**9,979,364**	9,979,364	9,979,364
Increase arising on revaluation of properties	**478,733,886**	-	**489,615,805**	-	-
Deferred tax liability arising on revaluation	**(62,343,056)**	-	**(64,192,982)**	-	-
Balance at start and end of year / period	**426,370,194**	9,979,364	**435,402,187**	9,979,364	9,979,364

27. Contingent liabilities

(a) Legal matters

As at 30th June 2017, there were a few cases entered against the Bank with an aggregate contingent liability of Rs 733,931,079 as set out below. 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 49 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.

Additionally, 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.

27. Contingent liabilities

(b) Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Bank Rs
Acceptances on account of customers	**10,593,843**	48,336,991	5,041,773
Guarantees on account of customers	**1,441,414,497**	1,412,976,327	1,291,097,119
Letters of credit and other obligations on account of customers	**13,876,038**	56,350,631	7,841,376
Outward bills for collection	**67,239,507**	145,624,792	61,756,492
	1,533,123,885	1,663,288,741	1,365,736,760

28 Derivatives

The fair value of derivative instruments are analysed as follows:

The Group and the Bank	Notional principal amount MUR	Fair value MUR	Gain MUR	loss MUR	Net MUR
30 June 2017					
Foreign exchange forward contracts	**106,806,971**	**104,488,063**	**422,059**	**(2,740,966)**	**(2,318,907)**
Foreign exchange swap contracts	**301,519,924**	**304,863,924**	**4,291,118**	**(947,119)**	**3,343,999**
Foreign exchange spot contracts	**103,788,218**	**103,788,218**	-	-	-
	512,115,113	**513,140,205**	**4,713,177**	**(3,688,085)**	**1,025,092**
30 June 2016					
Foreign exchange contracts*	104,331,890	-	-	-	-
30 June 2015					
Foreign exchange contracts*	331,502,453	-	-	-	-

*Foreign exchange contracts include forward and spot contracts

29. Credit commitments

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Bank Rs
Loans and other facilities			
Undrawn credit facilities	**1,080,617,499**	317,098,551	314,320,920

30. Net interest income

	The Group			The Bank		
	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015 (Restated)
	Rs	Rs	Rs	Rs	Rs	Rs
Interest income						
Loans and advances to customers	**1,143,444,855**	1,054,596,866	1,666,258,108	**1,160,221,825**	1,072,810,880	1,683,866,205
Interest income on impaired loans and advances previously recognised now adjusted (Note 46)		-	(88,013,551)		-	(88,013,551)
Investment Securities:						
- Treasury bills	**74,839,239**	59,531,051	123,078,073	**74,839,239**	59,531,051	123,078,073
- Government stocks	**69,823,294**	44,050,400	24,999,688	**69,823,294**	44,050,400	24,999,688
- Treasury notes	**66,339,606**	48,050,989	251,873	**66,339,606**	48,050,989	251,873
- Corporate Bonds	**208,849**	-	-	**208,849**	-	-
Placements with overseas banks and deposit-taking institution	**3,001,746**	759,885	1,385,561	**3,001,746**	759,885	1,385,561
Others:						
Trade finance	**34,396,422**	38,273,790	60,358,368	**34,396,423**	38,273,790	60,358,368
Total interest income	**1,392,054,011**	1,245,262,981	1,788,318,120	**1,408,830,982**	1,263,476,995	1,805,926,217
Interest expense						
Deposits from customers	**766,379,530**	788,084,589	1,040,712,993	**766,379,530**	788,084,589	1,040,712,993
Subordinated liabilities	**14,979,340**	15,020,660	32,201,832	**14,979,340**	15,020,660	32,201,832
Other borrowed funds	**795,776**	673,658	2,020,637	**795,776**	673,658	2,020,637
Others	**2,785,543**	1,883,984	7,631,740	**2,785,543**	1,883,984	7,631,740
Total interest expense	**784,940,189**	805,662,891	1,082,567,202	**784,940,189**	805,662,891	1,082,567,202
Net interest income	**607,113,822**	439,600,090	705,750,918	**623,890,793**	457,814,104	723,359,015

31. Net fee and commission income

	Year ended 30 June 2017 The Group and the Bank Rs	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
Fee and commission income			
Commission on guarantees	**11,613,183**	10,854,684	30,314,572
Commission on insurances and pensions	**11,067,134**	11,275,636	16,564,556
Commission on loans and advances to customers	**22,749,067**	22,280,028	28,159,034
Commission on savings	**27,841,315**	16,245,963	23,338,481
Commission on trade finance	**21,191,007**	16,284,547	23,501,329
Others	**27,330,843**	18,053,346	23,033,946
Total fee and commission income	**121,792,549**	94,994,204	144,911,918
Fee and commission expense			
Hire purchase service charge	**-**	1,211,033	-
Others	**3,293,164**	2,434,523	-
Total fee and commission expense	**3,293,164**	3,645,556	-
Net fee and commission income	**118,499,385**	91,348,648	144,911,918

32. Net trading income

	Year ended 30 June 2017 The Group and the Bank Rs	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
Foreign exchange transactions	**82,260,153**	53,333,933	66,321,004

33. Other income

	Year ended 30 June 2017 The Group and the Bank Rs	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
(Loss)/Profit on revaluation of investment securities	**(3,231,340)**	4,329,624	26,620
Loss on revaluation of investment properties	**(2,890,000)**	-	-
Rental income	**27,742,403**	10,469,576	7,416,000
Profit on disposal of property, plant and equipment	**1,160,284**	553,314	-
Profit on disposal of non banking and other assets	**(47,544)**	6,179,792	-
Gain on fair value of derivative (Note 28)	**1,025,092**	-	-
Profit on sale of investment	**146,851,085**	-	-
	170,609,980	21,532,306	7,442,620

34. Net impairment (reversal)/loss on financial assets

	Year ended 30 June 2017 The Group and the Bank Rs	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 (Restated) Rs
Specific allowance for impairment (Note 12 (d))	**(103,966,923)**	168,168,814	1,849,140,319
Portfolio allowance and general provision for impairment (Note 12 (d))	**(889,364)**	3,918,051	(8,621,524)
Bad debts written off for which no provision were made	**660,105**	2,429,198	19,004,417
Rescheduled advances allowances (Note 12 (d))	**1,284,282**	-	-
Bad debts recovered	**(36,363,193)**	-	-
	(139,275,093)	174,516,063	1,859,523,212

35. Personnel expenses

	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	The Group and the Bank	The Group and the Bank	The Group and the Bank
	Rs	Rs	Rs
Wages and salaries	**287,528,513**	231,058,670	239,059,469
Compulsory social security obligations	**13,976,155**	9,729,635	10,014,997
Defined contribution and benefit plan	**40,166,654**	16,590,603	12,353,361
Other personnel expenses	**62,867,066**	41,647,229	38,755,361
	404,538,388	299,026,137	300,183,188

36. Other expenses

	The Group			The Bank		
	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs
Business promotion and marketing expenses	**21,447,259**	21,032,264	20,185,900	**21,447,259**	21,032,264	20,177,749
Travel expenses	**4,770,076**	2,858,565	2,388,190	**4,770,076**	2,858,565	2,388,190
Office operating expenses	**74,309,172**	50,856,308	54,791,169	**74,309,172**	50,856,308	54,791,169
Stationeries	**9,490,393**	10,568,704	6,968,841	**9,490,393**	10,568,704	6,966,611
General administration expenses	**16,498,385**	15,044,403	14,234,463	**16,497,689**	15,041,684	14,228,765
Professional fees	**26,852,351**	21,754,290	22,716,316	**26,669,851**	21,003,113	22,291,316
Insurances	**6,044,857**	7,024,795	4,990,397	**5,899,165**	6,851,221	4,546,550
Repairs and maintenance	**102,370,255**	77,092,698	83,232,825	**102,370,255**	77,092,698	83,153,364
Utilities	**56,505,421**	44,326,666	42,271,655	**56,505,421**	44,326,666	42,271,655
Training	**10,145,635**	1,189,001	2,263,675	**10,145,636**	1,189,002	2,263,675
Loss on disposal of property, plant and equipment	**-**	-	129,864	**-**	-	129,864
Operational losses	**2,381,775**	-	-	**2,381,775**	-	-
	330,815,579	251,747,694	254,173,296	**330,486,692**	250,820,225	253,208,908

37. Income tax expense

(a) Income tax

The applicable tax rate in Mauritius is 17% (including 2% relating to Corporate Social Responsibility) for the year ended 30 June 2017 (2016 and 2015: 17%). As at 30 June 2017, the Group had no income tax liability (2016: Rs Nil and 2015: Rs 38,716,444 (restated)), but instead had an income tax asset of Rs 17,544,346 (Note 37(c)) (2016: Rs24,546,102) at that date. At the reporting date, the Bank has net accumulated taxable losses of Rs **926,636,157** which will expire on 30 June 2021.

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.

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

	The Group			The Bank		
	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs
Income tax on adjusted profit for the year/period	**1,371,580**	171,353	59,187,626	**-**	-	59,187,626
Overprovision of income tax in prior year	**(14,660)**	-	-	**-**	-	-
Special Levy	**-**	-	31,140,394	**-**	-	31,140,394
Movement in deferred taxation	**36,727,378**	(424,091,089)	2,952	**35,434,802**	(424,091,089)	2,952
CSR contribution	**20,892**	-	8,967,736	**-**	-	8,967,736
Tax expense/(credit)	**38,105,190**	(423,919,736)	99,298,708	**35,434,802**	(424,091,089)	99,298,708

37. Income tax expense (Contd)

(c) Statement of financial position

	The Group			The Bank		
	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Balance at start of year/period	**(24,546,102)**	38,716,444	41,782,343	**(23,152,238)**	38,716,444	41,782,343
Income tax on adjusted profit for the year/period	**1,371,580**	171,353	59,187,626	**-**	-	59,187,626
Overprovision of income tax in prior year	**(14,660)**	-	-	**-**	-	-
Special Levy	**-**	-	31,140,394	**-**	-	31,140,394
CSR contribution	**20,892**	-	8,967,736	**-**	-	8,967,736
CSR paid during the year/period	**-**	(6,616,021)	(6,280,653)	**-**	(6,616,021)	(6,280,653)
Tax refund received during the year/period	**8,152,238**	-	-	**8,152,238**	-	-
Tax paid during the year/period	**(128,514)**	(55,005,461)	(95,710,202)	**-**	(55,005,461)	(95,710,202)
Tax deducted at source	**(2,399,780)**	(1,812,417)	(370,800)	**(834,563)**	(247,200)	(370,800)
Balance at end of year/period	**(17,544,346)**	(24,546,102)	38,716,444	**(15,834,563)**	(23,152,238)	38,716,444
Presented as follows:						
Current tax assets	**(17,544,346)**	(24,546,102)	-	**(15,834,563)**	(23,512,238)	-
Current tax liabilities	**-**	-	38,716,444	**-**	-	38,716,444
	(17,544,346)	(24,546,102)	38,716,444	**(15,834,563)**	(23,512,238)	38,716,444

(d) Deferred tax (assets)/liabilities

	The Group			The Bank		
	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Balance at start of year/period	**(486,291,220)**	18,622,010	18,619,058	**(486,291,220)**	18,622,010	18,619,058
Movement during the year/period						
- Charged/(credited) to statements of profit or loss	**36,727,378**	(424,091,089)	2,952	**35,434,802**	(424,091,089)	2,952
- Credited to statements of changes in equity	**-**	(78,600,898)	-	**-**	(78,600,898)	-
- Charged /(credited) to other comprehensive income	**60,272,787**	(2,221,243)	-	**62,122,713**	(2,221,243)	-
	97,000,165	(504,913,230)	2,952	**97,557,515**	(504,913,230)	2,952
Balance at end of year/period	**(389,291,055)**	(486,291,220)	18,622,010	**(388,733,705)**	(486,291,220)	18,622,010

37. Income tax expense (Contd)

(d) Deferred tax (assets)/liabilities (Contd)

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

	The Group			The Bank		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
		Rs	Rs	Rs	Rs	Rs
Accelerated tax depreciation	**40,588,293**	31,454,743	18,622,010	**39,295,717**	31,454,743	18,622,010
Provision for credit impairment	**(317,963,983)**	(335,571,224)	-	**(317,963,983)**	(335,571,224)	-
Retirement benefit obligations	**(16,730,275)**	(10,797,859)	-	**(16,730,275)**	(10,797,859)	-
Revaluation of building	**62,343,056**	-	-	**64,192,982**	-	-
Tax loss carried forward	**(157,528,146)**	(171,376,880)	-	**(157,528,146)**	(171,376,880)	-
Balance at end of year/period	**(389,291,055)**	(486,291,220)	18,622,010	**(388,733,705)**	(486,291,220)	18,622,010

(e) Income tax reconciliation

The tax charge on the Group's and the Bank's profit/loss 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 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs
Profit/(loss) before income tax	**180,713,807**	(325,449,662)	(1,646,551,654)	**176,799,981**	(326,120,371)	(1,646,871,614)
Tax at 17%	**30,721,347**	(55,326,443)	(279,913,781)	**30,055,997**	(55,440,463)	(279,968,174)
Non-allowable items	**7,591,337**	2,733,957	339,105,400	**5,607,191**	2,726,624	339,159,793
Exempt income	**(228,386)**	(736,036)	(3,993)	**(228,386)**	(736,036)	(3,993)
Special Levy	**-**	-	31,140,394	**-**	-	31,140,394
Deferred taxation	**-**	(370,591,214)	2,952	**-**	(370,641,214)	2,952
CSR contribution	**20,892**	-	8,967,736	**-**	-	8,967,736
Tax expense / (income)	**38,105,190**	(423,919,736)	99,298,708	**35,434,802**	(424,091,089)	99,298,708

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

	The Group			The Bank		
	Year ended 30 June 2017	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015	Year ended 30 June 2016	Year ended 30 June 2016	Period from 01 January 2014 to 30 June 2015
	Rs	Rs	Rs	Rs	Rs	Rs
Profit/(loss) for the year/period is arrived at after charging:						
Depreciation and amortisation	**135,018,690**	154,851,484	96,844,962	**125,090,455**	143,715,757	92,586,146
Directors' emoluments	**15,480,074**	9,378,689	23,620,733	**15,480,074**	9,098,689	23,620,733
Payable to auditors (including VAT):						
- Audit services	**3,220,000**	3,105,000	2,975,000	**3,105,000**	2,875,000	2,875,000
- Fees for other services	**-**	2,990,000	-	**-**	2,990,000	-
Staff costs (Note 35)	**404,538,388**	299,026,137	300,183,188	**404,538,388**	299,026,137	300,183,188
Operating lease rentals (Note 42(b(i))	**66,671,969**	51,123,261	60,253,456	**97,619,888**	82,071,180	83,404,717
and crediting:						
Rental income (Note 33)	**27,742,403**	10,469,576	7,416,000	**27,742,403**	10,469,576	7,416,000

39. Earnings/(loss) per share

The earnings/(loss) per share for the year ended 30 June 2017 and for the comparative year and period were calculated as follows:

The Group	Earnings/(loss) 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 2017	**0.03**	**142,608,617**	**5,190,306,653**
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	Earnings/(loss) 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 2017	**0.03**	**141,365,179**	**5,190,306,653**
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

40. 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 2017	**32,886,407**	**-**	**-**
At 30 June 2016	21,314,812	-	-
At 30 June 2015	5,557,927	3,640,975	-
Deposits			
At 30 June 2017	**36,405,714**	**-**	**-**
At 30 June 2016	27,992,540	-	-
At 30 June 2015	7,421,829	42,040,922	-
Interest income			
Year ended 30 June 2017			
Loans and advances	**1,013,512**	**-**	**-**
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
Interest expense			
Year ended 30 June 2017			
Deposits	**783,555**	**-**	**-**
Year ended 30 June 2016			
Deposits	485,595	-	-
18 months ended 30 June 2015			
Deposits	772,948	2,095,397	965,050
Management compensation (Short-term employee benefits)			
Year ended 30 June 2017	**45,720,285**	-	-
Year ended 30 June 2016	21,858,016	-	-
18 months ended 30 June 2015	25,230,601	-	-

40. 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 and holding company are as follows:

	30 June 2017 Debit/(Credit) Rs	30 June 2016 Debit/(Credit) Rs	30 June 2015 Debit/(Credit) Rs
Subsidiary			
Balances:			
Loans and advances	**240,057,564**	254,200,467	267,296,277
Deposits	**(7,233,914)**	(3,847,715)	(1,556,683)
Amount due	**32,103,312**	25,369,629	12,173,301
Rental deposits	**6,000,000**	6,000,000	6,000,000
Transactions:			
Interest income	**(16,776,971)**	(18,214,013)	(17,608,097)
Rental expense	**36,000,000**	36,000,000	27,000,000
Directors fees	**-**	-	808,333
Holding company			
Balances:			
Amount due for expenses paid	**33,750**	-	-
Bank balances held	**(2,195,994)**	(86,297)	-

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

41. Events after the reporting period

There were no significant events subsequent to the year end.

42. Assets pledged

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

	30 June 2017 The Group and the Bank Rs	30 June 2016 The Group and the Bank Rs	30 June 2015 The Group and the Bank Rs
Government stocks	**646,100,000**	**720,000,000**	-
Treasury bills	**-**	**-**	150,000,000
Cash pledged	**-**	**-**	27,124,900

43. Other commitments

(a) Capital Commitments

The Group	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Approved and contracted for	**40,806,322**	58,958,908	-
The Bank			
Approved and contracted for	**40,806,322**	52,556,908	-

(b) Operating Lease Commitments

(i) The Group and the Bank as a lessee

	The Group			The Bank		
	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year/period	**66,671,969**	51,123,261	60,253,456	**97,619,888**	82,071,180	83,404,717
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	**26,530,289**	43,858,859	104,463,860	**62,173,859**	75,581,699	104,107,430
After 1 period and before 5 years	**53,377,290**	86,111,237	290,975,526	**87,788,290**	139,847,764	289,485,649
After 5 years	**20,737,526**	129,690,067	45,006,651	**11,603,180**	14,996,219	35,060,322
	100,645,105	259,660,163	440,446,037	**161,565,329**	230,425,682	428,653,401

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 27,742,403** (30 June 2016: Rs 10,469,576 and 30 June 2015: Rs 7,416,000). 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.

43. Other commitments (Contd)

(b) Operating Lease Commitments (Contd)

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

	30 June 2017 Rs	30 June 2016 Rs	30 June 2015 Rs
Within one year	**15,126,106**	4,944,000	4,944,000
After 1 year and before 5 years	**31,737,271**	7,004,000	11,948,000
After 5 years	**25,349,336**	-	-
	72,212,713	11,948,000	16,892,000

44. 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 2017		
Segment B	**791,455,531**	**10,934,212**
Total *(Segment A and B)*	**26,229,917,242**	**1,408,830,982**
% of total	**3.01%**	**0.78%**
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%

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)**

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)	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 31 December 2013 (Restated)
	Rs	Rs	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)	Period from 01 January 2014 to 30 June 2015 (Restated)	Year ended 31 December 2013 (Restated)
	Rs	Rs	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

Notes to the financial statements

For the year ended 30 June 2017

46. Prior year adjustments (Contd)

(ii) Statement of financial position:

	The Group 30 June 2015 (Restated) Rs	The Bank 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 30 June 2015 (Restated) Rs	The Bank 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.

(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

46. Prior year adjustments (Contd)

(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:

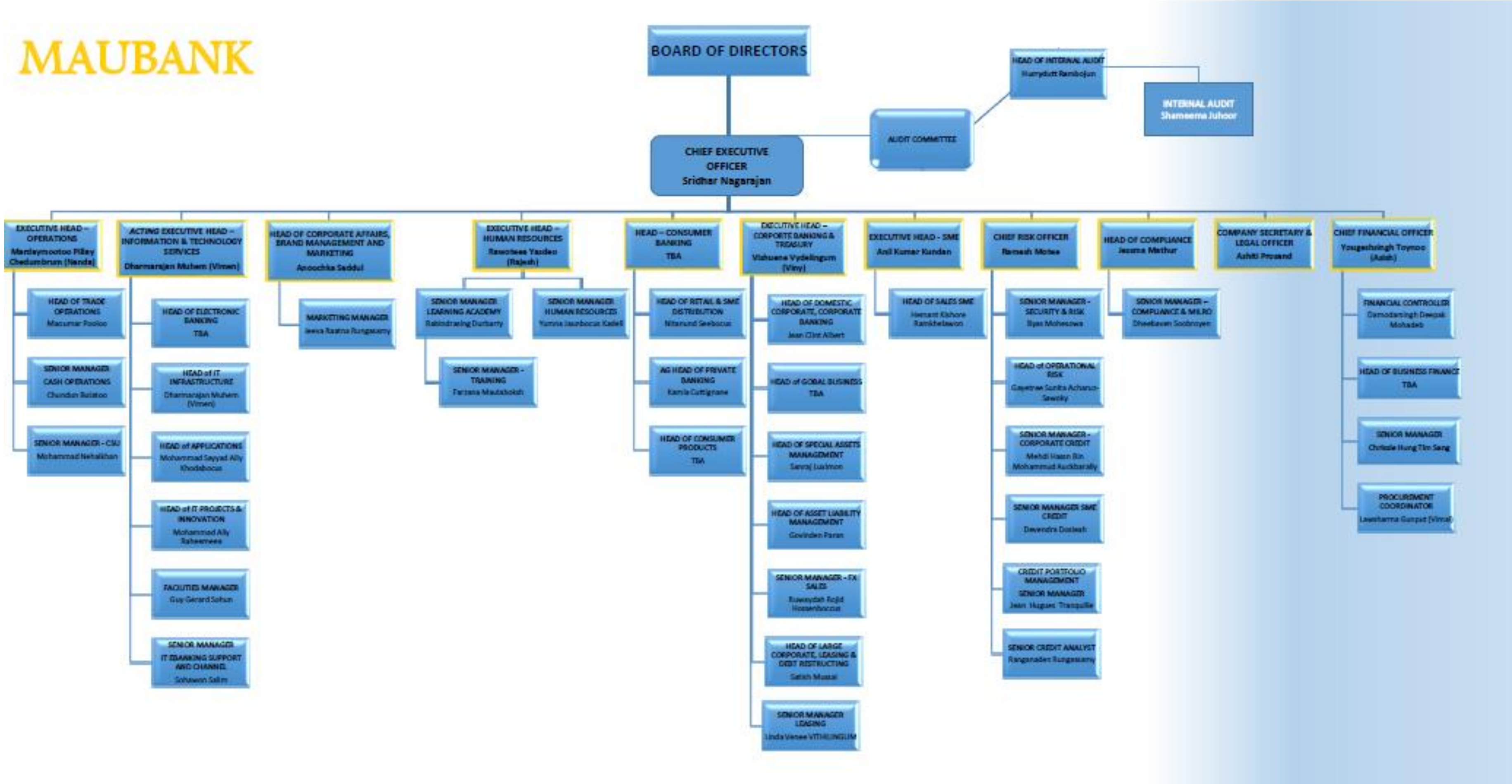
	The Group Period from 01 January 2014 to 30 June 2015 (Restated) Rs	The Bank Period from 01 January 2014 to 30 June 2015 (Restated) Rs
Increase in loss attributable to equity holders of the parent	11,043,402	11,043,402
Increase in loss per share	1.93	1.93

47. Immediate holding company and ultimate shareholder

The directors regard MauBank Holdings Ltd, a company incorporated and domiciled in Mauritius, as their immediate holding company and the Government of Mauritius as their ultimate shareholder.

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:



Management discussion and analysis (Contd)

The operating environment

Following the successful Merger of the ex-Mauritius Post and Cooperative Bank Ltd ("MPCB") and the National Commercial Bank Ltd (NCB) on 04 January 2016, Maubank has continued to focus on rolling out its new strategies, policies and procedures, and the results are now clearly showing a turnaround, both in terms of the way of doing business and in terms of profitability.

Since late 2015, the bank has embarked into a thorough review of its strategies, policies and procedures. The business was broken down into 4 main clusters namely Consumer Banking, Small and Medium Enterprise (SME) Banking, Corporate Banking and International Banking. Simultaneously, a Special Asset Management (SAM) Unit was set up as a strategic business unit to look after the relatively large portfolio of distressed loans and advances, the bulk of which were granted in the preceding years. The Credit Underwriting Team was also consolidated to ensure proper quality assessment of new loan facilities, and the governance structure on approvals has been revamped and significantly strengthened.

During 2016, the bank formally launched its vision, mission, strategic pillars and values, through which it intends to ensure that the objectives are clear to all staff and the core values of responsiveness, innovation, integrity, teamwork and excellence are adopted and lived on a continuous basis. By getting all its people aligned to the strategic agenda, the bank intends to significantly improve employee commitment and overall levels of service to deliver its promise to all key stakeholders viz, Customers, employees, regulators, community and shareholders.

The bank is a key player in the domestic banking business, with significant overall market share. The bank intends to further consolidate and strengthen its brand and position by becoming the bank of choice in all segments it operates.

The corporate banking business model has been thoroughly reviewed and a clear strategy has been developed and is being implemented. Already, significant progress has been observed in the number of new customers joining the bank, which includes several local blue chip corporates. The bank is also in the process of launching a full-fledged international banking service, where it sees significant untapped potential.

A detailed strategy for consumer banking is being finalized, with focus on product innovation and review of the distribution network. The bank continues with its strategy for branch optimization, while exploring avenues of making better use of the Post Office network and technology.

The bank views itself as an important enabler in the Small and Medium Enterprise (SME) sector and is positioning itself as a development financial institution for this crucial sector. Considerable effort has been deployed in building the SME unit, with a view to holistically accompany and support the SMEs. The bank is proud to have been awarded the Best SME Bank Mauritius 2016 by CFI.co, UK.

The bank looks ahead with confidence, with a clear vision of where it wants to be and how to achieve it. It continues to roll out its strategy to revamp the bank, better serve its stakeholders, consolidate its financial position and improve overall performance.

Management discussion and analysis (Contd)

The operating environment (Contd)

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 2016/2017, 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' for the public.

Furthermore, MauBank extended its financial support to some other local NGOs which are implementing projects for the welfare of children, the elderly and even animal such as Association of Disability of Service Providers, Association Oeuvre Hospitaliere Saint Jean de Dieu and Paws Mauritius. Since June 2016, MauBank has opened its first branch in Port Mathurin. Since then, it has extended its CSR support to the Trevor Huddleston Association for the disabled.

Management discussion and analysis (Contd)

Financial review

Key Financial Indicators

Area of Performance	01 JULY 2016 TO 30 JUNE 2017	01 JULY 2015 TO 30 JUNE 2016	01 JANUARY 2014 TO 30 JUNE 2015
	TWELVE MONTHS	TWELVE MONTHS	EIGHTEEN MONTHS
			(Restated)
	Rs'm	Rs'm	Rs'm
Net Interest Income	623.89	457.81	723.36
Non Interest Income	371.37	166.21	218.68
Operating Income	995.26	624.03	942.03
Operating Expense (including depreciation)	(957.74)	(775.63)	(729.38)
Profit/(loss) before impairment loss	37.52	(151.60)	212.65
Impairment reversal/(loss)	139.28	(174.52)	(1,859.52)
Profit/(loss) after impairment loss but before taxes	176.80	(326.12)	(1,646.87)
Income tax (expense)/credit	(35.43)	424.09	(99.30)
Profit/(Loss) after Tax	141.37	97.97	(1,746.17)
Total Assets	26,229.92	28,484.03	15,827.81
Total Advances	18,466.63	18,106.23	12,757.56
Total Deposits	21,949.48	28,217.28	15,331.10
Shareholders Equity	3,268.65	(833.71)	161.55
Tier 1 Capital	2,155.16	(1,612.67)	60.86
Total Regulatory Capital	2,576.35	(1,369.14)	253.53
KEY RATIOS			
Cost to Income Ratio	*96.23%*	*124.29%*	*77.43%*
Return on Equity	*4.32%*	*n/a*	*n/a*
Return on Total Assets	*0.54%*	*0.34%*	*n/a*
Net Impaired Loans/Total Loans	*32.29%*	*25.78%*	*27.90%*

The table above shows the financials for the year ending 30 June 2017 against the previous reporting periods namely for the year ended 30 June 2016 and eighteen months ended 30 June 2015.

Management discussion and analysis (Contd)

Financial review (Contd)

Bank's Performance

The financial statements presented both the 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 ended the year ended 30 June 2017, with a profit after tax of Rs 141.37 Mn against Rs 97.97 Mn in 2016. The marked improvement was mainly on account of improved interest revenue which were achieved through an enhanced asset base following the transfer of undertaking from NCB on 04 January 2016 coupled with an improvement in funding cost resulting from the bank review of its deposit base and shedding away high priced term deposits.

Additionally, the Bank has achieved a significant asset recovery performance on the portfolio of Non Performing Advances and the consistency also helped in containing the level of provisioning during the year under review.

Operating income for the year ended 30 June 2017 was Rs 995.26 Mn compared to Rs 624.03 Mn for the corresponding period last year.

- **Interest income**

The Bank's interest income reached Rs 1,408.83 Mn against Rs 1,263.48 Mn last year representing an overall improvement of 11.50% over the preceding year.

- **Net interest income**

Net Interest Income (NII) for the year ended 30 June 2017 improved significantly to Rs 623.89 from Rs 457.81 Mn in 2016. As mentioned, this was attributed to the overall improvement in funding cost from 3.40 % in July 2016 to 2.81% as at 30 June 2017 and the Bank is pursuing its strategy in attracting low cost deposit products in a view towards improving the overall deposit cost.

- **Non-interest income**

Other income and non-interest income relates mainly to fee income on loans and advances, gain on foreign exchange, gain on disposal of investment securities and rental income from the Bank's properties. During the year ended 30 June 2017, the bank made a gain of Rs 146.85 Mn on disposal of investment securities.

- **Interest expense**

The Bank's interest expense amounted to Rs784.94 Mn compared to Rs 805.66 Mn for the year ended 30 June 2016. The reduction as mentioned earlier is largely attributed to the review of the deposit base for high priced products. Total deposits, thereby decreased from Rs 28.22 Bn as at 30 June 2016 to Rs 21.95 Bn as at 30 June 2017. The bank continues to adopt a prudent approach towards liquidity management. Other than actively monitoring its assets and liabilities maturity mismatch, the bank also ensures that it has a relatively large stable deposit base, while keeping sufficient liquid assets to meet unforeseen liquidity requirements. As at 30 June 2017 27% of the bank's assets, or 32% of the bank's deposit base, were invested in liquid assets.

Management discussion and analysis (Contd)

Financial review (Contd)

Bank's Performance

- **Operating expense**

Operating expenses for the year ended June 2017 was Rs 957.74 Mn against Rs 775.63 Mn in 2016.

The increase in non-interest expense is attributable to expenditure incurred in improving the bank's processes and the continuous investment towards the bank's vision, mission, strategic pillars and core values. Apart from these one offs costs, the bank continues to work towards optimizing its cost structure and keeping cost at a minimum level. In fact, the bank's cost to income ratio improved substantially at 96.23% compared to 124.29 % in 2016.

- **Net impairment loss on financial assets**

Net impairment reversal on advances amounted to Rs 139.28 Mn for the year ended 30 June 2017 against a net charge of Rs 174.52 Mn for the same period in 2016. The Bank is continuing its recovery actions to realise collaterals and /or personal guarantees of shareholders/directors to maximize realizable value of assets of impaired accounts

The impairment ratio increased to 32.23% at 30 June 2017 from 25.78% as at June 2016. In order to continuously manage the non performing advances, the forum on non performing advances, continues to meet regularly 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 charge of Rs 35.43 Mn for the year ended 30 June 2017 arising from reversal of deferred tax assets at 30 June 2017. The Bank had no liability towards Corporate Tax, Special Levy and Corporate Social Responsibility for the year ended 30 June 2017 due to tax loss carried forward as at that date.

Assets

- **Total assets**

The bank's total assets stood at Rs 26,229.92 Mn compared to Rs 28,484.03 Mn at 30 June 2016, a decrease of 7.9%, mainly attributed to a Balance sheet restructuring exercise with enhanced focus on profitability of business segments and optimizing investment in high yield products.

Financial review (Contd)

- **Loans and advances growth**

As at 30 June 2017, the Bank's gross loans and advances portfolio stood at Rs 18,466.63 Mn compared to Rs 18,106.23 Mn for the same period last year, thus representing a growth of 1.99%. Non performing advances, remains a heavy legacy for the bank. Nonetheless, the Special Asset Management Unit continues to actively monitor and manage non-performing facilities. Efforts are not only placed in realizing collaterals, but non-performing customers are supported to improve their cash flow and better manage their finance so that they can honour their commitments with the bank. The forum on non performing advances continues to meet every quarter, to monitor the asset quality of the bank and provide strategic direction for better monitoring its performance. Following repayments and collection from forced sales, the bank released a net provision of Rs 139.28 Mn for the year ended 30 June 2017 compared to a net charge of Rs 174.52 Mn for the same period in 2016.

- **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 1,870.37 Mn at 30 June 2017 representing a decrease of 5.25% against Rs 1,973.95 Mn at 30 June 2016.

- **Securities**

The Bank's investment portfolio stood at Rs 4,556.52 Mn against Rs 5,875.51 Mn as at 30 June 2016, decrease attributed to disposal of securities towards optimizing the yield of the Bank's assets base and balance sheet restructuring process.

Liabilities

- **Deposits**

Total deposits decreased by 22.22 % from Rs 28.22 Bn as at 30 June 2016 to Rs 21.95 Bn as at 30 June 2017. This was mainly attributed to improved liquidity and the bank strategy to review its deposit base and shed away high priced term deposits.

Risk Management

Risk encompasses the possible threats to which the Bank is exposed to and the potential impact that these may have on the Bank. Risk management is the process of identifying, assessing and responding to risks, and communicating the outcomes of these processes to the appropriate parties in a timely manner.

Since risk management is directed at uncertainty related to future events and outcomes, it is implied that all business planning exercises and business activities across the bank encompass some form of risk management. On one hand, Risks can permeate from diverse sources within the bank and also from outside the bank, and go upward and on the other hand, it can start from top and go down the ladder. MauBank has laid down its Risk Management policy which spells out the methodology and technique for managing risk across the bank. This policy has been approved by the Board of Directors in June 2017.

Risk Mission

MauBank is committed towards embedding a risk culture in the Bank and continues to embrace risk management as a core competency that allows it to optimize risk-taking through objectivity and transparency.

Risk Philosophy

MauBank values a rigorous risk management as an integral part of its day-to-day business operations along and also as part of its business growth strategy. With a dynamic approach to risk management, MauBank remains committed towards ensuring effective and efficient risk processes and optimal returns within its set risk appetite.

Risk Governance

The risk governance structure outlines the key responsibilities for decisions on risk taking and risk oversight in the Bank.

In addition to defining clear and comprehensive risk management roles and responsibilities using the three lines of defense model, the Bank's risk framework establishes governance, escalation, and reporting processes around risk exposures, risk decisions, and risk events. A strong governance regime provides assurance to stakeholders (Board Risk Management Committee and the Board) who delegate risk-taking authority to the business lines.

From first-line businesses and support functions, risk information flows to the second line, and then to the Board Risk Management Committee. The latter is guided by its Terms of Reference.

The key responsibilities of the Board and the Board Risk Management committee are guided by the Bank of Mauritius Guidelines.

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 Forum (ORF), Credit Risk Forum (CRF), Monitoring Forum (MF) and Board Risk Management Committee (BRMC). Related Parties’ credits are discussed at the Conduct Review Committee level. Credit related activities above Rs40 Million are discussed at the Board Credit Committee and below Rs40 Million threshold, credits are deliberated at three different level of authority.

Risk Management Framework

The Risk Management Policy of the bank contains the Risk Management Framework. This framework provides the foundation for ensuring that the outcomes of risk taking are consistent with the Bank's business activities, strategies and risk appetite. It is based on transparency, management accountability and independent oversight, which is comprehensive enough to capture all risks that the Bank is exposed to and has flexibility to accommodate any changes in business activities.

Risk Appetite Framework

Within the Risk Management Framework, the Risk Appetite is embedded through policies, procedures, limits setting, operational guidelines as well as methodologies and tools for risk measuring, monitoring and reporting.

Risk Defense Model

The risk framework operates on the concept of 'the three lines of defense model'. The three lines of defense model creates a set of layered defenses that align responsibility for risk taking with accountability for risk control and provide effective, independent risk oversight and escalation. In the three lines model, the assignment of risk management roles is clear and comprehensive in order to prevent gaps, ambiguities, or overlaps in responsibility. More specifically, the business areas are the first line of defense, independent risk management units are the second line of defense, and internal audit is the third line of defense.

The first line of defense comprises the business areas that execute and support the execution of the Bank's mission. These first line units are responsible for both the operational activities that result in risk as well as control of the resulting risks. The first line "owns" its risk in the sense that it is accountable for both positive and negative outcomes and is empowered to manage the distribution of outcomes.

The second line of defense comprises independent risk management and compliance culture which provide independent assessment and oversight of the risks taken by the first line as well as frameworks that provide a common structure for risk management processes and practices. The second line also provides an integrated view of risk to senior stakeholders through consolidated analysis of the Bank's risks.

The third line of defense is the Internal Audit which provides assurance to senior management and the Board of Directors that first and second line risk management and control activities are effective.

Risk Management (contd)

Risk Management Process

The risk management policy and framework of the MauBank explains the process of risk management as the systematic and continuous identification and evaluation of risks as they pertain to the Bank, followed by action risk strategies such as: terminate, transfer, accept or mitigate each risk.

The risk management process is as follows:-

(a) Risk identification
(b) Risk assessment and measurement
(c) Risk mitigation and control
(d) Risk reporting

Based on this approach and to maintain sound operations and generate stable earnings, the Board sets its risk appetite through limits in the risk policies for the amount of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, and Country risk which are within the prudential guidelines. 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 Committee and through other various Board Sub-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 (CPG) 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 regular review. The Board delegates its credit sanctioning powers to four separate and distinct Credit Sanctioning Forums, namely:
1) Board Credit Committee (BCC)
2) Management Credit Forum (MCF)
3) Credit Forum (CF)
4) CUT Forum (subsequently restyled as Fast Track Credit Forum)

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

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 the Credit Policy Guide (CPG) 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 and rating models for assessing and measuring 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 2017 (Rs)	As at 30 June 2016 (Rs)	As at 30 June 2015 (Rs)
Credit related commitments	2,613,741,384	1,980,387,292	1,680,057,680

(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, the Bank's internal portfolio limits and exposures to industry sectors and countries/regions under the Credit Policy Guide (CPG) to achieve a balanced portfolio. These are monitored and reviewed on a quarterly basis by the Credit Risk Forum (CRF) and escalated to the Board Risk Management Committee (BRMC).

Related party transactions
In line with the guideline on Related Party Transactions, the Board of Directors of the Bank has its 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.

However, Bank is exempted from the above limits on the following credit exposures:

(a) a credit exposure to the extent to which it is collateralized 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 2017 were Rs 240.15 Mn, Rs 42.35 Mn, Rs 32.96, Rs 22.54 Mn, Rs 12.43 Mn and Rs 6.13 Mn. These balances represented 11.14%, 1.96%, 1.53%, 1.05%, 0.58% and 0.28% respectively of the Bank's Tier 1 capital. The total top six related parties represented Rs 356.56 Mn or 16.54 % of Tier 1 capital.

Risk Management (contd)

Operational Risk

MauBank has adopted the definition of Operational risk of Basel II 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). These are covered under Pillar 2 of the Basel II accord.

Operational Risk Framework

MauBank has implemented an Operational Risk Framework for Operational Risk Management which allows the bank to identify, manage, mitigate/control and report operational risk by using a holistic approach. Each Business Unit is aware of its operational risk profile and manages its operational risk at its level within the bank's risk framework. This Framework captures and assesses all the operational risk incidents, 'near misses', inherent risk, residual risk and emerging operational risks across the bank. The internal audit findings are a referral point as well while Business Unit pursues its on-going self-risk assessment exercise. The Operational risk Dashboard which is presented in the form of a Heat Map is discussed with the senior management for review and decision-making at the Operational Risk Forum. An action driven plan is used as an essential tool to track the fixation of identified operational risk including the assurance that the re-occurrence of a particular risk does not repeat itself. Thus, keeping the operational risk within the bank's risk appetite.

Operational Risk Tool and Technique for measurement

MauBank uses the RCSA (Risk Control and Self-Assessment) as a technique for operational risk identification and assessment. This technique involves a step-wise business process risk analysis and captures the material risks to which each risk owner is dealing with during the course of business.

The operational risk are filtered through 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 the Operational Risk Team. The KRAs and KRIs are ingredients necessary for the operational risk engine to operate. The risk captured goes through the operational risk engine which assesses the risk and the robustness of the existing controls in place. 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 Top risks facing the bank is demonstrated using an operational risk heat map along with various optics.

Loss Data Capture and Reporting System

The bank collects data for all operational risk losses pertaining to operational errors and internal control failures including 'near misses' 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 business users across the bank and acts as a radar for capturing operational risk incidents. It is an important pillar in the operational risk framework.

Escalation Procedures

As per the delegation of powers, operational risk losses below the threshold of Rs20, 000.00 requires the approval of the Head of Operational Risk Unit subject to a prior comprehensive risk assessment carried out by the Business Unit which has been hit by the incident. Operational risk losses above Rs20, 000.00 will additionally require the approval of the Chief Financial Officer and Chief Executive Officer.

Operational Risk Strategy

The bank's risk strategy with regard to the residual operational risk depending on its likelihood and intensity is as follows:

Transfer
Terminate
Tolerate or,
Treat

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. This committee 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 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

As part of its on-going effort to raise the awareness and importance of operational risk across the bank, the Operational risk team provides frequent training on operational risk areas to business users. Each Business Unit is equipped with an Operational Risk Business Coordinator being the focal point for operational risk management in his/her business unit. During the Financial Year 2016/17, 8 trainings have been delivered with a high success rate.

Operational Risk Capital Charge under Basel II and III

MauBank has adopted the Basic Indicator Approach (BIA) 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.
As at 30 June 2017, MauBank is fully compliant with the Bank of Mauritius Guideline on Operational Risk Management.

Business Continuity Planning and Disaster Recovery

As part of its on-going effort to ensure business operations is not interrupted in a worst case scenario, MauBank has its Business Continuity Plan (BCP) tested every year. This BCP was reviewed and approved by the Board of Directors on 15 June 17 and the Disaster Recovery exercise was conducted on 16 June 2017 with success. In brief, this BCP 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

Management discussion and analysis (Contd)

Risk Management (Contd)

Market risk

Market risk is defined as the risk of losses from on and off-balance sheet positions due to adverse movements in market prices. 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 Foreign Exchange 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 as 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 are performed regularly.

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. ALCO is the forum in which foreign exchange and treasury matters are discussed and analyzed. The overall Foreign Currency Exposure has been within the regulatory limit of 15% of Tier 1 Capital. Bank has in place an overall limit for the major currencies and exotic currencies. The Stop Loss limit and Dealers' limit are set and reviewed by ALCO.

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 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 as set by the Bank of Mauritius.

MauBank is well equipped to face the introduction of the Net Stable Funding (NSF) and Liquidity Coverage Ratio (LCR) under Basel III. In this context, the Liquidity Risk Management policy is under review in view of the forthcoming Bank of Mauritius Guideline on Liquidity Risk Management.

The 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 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.

Liquidity concentration risk associated with large individual depositors, is monitored in ALCO on a monthly basis.

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 top 25 individual depositors for the purpose of deposit concentration risk.

Stress Testing and Scenario Analysis

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. As at 30 June 2017, the stress test carried by the bank showed that the bank was comfortable under various stress scenarios.

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.

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

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 standardized 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 standardized measure accurately reflects the true IRRBB of the Bank.

Risk Management (Contd)

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

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.

Country risk measurement and monitoring

On and off-balance sheet exposures are measured in line with the Bank of Mauritius Guideline on 'Standardized 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 MauBank relies on ratings by External Credit Rating Agencies for country risk limits setting.

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 loses 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.

Risk Management (Contd)

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.

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.

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 with the capital requirements as set by the regulator;
- To safeguard the Bank's ability to continue its business as a going concern;
- To maximize returns to shareholders and optimize 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 2017, the total capital base stood at Rs 2,576,345,000 and the total risk weighted assets stood at Rs 19,386,189,000.

CAR was at 13.29% as at 30 June 2017.

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

As part of its 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 112 and 113.

Management discussion and analysis (Contd)

Risk Management (Contd)

Technology Risk Management

Information Security and Risk Management

Information risk is about managing risks of breach of confidentiality and integrity of bank's information and information assets (systems). A dedicated unit of the bank has been handled the task to perform independent risk assessments and monitoring of Information Risks.

Information Risk Measurement and monitoring

The bank is currently implementing an information risk measurement framework that will enable quantitative assessment of the effectiveness of technical security controls. Effectiveness of controls will then be proactively monitored and measured on a regular basis to ensure optimum level of protection of information assets.

Cybersecurity

The bank is taking actions to enhance its readiness to face the increasing threat of cyberattacks. The Cybersecurity Assessment Tool developed by the US Federal Financial Institutions Examination Council has been selected as the governing framework to assess the bank's inherent risk profile and determine the cybersecurity maturity level to be achieved.

In addition to this, various priority projects have already been earmarked for the coming financial year that will contribute to enhance the security posture of the Bank and also contribute to meeting regulatory requirements.

User Awareness

Users are one of the most important component to consider when managing information risk. In this context the bank is developing an information security awareness plan and launching various initiatives to enhance user education and adoption of desired behaviors in terms of information security

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.

Executive Committee

The EXCO acts on behalf of the board and exercise all powers and perform such duties for the Bank in relation to the day to day management, operation and control of the business in conformity with manuals, policies, procedures and authorities.

1. 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.

2. Operations Risk Forum

Operational Risk Forum assist the Board Risk Management Committee (BRMC) in fulfilling its oversight responsibilities. Its mandate has been derived from the Bank of Mauritius Guideline on Operational Risk Management and industry's practices. It aims at monitoring the bank's operational risk, ensuring it is in line with the banks' operational risk management policy.

3. Management Credit Forum

The Forum consider and approve requests for customer credit facilities within the Bank's defined overall credit risk strategy and have the authority to make a final decision on approval or rejection of proposed credit transactions.

4. Credit Risk Forum

Credit Risk Forum is appointed by the Board Risk Management Committee (BRMC). It assist the BRMC in fulfilling its oversight responsibilities. Its mandate has been derived from the Bank of Mauritius Guideline on Credit Risk Management, Basel document on principles of credit risk management and industry's best practices. It aims at monitoring the bank's credit risk, ensuring g it is in line with the bank's credit risk management policies and credit risk appetite.

5. Credit Forum (CF)

The Forum consider and approve requests for customer credit facilities within the Bank's defined overall credit risk strategy and have the authority to make a final decision on approval or rejection of proposed credit transactions.

Management Committees (Contd)

The approval powers of the CF are in accordance with the provisions of the Bank's Credit Policy Guide (CPG).

6. NPA Forum (NPA)

The NPA Forum reviews the non-performing accounts, type and course of actions for recovery. This forum ensures that all non-performing accounts are captured and that there are clear cut strategies on its recoveries. In this context, the forum makes suitable recommendations on appropriate recovery actions and on the prevention of non-performing accounts based on trend analysis. This Forum meets on a quarterly basis.

7. Monitoring Forum (MF)

The Monitoring Forum independently reviews all large credits on the watch-list showing signs of financial distress according to a set of predefined criteria and ensures continuous monitoring of the portfolio quality by proposing corrective actions for any adverse indications.

8. Procurement Committee

The Committee consider and evaluate any request for the procurement of goods or hiring of services for the Bank in accordance with the Bank's policy guidelines as set out in its Administrative and Policy Manual.

9. Health and Safety Forum

The committee identify and resolve problems relating to workplace health and safety practices. This is the essence of the internal responsibility system. Providing a safe and healthy working environment can only be accomplished through efforts by management and all employees., which devolve on everyone, from top management to the individual worker.

10. Project Steering Committee

The Project Steering Committee is a high level powered committee which ensures projects are aligned with organisational strategy, makes good use of assets, and meets budget. It assists with resolving strategic level issues and risks 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.

Projects progress such as delays, reschedule, and issues are reported to the Executive Committee.

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

Board of directors

The composition of the Board, as at 30 June 2017, 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.

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.

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

Mr Toynoo holds and MSc in International Banking and Bsc in Accounting. He is also a member of The Chartered Association of Certified Accountants. Prior to joining the Bank in Oct 2016, he occupied the following posts :

-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 CHEDUMBRUM Mardaymootoo Pillay (Nanda)
Executive Head - Operations

Mr Chedumbrum holds a certificate in International Programme on Development Banking, and a certificate on Operational Risk Management.

He has over 39 years of experience in the Banking sector at various operations levels, and at Management level.

Mr RAWOTEEA Yasdeo (Rajesh)
Executive Head – Human Resource

Mr Rawoteea possesses a MBA from UTM, a Bachelor in Business Information Technology from University of Sunderland, a Certificate in Banking Studies (UOM), and is also a Certified Project Leader (Senior), and a Graduate in Card Fraud & Risk Management.

He has 32 years of experience in Banking, at various level including Retail Banking, Project Leadership in IT, Card Technologies, Electronic Delivery Channels, and also in Strategic Human Resource Management.

Mr VYDELINGUM Vishuene
Executive Head – Corporate Banking Treasury

Mr Vydelingum is a Licensed Stockbroker by the Mauritius Stock Exchange and holds an Ingenieur Maitre en Banque et Finance avec specialisation en Marches Derives (IUP).

He joined the Bank on 01 July 2016, with 20 years of experience in Banking, mainly in Corporate Banking and Treasury Management.

He has been a Country Management Committee Member from October 2007 to June 2016, and was a Member of various Regional council and Leadership committee at Barclays Bank..

Administrative information (Contd)

Management team

Mr MOTEE Ramesh
Chief Risk Officer

Mr Motee holds a Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers, and is FCCA from The Chartered Association of Certified Accountants. He has extensive experience in Banking and the Financial sector, having been at the following posts:

- Chief Operating Officer, National Commercial Bank Ltd
- Senior Vice President - Operations, Bramer Banking Corporation Ltd
- SVP & Chief Operating Officer, Mauritius Leasing Company Ltd
- Development Officer, Development Bank of Mauritius

Mr RAMBOJUN Hurrydutt
Head of Internal Audit

Mr Rambojun is FCCA from The Chartered Association of Certified Accountants. He has long experience in Banking, having been at the following positions:

- 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
Head of Compliance

Mrs Mathur holds a BSc (Hons) Mathematics, and is a Certified Project Leader & Accredited Mediator.

She joined the Bank as Risk Management Supervisor in 2005 and was appointed as Head of Compliance in January 2008.

She has over 14 years experience in the Banking industry

Mr SOOBROYEN Dheebaven
Senior Manager Compliance & MLRO

Mr Soobroyen holds a Bachelor of law, University of London

He was the Compliance Manager - National Commercial Bank Ltd, Manager in Retail Banking - Mauritius Post and Cooperative Bank and Ex-Bramer Banking Corporation Ltd, and was also the Compliance Officer at Bank One Ltd.

Administrative information (Contd)

Management team (Contd)

SADDUL ANOUCHKA
Head of Corporate Affairs, Brand Management and Marketing

Miss Saddul is qualified in Personnel Management, has a diploma in HIV and AIDS, and is presently studying Management with Law.

She has 19 years of diversified experience in communications, media and public relations in both Government bodies and private sector.

Mrs PROSAND Ashiti
Company Secretary and Legal

Mrs Prosand is a Law Graduate from the University of Mauritius and holds a Master's Degree in International Business Law from the University of Manchester. She is also an Associate of the Institute of Company Secretaries and Administrators (ICSA), UK.

Mr KUNDAN Anil Kumar
Executive Head - SME Banking

Mr Kundan possess a Bachelor of Arts, a Diploma in Automobile Engineering and is a Certified Associate of Indian Institute of Bankers (Part 1).

He has 34 years of experience in the Banking sector, of which 10 years at Management level

Mr MUHEM Dharmarajan
Acting Executive Head – Information Technology Services and Infrastructure

Mr Muhem holds a MBA (University of Leicester) with specialisation in IT, a Diploma in Management (University of Leicester), a Certificate in Banking Studies & Computer Programming. He is also a Data Centre Design Certified Professional, a Certified Project Leader, and a Business Continuity Certified Specialist.

He has 22 years of Banking experience.

Administrative information (Contd)

Branch Managers at 30 June 2017

MUNGUR BUNDHOO, Varsha
Beau Bassin

NARAYEN Gavin
Chemin Grenier

JUGNAUTH, Ravin Kumar
Curepipe

BEEGUN, Douchika
Ebene

AH–HON Emmanuel
Flacq

MOOLCHAND Roomah
Flacq Branch

BUNDHOO, MOHAMMAD Khalid
Goodlands

PIERRE Pascal
Grand Baie Branch

LAKHOA Uttam
Lallmatie Branch

LATOUCHE Joanna
Mahebourg Branch

NANDOO Farhana
Petite Riviere

MURDAY, Yogen Pillay
Place D'Armes

LUKHEE Adesh
Pope Hennessy- Port Louis

CHAN CHUEN Francois Jerome
Quatre Bornes

CHUNG Michael
Rose Hill Branch

BAGRATEE-BOYRO Khoosboo
Riv Du Rempart

BHUNJUN Pounam
Rose Belle

KAWOL Neela
Rodrigues

RAMCHURN PURMESSUR Reena
St Pierre

GUNGADIN Kesha
Triolet

RAFFAUT Robert
Terre Rouge

POOKHAN Yaasiin
Vacoas

MauBank Ltd

Administrative information (Contd)

Delivery channels at 30 June 2017

PLACE D'ARMES Branch 1 Queen Street Place D'Armes 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 Cnr St Jean & Osman 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)

Delivery channels at 30 June 2017

BEAU BASSIN Branch	PETITE RIVIERE Branch	POPE HENNESSY Branch
Ahmed Cnr Napier Broome & Sholyo Douglas Street	Royal Road	25 Pope Hennessy Street
Beau Bassin	Petite Riviere	Port Louis
Tel 405-9400	Tel 405-9400	Tel 405-9400
Fax 404-0333	Fax 404-0333	Fax 404-0333

FLACQ Branch
Francois Mitterand Street
Flacq
Tel 405-9400
Fax 404-0333

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
Part Ground Floor, Tower 2
Indiabulls Finance Centre
Senapati Bapat Marg Lower Parel
Mumbai - Maharashtra 400013
India

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

Administrative information (Contd)

Foreign correspondents (Contd)

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
PO 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

JP MORGAN CHASE BANK, N.A
London,
England,
United Kingdom.